

Internal Revenue Service, Treasury

§ 1.467-8

of this section applies. Thus, the section 467 loan balance at the beginning of 2002 must be recomputed as if the June 15, 2002, payment date had been included in the terms of the pre-modification rental agreement. If this

had been the case, the section 467 rent, section 467 interest, amounts payable, and section 467 loan balances for each of the calendar years under the terms of the rental agreement would have been as follows:

Calendar	Section 467 rent	Section 467 interest	Payments	Section 467 loan balance
2000	\$224,041.38	\$0	\$450,000	\$(225,958.62)
2001	224,041.38	(22,595.86)	450,000	(474,513.10)
2002	224,041.38	(47,451.31)	0	(297,923.03)
2003	224,041.38	(29,792.30)	100,000	(203,673.95)
2004	224,041.38	(20,367.43)	0	0

(iv) Section 1.467-4(b)(3) incorporates the conventions of §1.467-1(j)(2) in determining when amounts are treated as payable for purposes of determining the section 467 loan balance. Section 1.467-1(j)(2)(i)(C) treats amounts payable during the first half of any rental period except the first rental period as payable on the last day of the preceding rental period. Therefore, because June 15, 2002, occurs in the first half of 2002, in determining the section 467 loan balance at the beginning of 2002 under the amended terms of the rental agreement, the \$200,000 payment due on June 15, 2002, is treated as payable on December 31, 2001.

(v) Under paragraph (g)(2)(ii)(B) of this section, if the recomputed section 467 loan balance is less than the section 467 loan balance immediately before the modification, the difference is taken into account as a reduction of the rent previously taken into account by the lessor and the lessee. In this example, the recomputed section 467 loan balance immediately after the modification is negative \$474,513.10 and the section 467 loan balance immediately before the modification is negative \$282,837.29. However, the section 467 loan balance immediately before the modification does not take into account the \$200,000 payment originally payable on July 15, 2002, whereas, under the conventions of §1.467-1(j)(2)(i)(C), the recomputed section 467 loan balance immediately after the modification takes into account that \$200,000 payment because it is now payable in the first half of the rental period (June 15). Under these circumstances, if the recomputed section 467 loan balance immediately after the modification is treated as negative \$474,513.10 for purposes of applying paragraph (g)(2)(ii)(B) of this section, K's gross income and J's deductions attributable to the section 467 rental agreement will be understated by \$200,000. Therefore, under paragraph (h)(1) of this section, only for purposes of applying paragraph (g)(2)(ii)(B) of this section, the \$200,000 payment due on June 15, 2002, should not be taken into account in determining the recomputed section 467 loan balance immediately after the modification.

[T.D. 8820, 64 FR 26867, May 18, 1999]

§ 1.467-8 Automatic consent to change to constant rental accrual for certain rental agreements.

(a) *General rule.* For the first taxable year ending after May 18, 1999, a taxpayer may change to the constant rental accrual method, as described in §1.467-3, for all of its section 467 rental agreements described in paragraph (b) of this section. A change to the constant rental accrual method is a change in method of accounting to which the provisions of sections 446 and 481 and the regulations thereunder apply. A taxpayer changing its method of accounting in accordance with this section must follow the automatic change in accounting method provisions of Rev. Proc. 98-60 (see §601.601(d)(2) of this chapter) except, for purposes of this paragraph (a), the scope limitations in section 4.02 of Rev. Proc. 98-60 are not applicable. Taxpayers changing their method of accounting in accordance with this section must do so for all of their section 467 rental agreements described in paragraph (b) of this section.

(b) *Agreements to which automatic consent applies.* A section 467 rental agreement is described in this paragraph (b) if—

- (1) The property subject to the section 467 rental agreement is financed with an "exempt facility bond" within the meaning of section 142;
- (2) The facility subject to the section 467 rental agreement is described in section 142(a)(1), (2), (3), or (12);
- (3) The section 467 rental agreement does not include a specific allocation of fixed rent within the meaning of §1.467-1(c)(2)(ii)(A)(2); and

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(4) The section 467 rental agreement was entered into on or before May 18, 1999.

[T.D. 8820, 64 FR 26875, May 18, 1999]

§ 1.467-9 Effective dates and automatic method changes for certain agreements.

(a) *In general.* Sections 1.467-1 through 1.467-7 are applicable for—

(1) Disqualified leasebacks and long-term agreements entered into after June 3, 1996; and

(2) Rental agreements not described in paragraph (a)(1) of this section that are entered into after May 18, 1999.

(b) *Automatic consent for certain rental agreements.* Section 1.467-8 applies only to rental agreements described in § 1.467-8.

(c) *Application of regulation project IA-292-84 to certain leasebacks and long-term agreements.* In the case of any leaseback or long-term agreement (other than a disqualified leaseback or long-term agreement) entered into after June 3, 1996, and on or before May 18, 1999, a taxpayer may choose to apply the provisions of regulation project IA-292-84 (1996-2 C.B. 462) (see § 601.601(d)(2) of this chapter).

(d) *Entered into.* For purposes of this section and § 1.467-8, a rental agreement is entered into on its agreement date (within the meaning of § 1.467-1(h)(1) and, if applicable, § 1.467-1(f)(1)(i)).

(e) *Change in method of accounting—*
(1) *In general.* For the first taxable year ending after May 18, 1999, a taxpayer is granted consent of the Commissioner to change its method of accounting for rental agreements described in paragraph (a)(2) of this section to comply with the provisions of §§ 1.467-1 through 1.467-7.

(2) *Application of regulation project IA-292-84.* For the first taxable year ending after May 18, 1999, a taxpayer is granted consent of the Commissioner to change its method of accounting for any rental agreement described in paragraph (c) of this section to comply with the provisions of regulation project IA-292-84 (1996-2 C.B. 462) (see § 601.601(d)(2) of this chapter).

(3) *Automatic change procedures.* A taxpayer changing its method of accounting in accordance with this para-

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graph (e) must follow the automatic change in accounting method provisions of Rev. Proc. 98-60 (see § 601.601(d)(2) of this chapter) except, for purposes of this paragraph (e), the scope limitations in section 4.02 of Rev. Proc. 98-60 are not applicable. A method change in accordance with paragraph (e)(1) of this section is made on a cut-off basis so no adjustment under section 481(a) is required.

[T.D. 8820, 64 FR 26875, May 18, 1999]

§ 1.468A-0 Nuclear decommissioning costs; table of contents.

This section lists the paragraphs contained in §§ 1.468A-1 through 1.468A-8.

§ 1.468A-1 Nuclear decommissioning costs; general rules.

- (a) Introduction.
- (b) Definitions.
- (c) Special rules applicable to certain experimental nuclear facilities.
- (d) Special rules for electing taxpayers whose rates are under the jurisdiction of the Rural Electrification Administration.

§ 1.468A-2 Treatment of electing taxpayer.

- (a) In general.
- (b) Limitation on payments to a nuclear decommissioning fund.
 - (1) In general.
 - (2) Cost of service amount.
 - (c) Deemed payment rules.
 - (d) Treatment of distributions.
 - (1) In general.
 - (2) Exceptions to inclusion in gross income.
 - (i) Payment of administrative costs and incidental expenses.
 - (ii) Withdrawals of excess contributions.
 - (iii) Actual distributions of amounts included in gross income as deemed distributions.
 - (e) Deduction when economic performance occurs.
 - (f) Effect of interim rate orders and retroactive adjustments to such orders.
 - (1) In general.
 - (2) Special rule permitting withdrawal of excess contribution that results from retroactive adjustment to interim rate order.
 - (3) Revised schedule of ruling amounts.
 - (4) Example.

§ 1.468A-3 Ruling amount.

- (a) In general.
- (b) Level funding limitation.
- (c) Funding period.
 - (1) General rule.
 - (2) Examples.
 - (d) Decommissioning costs allocable to a fund.