

§ 1.465-1T

26 CFR Ch. I (4-1-01 Edition)

(1) The taxpayer's name and a description of the vacation pay plans to which the election applies.

(2) If a taxpayer has more than one trade or business and is not making the election with respect to all trades or businesses, a description of the trades or businesses to which the election applies.

(3) The opening balance in the taxpayer's accrual account. This balance equals the amount determined as if the taxpayer had maintained an account for the last taxable year ending on or before July 18, 1984, representing the taxpayer's liability for vested accrued vacation pay earned by employees before the close of the last taxable year ending on or before July 18, 1984, and payable during that taxable year or within 12 months following the close of that taxable year. If the taxpayer's liability for vacation pay includes both vested accrued vacation pay and vacation pay the liability for which is contingent, the amount in the opening balance of the accrual account that represents the taxpayer's liability for contingent vacation pay is to be determined under the rules provided in section 463(b)(2).

(4) The opening balance in the taxpayer's suspense account. This balance equals the amount determined under paragraph (e)(3) of this section less the portion allowed as deductions under section 162 for prior taxable years for vacation pay earned but not paid at the close of the last taxable year ending on or before July 18, 1984.

(f) *Vested accrued vacation pay.* For purposes of paragraphs (a) through (e) of this section, "vested accrued vacation pay" means any amount allowable as a deduction under section 162(a) for a taxable year with respect to vacation pay of employees of the taxpayer (determined without regard to section 463). For purposes of this section, vacation pay will be considered vested accrued vacation pay even though there is a limit or ceiling on the amount of vacation pay an employee is entitled to as of the close of any plan year.

For example, if under a vacation pay plan an employee may accumulate no more than 40 days of vacation leave by the end of any plan year and any unused days in excess of 40 days are for-

feited, the taxpayer is considered to have vested accrued vacation pay (even though the plan is not fully vested) and may make an election under the transitional rule.

[T.D. 8073, 51 FR 4329, Feb. 4, 1986, as amended at 51 FR 11303, Apr. 2, 1986]

§ 1.465-1T Aggregation of certain activities (temporary).

(a) *General rule.* A partner in a partnership or an S corporation shareholder may aggregate and treat as a single activity—

(1) The holding, production, or distribution of more than one motion picture film or video tape by the partnership or S corporation,

(2) The farming (as defined in section 464 (e)) of more than one farm by the partnership or S corporation,

(3) The exploration for, or exploitation of, oil and gas resources with respect to more than one oil and gas property by the partnership or S corporation, or

(4) The exploration for, or exploitation of, geothermal deposits (within the meaning of section 613(e)(3)) with respect to more than one geothermal property by the partnership or S corporation.

Thus, for example, if a partnership or S corporation is engaged in the activity of exploring for, or exploiting, oil and gas resources with respect to 10 oil and gas properties, a partner or S corporation shareholder may aggregate those properties and treat the aggregated oil and gas activities as a single activity. If that partnership or S corporation also is engaged in the activity of farming with respect to two farms, the partner or shareholder may aggregate the farms and treat the aggregated farming activities as a single separate activity. Except as provided in section 465(c)(2)(B)(ii), the partner or shareholder cannot aggregate the farming activity with the oil and gas activity.

(b) *Effective date.* This section shall apply to taxable years beginning after December 31, 1983 and before January 1, 1985.

(Secs. 465(c)(2)(B) and 7805 of the Internal Revenue Code of 1954 (98 Stat. 814, 68A Stat. 917; 26 U.S.C. 465(c)(2)(B) and 7805))

[T.D. 8012, 50 FR 9614, Mar. 11, 1985]