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AGRICULTURE, DEPARTMENT OF

Final rules governing the Summer Food Service Program for Children were published in the 1/2/79 Fed. Reg., pp. 8-29. Under the provisions of these rules, State agencies must ensure that an annual audit be conducted of all sponsors whose total reimbursement claims are expected to exceed \$50,000. In addition, bi-annual audits must be conducted for sponsors whose claims are expected to be less than \$50,000, with the following exceptions: sponsors whose claims will be less than \$10,000; sponsors who are receiving other Federal funds and are therefore subject to an organization-wide audit; and, sponsors for which the State agency determines an audit is unnecessary based on program performance. These audits are to be conducted in accordance with the Program audit guide by State audit groups, CPAs, or State-licensed public accountants. For additional information contact Mr. Jordan Benderly at 202/447-8211.

COUNCIL ON WAGE AND PRICE STABILITY

Final procedural rules implementing compliance standards for the voluntary anti-inflation program have been published (see 1/4/79 Fed. Reg., pp. 1346-51). Although there are no formal reporting requirements, the rules request that companies with net sales or revenues exceeding \$250 million report to the COWPS by 2/15/79 on their corporate "organizational structure for purposes of compliance." Thus, a company would provide information on how its subsidiaries and divisions were complying with the standards.

In addition, companies with sales or revenues exceeding \$500 million will be requested to submit information on prices and profit margins as well as provide the Council with copies of recent SEC Form 10-K filings. Companies with more than 5,000 employees are also requested to report on wage changes. The rules also contain provisions for companies found to be in noncompliance: companies would be placed on a public list and would be ineligible for Federal contracts exceeding \$5 million. For more information contact Peter Lowry at 202/456-6210.

FEDERAL MARITIME COMMISSION

Proposed rules on financial responsibility for water pollution were published in the 1/3/79 Fed. Reg., p. 915. The rules include a requirement that vessel owners submit annual financial statements certified by an independent CPA. Comments on these proposed rules are due by 1/24/79 and more information is available by contacting Francis Hurney at 202/523-5725.

FEDERAL RESERVE BOARD

The three bank supervisory agencies (FRB, FDIC, and Comptroller of the Currency) have published final rules on disclosures of certain ownership information which will bring the regulations closer to existing SEC rules (see 12/28/78 Fed. Reg., pp. 60537-70). The rules cover such areas as confidential treatment, dissemination of proxy information, preliminary proxy materials, shareholder proposals and tender offers.

Proposed regulations for consumer protection under the Electronic Fund Transfer Act have been published in the 12/29/78 Fed. Reg., pp. 60933-48). The proposed rules relate to sections of the Act that limit a consumer's liability for unauthorized use of an EFT card and restrict the unsolicited issuance of such

cards. These two sections of the Act will become effective on 2/8/79, while regulations related to other sections will not become effective until May 1980. In addition, the Board has proposed certain model disclosure clauses, published two tentative outlines of the complete regulation for comment, and released an economic impact analysis, also for public comment. Comments on the proposed regulations are due before 1/29/79 and additional information may be obtained from Dolores S. Smith at 202/452-2412.

Rules governing loans to insiders by member banks have been proposed by the Board (see 1/3/79 Fed. Reg., pp. 893-95). These rules require that each bank maintain records which identify all insiders and their related interests and the amount and terms of each extension of credit by the member bank to such persons. Comments on these rules are due by 1/29/79. For further information contact Michael Blein at 202/452-3721.

HOUSING AND URBAN DEVELOPMENT, DEPARTMENT OF

Proposed rules on coinsurance for State housing finance agencies appeared in the 12/29/78 Fed. Reg., pp. 61222-37. Included in the proposal is a requirement that the actual costs of all projects be certified by an independent CPA or public accountant in accordance with GAAS. Comments are requested by 1/29/79. Further information is available by calling Thomas White at 202/755-5945.

Rules on energy audits for public housing agencies have been proposed by the Department (see 12/28/78 Fed. Reg., pp. 60854-56). The rules include the requirements for energy audits and conservation matters as well as provisions on funding and compliance. Comments on this proposal are due by 1/29/79. For additional information contact Richard Ulf at 202/755-5840.

JUSTICE, DEPARTMENT OF

Legislation designed to ban large mergers is being developed by the Justice Department. It has been reported that John Shenefield, Assistant Attorney General for Antitrust, will propose a program that would prohibit a merger that would result in a corporation with more than \$2 billion in sales or assets, or \$1 billion if it involves a company with greater than a 20 per cent share of the market. This topic is expected to be a top priority item for Sen. Edward Kennedy (D-Mass), new chairman of the Senate Judiciary Committee.

SECURITIES AND EXCHANGE COMMISSION

Commissioner Pollack has questioned the advisability of enacting a comprehensive Federal securities code at this time. In a recent interview with Bureau of National Affairs editors, Commissioner Pollack warned that the American Law Institute (ALI) proposed Federal Securities Code "has very grave fundamental issues that will need to be considered and resolved." It's known that the SEC has a working group reviewing the proposed Code. The Code is expected to be introduced early in the new Congress which convenes next week.

Quarterly reporting requirements for life insurance companies whose shares are not actively traded have been deferred until 1980 by rules adopted by the SEC (see Rel. 33-6009). The delay will allow the Commission to consider views expressed at recent public hearings concerning the reporting burdens on smaller companies. The reporting requirements have been deferred to fiscal

years ending after 12/25/80. For more information contact Lawrence Bloch at 202/472-3782.

Two proposed rules affecting brokers and dealers who are also futures commission merchants have been issued by the Commission (see Rel. 34-15436). The first would amend the uniform net capital rules and reports. The second would adopt a schedule of segregation requirements and funds currently used by the CFTC. Both rules are designed to make SEC rules more comparable with those of the CFTC. Comments on the rules are due by 2/1/79. For more information contact Nelson Kibler at 202/376-8131.

TREASURY, DEPARTMENT OF

Temporary and proposed regulations to carry out the Foreign Earned Income Act of 1978 have been published by the IRS (see the 1/4/79 Fed. Reg., pp. 1100-1112, and see IR-2070). Under the temporary rules, employees can obtain reduced withholding based on corresponding deductions by estimating their 1979 deduction consisting of a cost-of-living differential, qualified housing and school expenses, home leave expenses, and a hardship area amount. The IRS is expected to publish a detailed Tax Guide for U.S. Citizens Abroad later this spring. Comments and a request for a hearing on proposed rules are due by 3/16/79. For more information contact Mary Dean at 202/566-3289.

Proposed rules on the deductibility of certain attorney's fees incurred by beneficiaries have been published in the (12/29/78 Fed. Reg., pp. 60965-66). The rules will clarify the treatment of administration expenses in estate tax returns. Comments on the rules are due by 2/27/79. For more information contact Robert Coplan at 202/566-3287.

Editor's note: Wade Williams, Director of the Federal Legislative Affairs Division and founding editor of the Washington Report, will be leaving the Institute as of January 8, 1979. This Report is only one example of the many innovations Wade brought to the Washington office during his six years of service to the accounting profession. He will be sorely missed by the AICPA staff. We wish Wade well in his future endeavors.

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