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CIVIL AERONAUTICS BOARD

Clarification of how new authority would be given to carriers that request it after 12/31/80, when all stop restrictions will be eliminated has recently been proposed by the CAB (see the 10/7/80 Fed. Reg., pp. 66473-74). When a carrier asks for authority to a new point after this date, it would receive nonstop authority between the new point and all other points on its system. Comments are requested by 11/17/80. For additional information contact Gerard Boller at 202/673-5330.

Additionally, the CAB has proposed a change in its policy so that the carriers' own methods of flight equipment depreciation may be used to determine service mail rates for non-subsidized carriers. Comments on this proposal are requested by 11/6/80. For additional information contact Julien Schrenk at 202/673-5298.

COUNCIL ON WAGE AND PRICE STABILITY

The Council had adopted five questions and answers on pensions that may collectively be used as an alternative to the Council's existing pension policy (see the 10/6/80 Fed. Reg., pp. 63995-96). These Q & A's; 1) provide that some non-pay-related pension-plan improvement costs are excluded from pay-standard calculations, 2) emphasize that the tandem pay-rate changes exception applies to pensions, 3) permit the loading of pension benefit improvement costs into a single year of a multi-year pay plan or collective-bargaining agreement if this is a matter of past practice, 4) exclude from pay-standard calculations certain pension improvement costs resulting solely from the demographic make-up of an employee unit, and 5) indicate that significant pension-cost increases resulting from plant closings or other unanticipated events may warrant a gross-inequity or undue-hardship exception to the pay standard. The policy effective date is 9/30/80. Comments are requested by 11/3/80. For additional information contact Lucretia Tanner at 202/456-7180.

FEDERAL HOME LOAN BANK BOARD

Shared Appreciation Mortgage is the subject of a proposed FHLBB regulation issued recently which will permit Federal savings and loan associations to make shared appreciation mortgages (see the 10/8/80 Fed. Reg., pp 66801-07). Comments must be recived by 12/1/80. For additional information contact Peter Barnett at 202377-6445.

Graduated payment adjustable mortgage is the subject of another proposed rule which will authorize Federal savings and loan associations to make, purchase and participate in graduated payment adjustable mortgage instruments (see the 10/8/80 Fed. Reg., pp. 66798-801). Comments are requested by 12/1/80. For additional information contact Kenneth Hall at 202/377-6466.

FEDERAL RESERVE BOARD

An amendment to Regulation E to exempt overdraft protection plans from the compulsory use provision of the Electronic Fund Transfer Act was recently proposed by the Board (see the 10/6/80 Fed. Reg., pp. 63348-67). The Act, prohibits creditors from making an agreement to repay by automatic means as a condition of extending credit. The Board's proposal would exempt overdraft plans which include automatic debiting of a minimum monthly payment from the ban on compulsory use on the grounds that automatic collection has not been the subject of consumer complaint and that such plans benefit consumers by reducing the number of dishonored checks. It was also noted that other means would be unduly complex. A staff commentary in the form of questions and answers, covering the various requirements of Regulation E is also being published to facilitate compliance by financial institutions that provide electronic fund transfer services. Comments on the proposal are requested by 11/5/80. For additional information contact Lynne Barr at 202/452-2412.

In a related action, the Board adopted several technical amendments to Regulation E, effective 10/6/80, which exempt family transfer plans from the Act and regulation, and modify two periodic statement requirements. The Board is also publishing an economic impact analysis of the amendments. For additional information on impact analysis, contact Fredrick Schroeder at 202/452-2584.

INTERSTATE COMMERCE COMMISSION

The Commission is now accepting applications for the position of Deputy Director, Accounting Policy and Financial Data Reporting Systems. The incumbent presently serves as Deputy Director for the Bureau's accounting, reporting and audit functions and as project manager for selected projects requiring expertise in transportation, accounting, reporting and auditing. He provides expert advice on all accounting, reporting and audit matters related to regulated industries and the financial condition of regulated carriers. He also represents the Commission at various conferences and meetings and acts as the Bureau Director when requested in his absence. Candidates must possess the following selective placement factors which are the skills that have been identified as essential for successful performance in this position. Specifically, qualified candidates must meet the Office of Personnel Management's sx-118 Qualification Standards and, 1) possess the ability to plan, organize and coordinate accounting and auditing research projects; 2) possess the ability to manage large complex organizational units requiring multi-disciplines such as accountants, auditors, financial and cost analysts, statisticians, and depreciation engineers; and, 3) possess a general knowledge of EDP systems including auditing through the computer. Applicants must submit a Standard Form 171, Personal Qualifications Statement to the ICC, Personnel Office, Rm. 1136, 12th and Constitution Ave., N.W., Washington, DC 20423. Applications must be received no later that 10/17/80. For additional information contact Barbara Brown at 202/275-7414.

OFFICE OF MANAGEMENT AND BUDGET

The final list of Federal agencies responsible for administering the audit provisions of OMB Circular A-102, "Uniform requirements for grants to State and local governments" has been published by the OMB (see the 10/6/80 Fed. Reg., pp.66338-343). The list is issued as part of the Administration's Financial Priorities Program. It is the final step in arranging for "single audits" of State agencies carrying out federally assisted programs. The list identifies almost 800 State departments and agencies that are major recipients of Federal aid. It assigns a "cognizant" Federal agency to each of them. The responsibilities of the cognizant agency are spelled out in Attachment P of Circular A-102. The program is effective as of 10/6/80. For additional information contact James P. Doyle at 202/395-3993.

PENSION BENEFIT GUARANTY CORPORATION

Legislation establishing an insurance program to protect the pensions of more than 8 million American workers and retirees who are members of multi-employer pension plans has recently been signed into law by President Carter. The new law is designed to provide protection to participants in financially distressed plans, to strengthen the financial soundness of multi-employer plans, and to provide a financially self-sufficient program to guarantee the benefits of plan participants. Key provisions in the law to strengthen multi-employer plans are to: tighten funding requirements; require the payment of withdrawal liabilities by employers leaving a plan; establish a program of plan reorganization designed to avoid insolvency; and, provide financial assistance to insolvent plans. In addition, the law changes the insurable event from plan termination to plan insolvency. For those plans which become insolvent, the guarantees are expected to be about 85% of the vested benefits of plan participants. To finance the new program, premiums will be raised immediately from 50¢ to $1 per year per participant with further periodic increases from $1.40 in 1981 to $2.60 in 1989. For additional information contact Peter Kirsch at 202/254-4830 or Michael Bullard at 202/254-4827.

TREASURY, DEPARTMENT OF

House Joint Resolution 610, which became law on 10/1/80, has prohibited the IRS from implementing or enforcing any regulation or ruling under certain provisions of Internal Revenue Code section 280A. Section 123 of the Joint Resolution provides that, "No funds appropriated by this Act may be used to implement or enforce provisions of any regulation or ruling with respect to section 280A of the Internal Revenue Code of 1954 which relates to... 1) the rental of a dwelling unit to a member of the family of a taxpayer, 2) the determination of the principal place of business of the taxpayer, or, 3) the circumstances under which use of the dwelling unit for repairs and maintenance constitutes personal use by the taxpayer." In response, the IRS has advised both taxpayers and IRS personnel, in announcement IR-80-104 issued 10/9/80, that existing tax code provisions "will continue to govern" deductions claimed for the business or rental use of dwellings. The controversial 8/7/80 IRS proposed regulations (see the 9/11/80 Wash. Rpt.) have generated over 3,500 comments.

Income Tax; Definition of a Private Foundation is the subject of an IRS notice of proposed rulemaking (see the 10/10/80 Fed. Reg., pp. 67360-61). This document contains proposed amendments to the regulations relating to the definition of a private foundation. Changes to the applicable tax law were made by Public Law 94-81, enacted on 8/9/75. The amended regulations affect certain tax-exempt organizations seeking to qualify as other than private foundations which acquire unrelated trades or businesses after 6/30/75. The amended regulations, according to IRS, provide such organizations with guidance necessary to determine whether they qualify as other than private foundations. Written comments and requests for a public hearing must be delivered or mailed by 12/9/80. The amendments are proposed to be effective for taxable years ending after 6/30/75. For additional information contact Thomas Sumter at 202/566-6212.

Jerome Kurtz, who has been Commissioner of the IRS since 5/77, announced on 10/8/80, he will resign at the end of this month. Kurtz indicated in a newspaper interview, that he was resigning because of financial considerations and would return to private practice as a tax lawyer. While a successor has not been named, sources have suggested that Martin Ginsburg, a respected tax expert and past member of the Commissioner's Advisory Group, is a likely replacement.

SPECIAL: H.R. 5295 SENT TO PRESIDENT'S DESK

H.R. 5295, a bill to restore social security benefits and protect future benefits for retired, previously self-employed CPAs, completed a series of procedural steps which resulted in receipt of the bill by the President on 10/10/80. This bill, originally introduced by Rep. J.J. Pickle (D-TX) on 9/14/79, was one of the bills considered and approved by both Houses of Congress just prior to the extended election recess. After receiving favorable votes from the House and Senate, the bill was signed by the Speaker of the House on 10/8/80. The Vice President signed the bill on behalf of the Senate on 10/9/80. The President has ten days, excluding Federal holidays and Sundays, to take action on the bill. This period began on 10/11/80. The President has three options: He can sign the bill, enabling it to become Federal law; he can take no action within the ten-day period and the bill still becomes law; or he can take no action and inform the House that he is opposed to the bill, i.e. a veto. Representatives of the AICPA will be at the White House this week, meeting with the President's Domestic Council, the Office of Management and Budget, and other White House aides, urging the signing of the bill by the President.

SPECIAL: WILLIAM S. KANAGA ELECTED AS NEW AICPA CHAIRMAN

William S. Kanaga has been elected to succeed William R. Gregory as AICPA Chairman. Mr. Kanaga is presently the chairman of the Arthur Young & Co., New York, and a previous AICPA vice chairman. For the past three years, Mr. Kanaga has been a member of the Institute's SEC Practice Section Executive Committee, and since 1976, a member of the Planning and Finance Committee, serving as chairman from 1976 to 1979. He is a graduate of the Harvard Business School Advanced Management Program and of the University of Kansas. Mr. Kanaga joined Arthur Young in 1949, becoming a partner in 1960, the New York office managing partner in 1969, the firm's managing partner in 1972, and chairman in 1977.

For additional information, please contact:
Jim Kovakas, Gina Rosasco, Nick Nichols or Kathee Baker
at 202/872-8190

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American Institute of Certified Public Accountants
1620 Eye Street, N.W., Washington, D.C. 20006

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