

enactment of the Subchapter S Revision Act of 1982) shall not be taken into account.

(c) *Time and manner of making an election under section 6(c)(3)(B) of the Subchapter S Revision Act of 1982.* In the case of a qualified oil corporation (as defined in section 6(c)(3)(B) of the Subchapter S Revision Act of 1982), the corporation may elect under that section of the Act to have the amendments made by the Act not apply and to have Subchapter S (as in effect on July 1, 1982), Chapter I of the Internal Revenue Code of 1954 apply. The election shall be made by the corporation by filing a statement that—

(1) Contains the name, address, and taxpayer identification number of the corporation and of each shareholder,

(2) Identifies the election as an election under section 6(c)(3)(B) of the Subchapter S Revision Act of 1982, and

(3) Provides all information necessary in the judgment of the district director to show that the corporation meets the requirements (other than the requirement of making this election) of a qualified oil corporation.

The statement shall be signed by any person authorized to sign the return required to be filed under section 6037 and by each person who is or was a shareholder in the corporation at any time during the taxable year beginning in 1983 and shall be filed with the return for that taxable year.

**§ 18.1379-2 Special rules for all elections, consents, and refusals.**

(a) *Additional information required.* If later regulations issued under the section of the Code or of the Subchapter S Revision Act of 1982 under which the election, consent, or refusal was made require the furnishing of information in addition to that which was furnished with the statement of election, consent, or refusal as provided by part 18 of this title, and if an office of the Internal Revenue Service requests the taxpayer to provide the additional information, the taxpayer shall furnish the additional information in a statement filed with that office of the Internal Revenue Service within 60 days after the date on which the request is made. This statement shall also—

(1) Contain the name, address, and taxpayer identification number of each party identified in connection with the election, consent, or refusal,

(2) Identify the election, consent, or refusal by reference to the section of the Code or Act under which the election, consent, or refusal was made, and

(3) Specify the scope of the election, consent, or refusal.

If the additional information is not provided within 60 days after the date on which the request is made, the election, consent, or refusal may, at the discretion of the Commissioner, be held invalid.

(b) *State law incorporator.* For purposes of any election, consent, or refusal provided in part 18 of this title, any person who is considered to be a shareholder for state law purposes solely by virtue of his or her status as an incorporator shall not be treated as a shareholder.

**PART 19—TEMPORARY REGULATIONS UNDER THE REVENUE ACT OF 1964**

AUTHORITY: 26 U.S.C. 7805.

**§ 19.3-1 Interest on certain deferred payments; interest rate for use in determining whether there is total unstated interest under a contract.**

(a) *In general.* Section 224(a) of the Revenue Act of 1964 adds a new section 483 to the Internal Revenue Code of 1954. Section 483(a) provides, generally, that in the case of any contract for the sale or exchange of property (which is a capital asset or section 1231 property) there shall be treated as interest that part of a payment to which section 483 applies which bears the same ratio to the amount of such payment as the total unstated interest under such contract bears to the total of the payments to which such section applies which are due under the contract. Section 483(b) defines the term “total unstated interest”, with respect to a contract for the sale or exchange of property, as an amount equal to the excess of—

(1) The sum of the payments to which section 483 applies which are due under the contract, over

(2) The sum of the present values of such payments and the present values of any interest payments due under the contract.

Section 483(b) further provides that, for purposes of section 483(b)(2), the present value of a payment shall be determined, as of the date of the sale or exchange, by discounting such payment at the rate, and in the manner, provided in regulations prescribed by the Secretary or his delegate, and that such regulations shall provide for discounting on the basis of 6-month brackets and shall provide that the present value of any interest payment due not more than 6 months after the date of the sale or exchange is an amount equal to 100 percent of such payment. Section 483(c) provides that, except as provided in section 483(f) (relating to exceptions and limitations), section 483 shall apply to any payment on account of the sale or exchange of property which constitutes part or all of the sales price and which is due more than 6 months after the date of such sale or exchange under a contract under which some or all of the payments are due more than one year after the date of such sale or exchange, and under which, using a rate provided by regulations (for purposes of section 483(c)(1)(B)), there is total unstated interest. Section 483(c) further provides that any rate prescribed for determining whether there is total unstated interest for purposes of section 483(c)(1)(B) shall be at least one percentage point lower than the rate prescribed for purposes of section 483(b)(2).

(b) *Rate of interest and table of present values for purposes of section 483(c)(1)(B).* For purposes of determining under section 483(c)(1)(B) whether there is total unstated interest under a contract (other than a contract of sale or exchange under which the purchaser is the United States, a State, or any other purchaser described in section 103) which provides for the payment of some interest, a rate of 4 percent per annum simple interest shall be used. As an illustration of the meaning of simple interest, if a contract provides for payments of \$6,000 in 3 equal installments of \$2,000 plus 4 percent per annum simple interest, such installments of principal and interest being

due 1, 2, and 3 years, respectively, from the date of the sale, the amount of interest due with the first installment is \$80 ( $\$2,000 \times 0.04 \times 1$ ), the amount of interest due with the second installment is \$160 ( $\$2,000 \times 0.04 \times 2$ ), and the amount of interest due with the third installment is \$240 ( $\$2,000 \times 0.04 \times 3$ ). Section 483 shall not apply if the interest payments specified in a contract are at a rate of at least 4 percent per annum, whether simple or compounded. In all other cases, for purposes of determining, under section 483(c)(1)(B), whether there is total unstated interest, under a contract (not involving a purchaser described in section 103), the following table, which provides for discounting payments at a 4 percent per annum simple interest rate, shall be used for computing the present value of a payment to which section 483 applies which is due under the contract, and the present value of any interest payment due under the contract:

PRESENT VALUE OF DEFERRED PAYMENT (4 PERCENT PER ANNUM SIMPLE INTEREST)

| Number of months deferred |               | Present value of \$1 at<br>4% simple interest |
|---------------------------|---------------|---|
| At least                  | But less than |   |
| 0                         | 6             | 1.00000                                       |
| 6                         | 9             | .98039  |
| 9                         | 15            | .96154  |
| 15                        | 21            | .94340  |
| 21                        | 27            | .92593  |
| 27                        | 33            | .90909  |
| 33                        | 39            | .89286  |
| 39                        | 45            | .87719  |
| 45                        | 51            | .86207  |
| 51                        | 57            | .84746  |
| 57                        | 63            | .83333  |
| 63                        | 69            | .81967  |
| 69                        | 75            | .80645  |
| 75                        | 81            | .79365  |
| 81                        | 87            | .78125  |
| 87                        | 93            | .76923  |
| 93                        | 99            | .75758  |
| 99                        | 105           | .74627  |
| 105                       | 111           | .73529  |
| 111                       | 117           | .72464  |
| 117                       | 123           | .71429  |
| 123                       | 129           | .70423  |
| 129                       | 135           | .69444  |
| 135                       | 141           | .68493  |
| 141                       | 147           | .67568  |
| 147                       | 153           | .66667  |
| 153                       | 159           | .65789  |
| 159                       | 165           | .64935  |
| 165                       | 171           | .64103  |
| 171                       | 177           | .63291  |
| 177                       | 183           | .62500  |

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PRESENT VALUE OF DEFERRED PAYMENT (4 PERCENT PER ANNUM SIMPLE INTEREST)—Continued

| Number of months deferred |               | Present value of \$1 at 4% simple interest |
|---------------------------|---------------|--|
| At least                  | But less than |  |
| 183                       | 189           | .61728                                     |
| 189                       | 195           | .60976                                     |
| 195                       | 201           | .60241                                     |
| 201                       | 207           | .59524                                     |
| 207                       | 213           | .58824                                     |
| 213                       | 219           | .58140                                     |
| 219                       | 225           | .57471                                     |
| 225                       | 231           | .56818                                     |
| 231                       | 237           | .56180                                     |
| 237                       | 243           | .55556                                     |
| 243                       | 249           | .54945                                     |
| 249                       | 255           | .54348                                     |
| 255                       | 261           | .53763                                     |
| 261                       | 267           | .53191                                     |
| 267                       | 273           | .52632                                     |
| 273                       | 279           | .52083                                     |
| 279                       | 285           | .51546                                     |
| 285                       | 291           | .51020                                     |
| 291                       | 297           | .50505                                     |
| 297                       | 303           | .50000                                     |
| 303                       | 309           | .49505                                     |
| 309                       | 315           | .49020                                     |
| 315                       | 321           | .48544                                     |
| 321                       | 327           | .48077                                     |
| 327                       | 333           | .47619                                     |
| 333                       | 339           | .47170                                     |
| 339                       | 345           | .46729                                     |
| 345                       | 351           | .46296                                     |
| 351                       | 357           | .45872                                     |
| 357                       | 363           | .45455                                     |
| 363                       | 369           | .45045                                     |
| 369                       | 375           | .44643                                     |
| 375                       | 381           | .44248                                     |
| 381                       | 387           | .43860                                     |
| 387                       | 393           | .43478                                     |
| 393                       | 399           | .43103                                     |
| 399                       | 405           | .42735                                     |
| 405                       | 411           | .42373                                     |
| 411                       | 417           | .42017                                     |
| 417                       | 423           | .41667                                     |
| 423                       | 429           | .41322                                     |
| 429                       | 435           | .40984                                     |
| 435                       | 441           | .40650                                     |
| 441                       | 447           | .40323                                     |
| 447                       | 453           | .40000                                     |
| 453                       | 459           | .39683                                     |
| 459                       | 465           | .39370                                     |
| 465                       | 471           | .39063                                     |
| 471                       | 477           | .38760                                     |
| 477                       | 483           | .38462                                     |
| 483                       | 489           | .38168                                     |
| 489                       | 495           | .37879                                     |
| 495                       | 501           | .37594                                     |
| 501                       | 507           | .37313                                     |
| 507                       | 513           | .37037                                     |
| 513                       | 519           | .36765                                     |
| 519                       | 525           | .36496                                     |
| 525                       | 531           | .36232                                     |

PRESENT VALUE OF DEFERRED PAYMENT (4 PERCENT PER ANNUM SIMPLE INTEREST)—Continued

| Number of months deferred |               | Present value of \$1 at 4% simple interest |
|---------------------------|---------------|--|
| At least                  | But less than |  |
| 531                       | 537           | .35971                                     |
| 537                       | 543           | .35714                                     |
| 543                       | 549           | .35461                                     |
| 549                       | 555           | .35211                                     |
| 555                       | 561           | .34965                                     |
| 561                       | 567           | .34722                                     |
| 567                       | 573           | .34483                                     |
| 573                       | 579           | .34247                                     |
| 579                       | 585           | .34014                                     |
| 585                       | 591           | .33784                                     |
| 591                       | 597           | .33557                                     |
| 597                       | 603           | .33333                                     |
| 603                       | 609           | .33113                                     |
| 609                       | 615           | .32895                                     |
| 615                       | 621           | .32680                                     |
| 621                       | 627           | .32468                                     |
| 627                       | 633           | .32258                                     |
| 633                       | 639           | .32051                                     |
| 639                       | 645           | .31847                                     |
| 645                       | 651           | .31646                                     |
| 651                       | 657           | .31447                                     |
| 657                       | 663           | .31250                                     |
| 663                       | 669           | .31056                                     |
| 669                       | 675           | .30864                                     |
| 675                       | 681           | .30675                                     |
| 681                       | 687           | .30488                                     |
| 687                       | 693           | .30303                                     |
| 693                       | 699           | .30120                                     |
| 699                       | 705           | .29940                                     |
| 705                       | 711           | .29762                                     |
| 711                       | 717           | .29586                                     |
| 717                       | 723           | .29412                                     |

To compute the present value of a payment, multiply the amount of the payment by the factor contained in the present value column for the appropriate number of months the payment is deferred. For example, the present value of an installment payment of \$5,000 due 2 years (24 months) from the date of the sale would be \$4,629.65 (\$5,000×0.92593).

(c) *Effective date.* The provisions of section 483 and these temporary regulations shall apply to payments made after December 31, 1963, on account of sales or exchanges of property occurring after June 30, 1963, other than any sale or exchange made pursuant to a binding written contract (including an irrevocable written option) entered into before July 1, 1963.

[T.D. 6720, 29 FR 4882, Apr. 7, 1964]