(Lat. 39°40′43″ N, long. 75°36′24″ W)

That airspace extending upward from the surface to and including 2,600 feet MSL within a 4.2-mile radius of the New Castle Airport. This Class D airspace area is effective during the specific dates and times established in advance by a Notice to Airmen. The effective date and time will thereafter be continuously published in the Chart Supplement.

Paragraph 6002 Class E Surface Airspace.

* * * * *

AEA DE E2 Wilmington, DE [Amended]

New Castle Airport, DE
(Lat. 39°40′43″ N, long. 75°36′24″ W)

Within a 4.2-mile radius of the New Castle Airport. This Class E airspace area is effective during the specific dates and times established in advance by a Notice to Airmen. The effective date and time will thereafter be continuously published in the Chart Supplement.

AEA NJ E2 Millville, NJ [Amended]

Millville Municipal Airport, NJ
(Lat. 39°22′04″ N, long. 75°04′20″ W)

That airspace extending upward from the surface within a 4-mile radius of the Millville Municipal Airport.

Paragraph 6005 Class E Airspace Areas Extending Upward From 700 Feet or More Above the Surface of the Earth.

* * * * *

AEA PA E5 Philadelphia, PA [Amended]

Philadelphia International Airport, PA
(Lat. 39°52′20″ N, long. 75°14′26″ W)
Chester County G.O. Carlson Airport, PA
(Lat. 39°58′44″ N, long. 75°51′56″ W)
New Castle Airport, DE
(Lat. 39°40′43″ N, long. 75°36′24″ W)
Summit Airport, DE
(Lat. 39°31′16″ N, long. 75°43′25″ W)
Millville Municipal Airport, NJ
(Lat. 39°22′04″ N, long. 75°04′20″ W)

That airspace extending upward from 700 feet above the surface within a 31-mile radius of Philadelphia International Airport extending clockwise from a 225° bearing to a 307° bearing from the airport and within a 37-mile radius of Philadelphia International Airport extending from a 307° bearing to a 053° bearing from the airport and within a 33-mile radius of Philadelphia International Airport extending from a 053° bearing to a 173° bearing from the airport and within a 16-mile radius of Philadelphia International Airport extending from a 173° bearing from the airport to a 225° bearing from the airport, and within a 7-mile radius of Chester County G.O. Carlson Airport, and within a 6.7-mile radius of New Castle Airport, and within an 8-mile radius of Summit Airport and within a 6.5-mile radius of Millville Municipal Airport.

Issued in College Park, Georgia, on January 19, 2022.

Andreese C. Davis,

Manager, Airspace & Procedures Team South, Eastern Service Center, Air Traffic Organization.

[FR Doc. 2022–01281 Filed 1–24–22; 8:45 am]

BILLING CODE 4910–13–P

DEPARTMENT OF THE TREASURY

Internal Revenue Service

26 CFR Part 1

[TD 9960]

RIN 1545–BP79

Guidance Under Section 958 on Determining Stock Ownership

AGENCY: Internal Revenue Service (IRS), Treasury.

ACTION: Final regulations.

SUMMARY: This document contains final regulations regarding the treatment of domestic partnerships for purposes of determining amounts included in the gross income of their partners with respect to foreign corporations. The final regulations affect United States persons that own stock of foreign corporations through domestic partnerships and domestic partnerships that are United States shareholders of foreign corporations.

DATES:

Effective date: These regulations are effective on January 25, 2022.

Applicability dates: For dates of applicability, see §§ 1.956–1(g)(4) and 1.958–1(d)(4).

FOR FURTHER INFORMATION CONTACT: Edward J. Tracy at (202) 317–6934 (not a toll-free number).

SUPPLEMENTARY INFORMATION:

Background

On October 10, 2018, the Department of the Treasury (''Treasury Department'') and the IRS published proposed regulations (REG–104390–18) under sections 951, 951A, 1502, and 6038 in the **Federal Register** (83 FR 51072) that included guidance with respect to the treatment of domestic partnerships that own stock in controlled foreign corporations, as defined in section 957 (''CFCs''), for purposes of section 951A (the ''2018 proposed regulations''). The 2018 proposed regulations set forth a ''hybrid approach'' that generally treated a domestic partnership that is a United States shareholder, as defined in section 951(b) (''U.S. shareholder''), with respect to a CFC (''U.S. shareholder partnership'') as an entity with respect to its partners that are not U.S. shareholders (''non-U.S. shareholder partners'') but as an aggregate of its partners with respect to its partners that are U.S. shareholders (''U.S. shareholder partners'').

On June 21, 2019, the Treasury Department and the IRS published final regulations (TD 9866) in the **Federal Register** (84 FR 29288, as corrected at 84 FR 44223, 84 FR 44693, and 84 FR 53052) under sections 951, 951A, 1502, and 6038 that include guidance with respect to the treatment of domestic partnerships that own stock in CFCs for purposes of section 951A (the ''final section 951A regulations''). Instead of the ''hybrid approach'' described in the 2018 proposed regulations, the final section 951A regulations generally treat a domestic partnership as an aggregate of all of its partners for purposes of computing income inclusions under section 951A (and other provisions that apply by reference to section 951A). § 1.951A–1(e)(1). That is, under the final section 951A regulations, partners do not take into account a distributive share of the partnership's section 951A inclusion with respect to the partnership-owned CFCs but instead are treated as proportionately owning the stock of the partnership-owned CFCs. *See id.* Thus, as in the case of foreign partnerships, income inclusions under section 951A are determined directly by U.S. shareholder partners of a domestic partnership that owns CFCs. The final section 951A regulations apply to taxable years of foreign corporations beginning after December 31, 2017, and to taxable years of U.S. shareholders in which or with which those taxable years of foreign corporations end. § 1.951A–7.

Concurrent with the issuance of the final section 951A regulations, the Treasury Department and the IRS published proposed regulations (REG–101828–19) under sections 951, 951A, 954, 956, 958, and 1502 in the **Federal Register** (84 FR 29114, as corrected at 84 FR 37807) (the ''2019 proposed regulations''). Consistent with the approach adopted in the final section 951A regulations, the 2019 proposed regulations generally extended the treatment of domestic partnerships as aggregates of their partners for purposes of determining income inclusions under section 951 and for purposes of provisions that apply by reference to section 951. Proposed § 1.958–1(d).

On August 22, 2019, the Treasury Department and the IRS published Notice 2019–46, 2019–37 I.R.B. 695, which announced the intent to issue regulations that would permit, in certain cases, the ''hybrid approach'' described

in the 2018 proposed regulations to be applied to domestic partnerships or S corporations for taxable years ending before June 22, 2019.

On July 23, 2020, the Treasury Department and the IRS published final regulations (TD 9902) in the **Federal Register** (85 FR 44620, as corrected at 85 FR 64040 and 85 FR 79853) related to the portion of the 2019 proposed regulations under sections 951A and 954 addressing the treatment of income subject to a high rate of foreign tax.

A notice of proposed rulemaking published in the Proposed Rules section of this issue of the **Federal Register** (REG–118250–20) provides guidance on the treatment of domestic partnerships and S corporations that own passive foreign investment companies (as defined in section 1297(a)) (''PFICs'') and their domestic partners and shareholders, as well as on other PFIC and CFC-related issues (the ''2022 proposed PFIC regulations'').

This rulemaking finalizes the portion of the 2019 proposed regulations that generally treat domestic partnerships as aggregates of their partners for purposes of determining income inclusions under section 951 and for purposes of provisions that apply specifically by reference to section 951 (the ''final regulations'').

In the 2019 proposed regulations, the Treasury Department and the IRS requested comments on the other provisions in the Internal Revenue Code (''Code'') that apply by reference to ownership within the meaning of section 958(a) for which aggregate treatment for domestic partnerships would be appropriate. The 2019 proposed regulations also requested comments on the aggregate treatment of domestic partnerships in specific areas, including for purposes of determining the controlling domestic shareholders of a CFC and for purposes of applying the PFIC regime. The Treasury Department and the IRS received three comments in response to the 2019 proposed regulations, each of which were considered in these final regulations. No public hearing on the 2019 proposed regulations was held because there were no requests to speak.

Summary of Comments and Explanation of Revisions

Comments outside the scope of this rulemaking are generally not addressed but may be considered in connection with future guidance projects. All written comments received in response to the proposed regulations that are being finalized in this rulemaking are available at *www.regulations.gov* or upon request.

I. Application of Section 956

Subject to certain exceptions, the 2019 proposed regulations treated domestic partnerships as aggregates of their partners for purposes of sections 951 and 951A and for purposes of any other provision that applies by reference to section 951 or section 951A. Proposed § 1.958–1(d)(1) and (2). Although section 951(a)(1)(B) requires a U.S. shareholder of a CFC to include in gross income the amount determined under section 956 with respect to the U.S. shareholder (to the extent not excluded from gross income under section 959(a)(2)), section 956 itself does not specifically apply by reference to section 951 (or section 951A). Accordingly, the final regulations clarify that aggregate treatment of domestic partnerships applies for purposes of section 956(a) and any provisions that specifically apply by reference to section 956(a) (such as § 1.956–1(a)(2)) to ensure that a U.S shareholder partner determines a section 956 amount with respect to CFCs owned through a domestic partnership as part of the U.S. shareholder partner's section 951(a) inclusion. § 1.958–1(d)(1) and (d)(3)(iii). Aggregate treatment does not apply, however, for purposes of section 956(c) or (d) (or provisions that apply by reference to these sections) because treating a domestic partnership as an entity separate from its partners is more appropriate to carry out the purposes of these provisions. *See, e.g.,* § 1.956–4(e) (providing rules concerning the application of section 956 to, for example, obligations of partnerships). As discussed in the preamble to the 2019 proposed regulations, the treatment of a partnership as an entity or an aggregate is determined in part based on the policies underlying the specific provision at issue. *See* 84 FR 29115–29116.

To avoid similar confusion regarding the scope of § 1.958–1(d), the final regulations replace the language ''any other provision that applies by reference'' to section 951 or section 951A in proposed § 1.958–1(d)(1) with ''any provision that specifically applies by reference'' to section 951, section 951A, or section 956(a). The addition of the word ''specifically'' is intended to clarify that the rule in § 1.958–1(d) applies only to the particular provision within a Code section or regulation that applies specifically by reference to section 951, section 951A, or section 956(a) rather than the section or regulation in its entirety. Additionally, the final regulations clarify that the rule in § 1.958–1(d)(1) applies for purposes of any provision that specifically applies by reference to regulations issued under or relating to the sections identified in § 1.958–1(d)(1). Corresponding revisions are made to the cross references to § 1.958–1(d) provided in §§ 1.951–1(a)(4) and 1.951A–1(e).

Certain existing final regulations treat domestic partnerships as entities separate from their partners for purposes of section 956. § 1.956–1(a)(2)(i) and (iii) and (a)(3)(iv). Because this treatment is inconsistent with the aggregate approach, the 2019 proposed regulations modified the applicability date of these provisions so they would cease to apply once the 2019 proposed regulations were finalized. Proposed § 1.956–1(g)(4). Rather than modifying the applicability dates as was done in the 2019 proposed regulations, however, the final regulations simply remove these provisions. Accordingly, because those provisions are being removed as part of the final regulations, the proposed applicability date provisions under section 956 are no longer relevant and are not being finalized.

II. Passive Foreign Investment Companies

The preamble to the 2019 proposed regulations requested comments with respect to the application of the PFIC regime to domestic partnerships that directly or indirectly own PFIC stock, particularly with respect to whether elections and income inclusions are more appropriate at the level of the domestic partnership or at the level of its partners. 84 FR 29120. Comments were received regarding PFIC elections and inclusions, the CFC overlap rule in section 1297(d), and other PFIC-related issues involving domestic partnerships. These comments are addressed in the 2022 proposed PFIC regulations in order to provide taxpayers additional opportunity to comment.

III. Related Person Insurance Income

Section 952(a) provides that subpart F income includes insurance income, as defined in section 953. Under section 953(c)(2), related person insurance income (''RPII'') is any insurance income (as defined in section 953(a)) attributable to a policy of insurance or reinsurance that directly or indirectly insures a United States shareholder (as defined in section 953(c)(1)(A)) of the controlled foreign corporation (as defined in section 953(c)(1)(B)), or a person related to the United States shareholder.

A comment requested that aggregate treatment be applied for purposes of determining RPII such that there would only be RPII to the extent of the

domestic partnership's domestic partners, which is the same result as for foreign partnerships. The Treasury Department and the IRS agree that aggregate principles should apply for purposes of section 953(c). However, in order to provide taxpayers an additional opportunity to comment, this comment is addressed in the 2022 proposed PFIC regulations.

IV. Controlling Domestic Shareholders

The ''controlling domestic shareholders'' of a CFC make certain elections with respect to the CFC, such as electing the method of calculating the CFC's earnings and profits under section 964(a) and electing to exclude tentative gross tested income items from gross tested income under section 951A(c)(2)(A)(i)(III). *See* §§ 1.964–1(c)(3) and 1.951A–2(c)(7)(viii). Under § 1.964–1(c)(5)(i), the controlling domestic shareholders of a CFC are the U.S. shareholders that, in the aggregate, own (within the meaning of section 958(a)) more than 50 percent of the total combined voting power of all classes of stock of the CFC entitled to vote and that undertake to act on the CFC's behalf. If the ownership requirement is not satisfied, the controlling domestic shareholders of the CFC are all of the U.S. shareholders that own (within the meaning of section 958(a)) stock of the CFC. *Id.*

With respect to U.S. shareholder partnerships, the 2019 proposed regulations did not apply aggregate treatment for purposes of determining a CFC's controlling domestic shareholders, and a domestic partnership could qualify as a controlling domestic shareholder of the CFC. Proposed § 1.958–1(d)(2). The preamble to the 2019 proposed regulations requested comments on whether aggregate treatment should apply in this context so that some or all of the U.S. shareholder partners, rather than the partnership, would make elections applicable to the CFC for purposes of sections 951 and 951A. 84 FR 29119. One comment was received that recommended, on balance, that aggregate treatment should not apply for purposes of determining the controlling domestic shareholders of CFCs under § 1.964–1(c)(5)(i).

The final regulations do not extend aggregate treatment for determining the controlling domestic shareholders of a CFC under § 1.964–1(c)(5)(i). However, the Treasury Department and the IRS believe that aggregate treatment should apply to domestic partnerships for purposes of determining the controlling domestic shareholders of a CFC under § 1.964–1(c)(5). Thus, the 2022 proposed PFIC regulations revise § 1.958–1(d)(2) to provide that aggregate treatment applies for purposes of determining the controlling domestic shareholders of a CFC. This change is included in the 2022 proposed PFIC regulations to give taxpayers an additional opportunity to comment.

V. Previously Taxed Earnings and Profits and Basis Adjustments

The preamble to the 2019 proposed regulations noted that, historically, domestic partnerships had been treated as owning stock within the meaning of section 958(a) for purposes of determining their section 951 inclusions, and, thus, previously taxed earnings and profits (''PTEP'') accounts under section 959 were maintained, and related basis adjustments under section 961 were made, at the partnership level. 84 FR 29119. As a result, comments were requested on appropriate rules, such as necessary adjustments to PTEP and related basis amounts, for the transition to the aggregate approach to domestic partnerships described in the 2019 proposed regulations once those regulations were finalized. 84 FR 29119–20. These issues, and the comments received, are beyond the scope of this rulemaking and therefore are not addressed herein; however, the Treasury Department and the IRS intend to address these comments in a separate guidance project involving PTEP (the ''proposed PTEP regulations''). The proposed PTEP regulations will provide guidance on a broad range of issues, such as the maintenance of PTEP accounts under section 959, the treatment of PTEP distributions, and basis adjustments under section 961, including with respect to CFCs held by partnerships.

VI. Application of Section 1248

The preamble to the 2019 proposed regulations stated that, subject to certain exceptions, aggregate treatment of domestic partnerships applied only with respect to sections 951 and 951A, and any provision that applies by reference to sections 951 and 951A, and, therefore, did not apply for any other purpose of the Code, including section 1248. 84 FR 29119. Comments were received regarding section 1248, including with respect to dispositions by domestic partnerships of CFC stock, dispositions of interests in domestic partnerships that own CFC stock, and the interaction between section 1248 and section 751.

The final regulations do not address these comments, which are beyond the scope of this rulemaking. The Treasury Department and the IRS recognize, however, that section 1248 applies in part by reference to section 951 and section 951A (in the latter case, as a result of section 951A(f)(1)(A)). *See* section 1248(b)(1)(A) and (d)(1). Therefore, the final regulations clarify that the aggregate approach set forth in § 1.958–1(d)(1) does not apply for purposes of section 1248, which is consistent with the intended scope of the rules as described in the preamble to the 2019 proposed regulations. § 1.958–1(d)(2)(iv). The final regulations do not affect the application of § 1.1248–1(a)(4). Future guidance, including the proposed PTEP regulations, may address the application of section 1248(b)(1)(A) and (d)(1) to transactions involving a domestic partnership's sale of a CFC, such as the transaction described in Rev. Rul. 69–124, 1969–1 C.B. 203.

VII. Non-Grantor Trusts and Estates

The preamble to the 2019 proposed regulations requested comments on whether aggregate treatment should be extended to other pass-through entities such as certain trusts or estates. In response to this request, one comment recommended that aggregate treatment not be extended to domestic non-grantor trusts and domestic estates, noting that there is no corollary authority to section 7701(a)(4) (authorizing the treatment of domestic partnerships as not domestic when the context requires) which would permit the Treasury Department and the IRS to treat domestic non-grantor trusts and domestic estates as not domestic. The comment further noted that if the domestic non-grantor trust or domestic estate had a section 951(a) or section 951A inclusion but did not distribute the income to its beneficiaries, the trust or estate itself would be liable for tax on that income (unlike a partnership); thus, two separate taxing regimes could be necessary if an aggregate approach were limited to distributed income. Finally, the comment suggested that identifying U.S. shareholders of a CFC the stock of which is owned by a domestic non-grantor trust or a domestic estate would be complex if the trust or estate had discretionary beneficiaries.

Although aggregate treatment of domestic partnerships for purposes of sections 951 and 951A (and provisions that specifically apply by reference to those sections) is not based on the grant of authority under section 7701(a)(4), the Treasury Department and the IRS nevertheless agree, for the other reasons stated in the comment, that aggregate treatment should not be extended to domestic non-grantor trusts and domestic estates.

VIII. Other Changes

The final section 951A regulations generally adopted aggregate treatment of domestic partnerships for purposes of section 951A. § 1.951A–1(e). The preamble to the 2019 proposed regulations noted that once those regulations were finalized, § 1.951A–1(e) would be unnecessary because that rule would be subsumed by § 1.958–1(d). 84 FR 29119. The preamble to the 2019 proposed regulations further noted that § 1.951–1(h), which treated certain controlled domestic partnerships as foreign partnerships for purposes of determining the stock of a CFC owned (within the meaning of section 958(a)) by a U.S. person, would similarly be unnecessary. *Id.* No comments addressed those proposed regulations. As a result, § 1.951A–1(e) is amended to remove paragraphs (e)(1) through (3) and include a general cross-reference to § 1.958–1(d) in § 1.951A–1(e) for the treatment of domestic partnerships for purposes of section 951A. The final regulations also remove paragraph (h) of § 1.951–1.

IX. Applicability Dates

A. Application Before Finalization Date

Proposed § 1.958–1(d)(4) provided that the regulations under section 958 would apply to taxable years of foreign corporations beginning on or after the date the final regulations are published in the **Federal Register** (the ''finalization date'') and to taxable years of U.S. persons in which or with which such taxable years of the foreign corporations end (the ''general applicability rule''). However, domestic partnerships could apply the regulations, when finalized, to taxable years of a foreign corporation beginning after December 31, 2017, and to taxable years of the domestic partnership in which or with which such taxable years of the foreign corporation end, subject to the requirement that the partnership, its U.S. shareholder partners, and other related domestic partnerships and their U.S. shareholder partners consistently apply the regulations with respect to all foreign corporations the partnerships own (within the meaning of section 958(a), determined without regard to proposed § 1.958–1(d)(1)) (the ''pre-finalization applicability option''). Proposed § 1.958–1(d)(4). The 2019 proposed regulations also permitted domestic partnerships, their U.S. shareholder partners, and related domestic partnerships and their U.S. shareholder partners to rely on proposed § 1.958–1(d)(4), subject to the same consistency requirement (the ''reliance option''). *See* 84 FR 29119.

One comment made several recommendations with respect to the applicability date of proposed § 1.958–1(d). First, the comment suggested that the reference to a ''domestic partnership'' in the pre-finalization applicability option was inconsistent with the reference to ''U.S. persons'' in the general applicability rule and recommended that the final regulations be revised to reference ''U.S. person'' in both places. With respect to the consistency requirements (including consistency between years), the comment suggested that U.S. persons owning stock of a foreign corporation through a domestic partnership be allowed to take individual positions as to whether to apply the pre-finalization applicability option, subject to all related partners taking the same position. The comment noted that an individualized approach would allow non-U.S. shareholder partners to decide whether to be subject to section 951 inclusions or potentially to be subject to the PFIC regime during the period before the finalization date and would not materially impact U.S. shareholder partners.

The reference to ''domestic partnerships'' and their U.S. shareholder partners in the pre-finalization applicability option was intentional. Although the general applicability rule applies to all affected U.S. persons, certain persons may choose to apply the regulations before the finalization date. By limiting this group of persons to domestic partnerships and their U.S. shareholder partners (and related domestic partnerships), the rule aims to strike a balance between identifying a small group of persons who may be able to coordinate with respect to the decision to apply the pre-finalization applicability option versus all persons that may be affected by that decision. Accordingly, the suggested revision to reference ''U.S. persons'' in the pre-finalization applicability option is not adopted.

In addition, the suggested revision would allow partners to take individualized positions with respect to the pre-finalization applicability option and could cause significant administrative, partnership accounting, and reporting difficulties. For example, if each partner were allowed to take an individual position on the applicability date of the regulations, partners following the general applicability rule (regardless of the extent of their ownership) might receive a distributive share of the partnership's section 951 inclusions while U.S. shareholder partners applying the pre-finalization applicability option have direct section 951 inclusions. The Treasury Department and the IRS believe that consistency among all affected parties in applying the pre-finalization applicability option is important for proper administration of the regulations. As a result, the Treasury Department and the IRS have determined that the difficulty posed by an individualized approach outweighs the potential benefit the approach would provide to a partner, and this comment is not adopted. The Treasury Department and the IRS are aware that, given the potential scope of the consistency requirement, it may be difficult to meet in more widely held partnership structures, and thus application of the pre-finalization applicability option may be limited.

The comment recommended that if the individualized approach is not adopted, the final regulations should require a formal election in order to apply the pre-finalization applicability option instead of the consistency requirement. The election would be made only by a domestic partnership and all related domestic partnerships and would be binding on all domestic partners. The comment asserted that this approach would clarify the application of the pre-finalization applicability option by avoiding potential uncertainty as to whether all U.S. shareholder partners took a consistent position. The comment further suggested that a partnership-only election to apply the pre-finalization applicability option would prevent U.S. shareholder partners from refusing, without justification, to act in accordance with the partnership's election.

The Treasury Department and the IRS have determined that, although the consistency requirement among all related domestic partnerships and their U.S. shareholder partners may be difficult to meet in certain cases, requiring consistency among all persons required to apply the pre-finalization applicability option is important for proper administration of the rules. Absent this requirement, U.S. shareholder partners could choose not to amend their returns, and therefore continue to report under the entity approach, even though the partnership and other partners amended their returns and reported under the aggregate approach pursuant to the pre-finalization applicability option.[1] In

[1] A U.S. shareholder partner's liability could differ under an aggregate or entity approach if, for example, the partner is a U.S. shareholder partner

Continued

addition, maintaining the U.S. shareholder consistency requirement minimizes administrative, partnership accounting, and reporting difficulties (for example, in connection with PTEP accounts) that could arise if a partnership-only election were adopted and one or more U.S. shareholder partners chose not to amend their returns in accordance with the partnership's election. The consistency requirement is also expected to enhance compliance and administration at the U.S. shareholder partner-level with respect to amended returns (or administrative adjustment requests) because it requires more coordination between the partnership and its partners than a partnership-only election would require. Under either approach, if a partnership chooses the pre-finalization applicability option on an amended return (or by initiating an administrative adjustment request), any U.S. shareholder partner would receive updated information that it no longer has a distributive share of the partnership's section 951 inclusions but would still need to take into account section 951 inclusions directly under the aggregate approach. Further, the Treasury Department and the IRS are concerned that the lack of coordination involved in a partnership-only election, as opposed to the consistency requirement, may create uncertainty at the U.S. shareholder partner level as to whether the partner merely accounts for the reduction in the distributive share from the partnership or must also directly take into account income inclusions. Accordingly, this comment is not adopted.

The comment also requested that the final regulations clarify whether the pre-finalization applicability option is available if all required parties file amended returns. The Treasury Department and the IRS confirm that, subject to the consistency requirement, a domestic partnership may apply the regulations on an amended return or through initiating an administrative adjustment request under section 6227. In instances where a domestic partnership files an amended return (that is, in the case of partnerships not subject to sections 6221 through 6241), its partners (both U.S. shareholder partners and non-U.S. shareholder partners) will likely need to also file amended returns in order to satisfy the consistency requirement.

Finally, the comment expressed concern for cases in which a domestic partnership filed its income tax return for calendar year 2018 before the issuance of the 2019 proposed regulations reporting section 951 inclusions by the partnership in accordance with then current law (including issuing Schedules K–1 to its partners) but subsequently filed a superseding original or amended return for such taxable year relying on the 2019 proposed regulations. In that case, the comment recommended that the ability to rely on the 2019 proposed regulations should not be contingent upon all U.S. shareholder partners filing superseding or amended returns on the same basis and that all partners should be permitted to decide separately whether to file a superseding or amended return to rely on the proposed regulations. The comment further recommended that, if a non-U.S. shareholder partner decides to rely on the proposed regulations and the foreign corporation is also a PFIC, the mechanism for the non-U.S. shareholder partner to make a QEF or mark-to-market election under section 1295 or section 1296, respectively, should be simplified and that purging elections should not be required solely due to the status of the CFC/PFIC during the period before the general applicability rule applies. The comment analogized these recommendations to relief provided in Notice 2019–46, which permitted domestic partnerships and partners to file returns for 2018 applying the hybrid approach in the 2018 proposed regulations rather than the aggregate approach adopted by the final section 951A regulations.

The Treasury Department and the IRS believe that, in all cases, proper administration of the regulations before the general applicability rule requires the satisfaction of the consistency requirement in § 1.958–1(d)(4)(i) and precludes the ability of non-U.S. shareholder partners to unilaterally apply the regulations. Therefore, the final regulations do not adopt more permissive rules because a domestic partnership filed a tax return and issued Schedule K–1s to its partners before the issuance of the 2019 proposed regulations. Furthermore, the Treasury Department and the IRS find this situation sufficiently different from the relief provided in Notice 2019–46 for domestic partnerships that had already reported a different position on a Schedule K–1 based on the 2018 proposed regulations. Although the final section 951A regulations applied retroactively and superseded the 2018 proposed regulations, the notice provided flexibility to apply the 2018 proposed regulations due to the compliance burdens associated with the change from the hybrid approach in the 2018 proposed regulations to the aggregate approach in the final section 951A regulations and the relatively short period until the extended filing deadline for calendar-year partnerships. This same concern does not exist here because, before the prospective application of the regulations under the general applicability rule, taxpayers were permitted to rely on the 2019 proposed regulations (in accordance with proposed § 1.958–1(d)(4)) or to continue to apply prior law. Accordingly, the final regulations do not adopt these comments.

B. Different Taxable Years of the Partnership, Partners, and CFC

Proposed § 1.958–1(d)(4) provided that § 1.958–1(d), when finalized, would apply to taxable years of foreign corporations beginning on or after the finalization date and to taxable years of U.S. persons in which or with which the taxable years of the foreign corporations end. A comment noted that, under this rule, in certain circumstances where a fiscal year U.S. shareholder partnership with U.S. shareholder partners has a different taxable year than its CFC and U.S. shareholder partners, the applicability date could cause the U.S. shareholder partners to have two years of section 951 inclusions in the same taxable year with respect to the same CFC—that is, a distributive share of the partnership's section 951 inclusion from the CFC's last taxable year before the application of the final regulations, and a direct section 951 inclusion with respect to the first taxable tax year of the CFC subject to the final regulations. For example, if a U.S. shareholder partnership has a June 30 taxable year and both the CFC it owns and its U.S. shareholder partners have a calendar taxable year, the final regulations would, under the general applicability rule, first apply to the CFC's taxable year ending December 31, 2022. Accordingly, for its taxable year ending December 31, 2022, the U.S. shareholder partners would have a distributive share of the partnership's section 951 inclusion for the CFC's taxable year ending December 31, 2021 (for the U.S. shareholder partnership's taxable year ending June 30, 2022) and would also have a direct section 951 inclusion for the CFC's taxable year ending December 31, 2022. The comment suggested that if the result in the example is intended, the Treasury Department and the IRS should consider treating the transition to aggregate treatment as a change in method of accounting with an accompanying spread in reporting the second inclusion under section 481.

with respect to some, but not all, of the CFCs that are owned by the domestic partnership.

The result described by the comment (the possibility of a U.S. shareholder partner having, in one of its taxable years, a distributive share of a partnership's section 951(a) inclusion with respect to a CFC for one taxable year of the CFC as well as the U.S. shareholder partner's own section 951(a) inclusion with respect to the CFC for the CFC's subsequent taxable year) is intended. In situations where a partnership and a partner have different taxable years, the partner can generally achieve deferral on its share of the partnership's income to the extent of the difference between its taxable year and the partnership's required taxable year. However, under the final regulations, because a domestic partnership is not treated as owning stock of a CFC within the meaning of section 958(a) for purposes of computing income inclusions with respect to a CFC under section 951 and section 951A, the applicable taxable year for income inclusions arising as a result of a domestic partnership's ownership of the CFC is the U.S. shareholder partner's taxable year, not the partnership's taxable year. As a result, the final regulations eliminate any deferral of income inclusions under section 951 and section 951A for a U.S. shareholder partner with respect to any CFC owned by the U.S. shareholder partnership. This elimination of a U.S. shareholder partner's deferral with respect to income of any CFC owned by the U.S. shareholder partnership, combined with the partner's existing deferral of section 951 income inclusions before the application of the final regulations, causes the U.S. shareholder partner to recognize two years of section 951 income inclusions with respect to any CFC owned by the U.S. shareholder partnership in this transition taxable year.

The Treasury Department and the IRS considered whether the adoption of the aggregate approach should be viewed as a change in method of accounting under section 446 and, if so, whether an adjustment should be imposed under section 481. The Treasury Department and the IRS determined that the adoption of the aggregate approach is not a change in method of accounting. Accordingly, no adjustment under section 481 should be imposed.

Further, even if the adoption of the aggregate approach were considered to be a change in accounting method, the Treasury Department and the IRS do not believe imposing an adjustment under section 481 would be appropriate as part of such change. Section 481(a) adjustments are intended to prevent the permanent duplication or omission of income or expense that would otherwise arise as a result of a change in accounting method. However, the change to the aggregate approach under section 958 does not give rise to an omission or duplication of any item of income or expense. Under the prior entity approach, the domestic partnership would be treated as the foreign corporation's owner under section 958(a) and would take into account its applicable section 951 inclusion in its taxable year in which or with which such foreign corporation's taxable year ends. The partnership's section 951 inclusion would, in turn, be included in each partner's distributive share and would be recognized by each partner in the partner's taxable year in which or with which the partnership's taxable year ends.

By contrast, under the new aggregate approach, each U.S. shareholder partner of the partnership will be treated as an owner of the foreign corporation under section 958(a). As a result, each partner will have its own section 951 inclusion for the foreign corporation's taxable years beginning on or after January 25, 2022 and will recognize the section 951 inclusion in its taxable year in which or with which the foreign corporation's taxable year ends.[2] Therefore, the partners would not have a permanent duplication or omission of income or expense that would otherwise arise as a result of a change in accounting method and require a section 481(a) adjustment.

Special Analyses

I. Regulatory Planning and Review—Economic Analysis

These regulations are not subject to review under section 6(b) of Executive Order 12866 pursuant to the Memorandum of Agreement (April 11, 2018) between the Treasury Department and the Office of Management and Budget regarding review of tax regulations.

II. Paperwork Reduction Act

The Paperwork Reduction Act of 1995 (44 U.S.C. 3501–3520) (''PRA'') generally requires that a federal agency obtain the approval of the OMB before collecting information from the public, whether such collection of information is mandatory, voluntary, or required to obtain or retain a benefit.

There are no information collection requirements associated with these final regulations.

III. Regulatory Flexibility Act

It is hereby certified that these final regulations will not have a significant economic impact on a substantial number of small entities within the meaning of section 601(6) of the Regulatory Flexibility Act (5 U.S.C. chapter 6).

The final regulations may affect a substantial number of small entities, but the economic impact is not likely to be significant. These regulations treat domestic partnerships as an aggregate of their partners for purposes of section 951, which reduces the burden on taxpayer partners that are not U.S. shareholders of a CFC owned by a partnership because these partners are no longer subject to section 951 inclusions with respect to CFCs held by the partnership. The regulations may also reduce burden on domestic partnerships that hold CFCs because these partnerships are no longer required to calculate their partners' distributive share of the partnerships' section 951 inclusions, which will likely lower their compliance costs. In addition, the regulations do not impose a collection of information burden on any person, including small entities.

The Treasury Department and the IRS estimate that approximately 7,500 U.S. partnerships that own CFCs e-filed at least one Form 5471 as Category 4 or 5 filers in 2018.[3] These partnerships had approximately 1.75 million domestic and foreign partners. To estimate the impact of the final regulations related to domestic partnerships on small entities, the Treasury Department and the IRS reviewed the percentage of filers that own CFCs by class size based on gross receipts. For 2018, the smaller size classes constituted a relatively small fraction of filers that own CFCs, suggesting that many domestic small business entities would be unaffected by these regulations. Further, domestic partnerships should only constitute a

[2] In the first taxable year to which the aggregate approach applies, the U.S. shareholder partner could in certain cases have two section 951 inclusions: (1) Its distributive share of the partnership's section 951 inclusion for the CFC's last taxable year that begins before January 25, 2022, and (2) its own section 951 inclusion for the CFC's first taxable year beginning on or after January 25, 2022. However, these inclusions represent subpart F income with respect to two different taxable years of the CFC. Therefore, there is no duplication or omission of the CFC's subpart F income to the U.S. shareholder partner.

[3] Data are from IRS's Research, Applied Analytics, and Statistics division based on data available in the Compliance Data Warehouse. Category 4 filer includes a U.S. person who had control of a foreign corporation during the annual accounting period of the foreign corporation. Category 5 includes a U.S. shareholder who owns stock in a foreign corporation that is a CFC and who owned that stock on the last day in the tax year of the foreign corporation in that year in which it was a CFC. For full definitions, see *https://www.irs.gov/pub/irs-pdf/i5471.pdf.*

portion of the smaller size classes of filers that own CFCs.

Consequently, the Treasury Department and the IRS have determined that the final regulations will not have a significant economic impact on a substantial number of small entities. Accordingly, it is hereby certified that these regulations will not have a significant economic impact on a substantial number of small entities.

IV. Section 7805(f)

Pursuant to section 7805(f), the proposed regulations preceding the final regulations (the 2019 proposed regulations) were submitted to the Chief Counsel for Advocacy of the Small Business Administration for comment on their impact on small business. No comments were received.

V. Unfunded Mandates Reform Act

Section 202 of the Unfunded Mandates Reform Act of 1995 requires that agencies assess anticipated costs and benefits and take certain other actions before issuing a final rule that includes any Federal mandate that may result in expenditures in any one year by a state, local, or tribal government, in the aggregate, or by the private sector, of $100 million in 1995 dollars, updated annually for inflation. These regulations do not include any Federal mandate that may result in expenditures by state, local, or tribal governments, or by the private sector in excess of that threshold.

VI. Executive Order 13132: Federalism

Executive Order 13132 (entitled ''Federalism'') prohibits an agency from publishing any rule that has federalism implications if the rule either imposes substantial, direct compliance costs on state and local governments, and is not required by statute, or preempts state law, unless the agency meets the consultation and funding requirements of section 6 of the Executive order. These regulations do not have federalism implications and do not impose substantial direct compliance costs on state and local governments or preempt state law within the meaning of the Executive order.

Drafting Information

The principal author of these regulations is Edward J. Tracy of the Office of Associate Chief Counsel (International). However, other personnel from the Treasury Department and the IRS participated in their development.

Statement of Availability of IRS Documents

IRS Revenue Procedures, Revenue Rulings, Notices, and other guidance cited in this document are published in the Internal Revenue Bulletin and are available from the Superintendent of Documents, U.S. Government Publishing Office, Washington, DC 20402, or by visiting the IRS website at *https://www.irs.gov.*

List of Subjects in 26 CFR Part 1

Income taxes, Reporting and recordkeeping requirements.

Adoption of Amendments to the Regulations

Accordingly, 26 CFR part 1 is amended as follows:

PART 1—INCOME TAXES

■ **Paragraph 1.** The authority citation for part 1 continues to read in part as follows:

Authority: 26 U.S.C. 7805.

* * * * *

■ **Par. 2.** Section 1.951–1 is amended by:
■ 1. Adding paragraph (a)(4);
■ 2. Removing paragraph (h);
■ 3. Redesignating paragraph (i) as paragraph (h); and
■ 4. Removing the last sentence of newly redesignated paragraph (h).

The addition reads as follows:

§ 1.951–1 Amounts included in gross income of United States shareholders.

(a) * * *

(4) See § 1.958–1(d) for rules regarding the ownership of stock of a foreign corporation through a domestic partnership for purposes of section 951 and for purposes of any provision that specifically applies by reference to section 951 or the regulations in this part under section 951.

* * * * *

■ **Par. 3.** Section 1.951A–1 is amended by revising paragraph (e) to read as follows:

§ 1.951A–1 General provisions.

* * * * *

(e) *Stock owned through domestic partnerships.* See § 1.958–1(d) for rules regarding the ownership of stock of a foreign corporation through a domestic partnership for purposes of section 951A and for purposes of any provision that specifically applies by reference to section 951A or the section 951A regulations.

* * * * *

■ **Par. 4.** Section 1.956–1 is amended by:
■ 1. Adding a sentence at the end of paragraph (a)(1);
■ 2. Removing the last sentence of paragraph (a)(2)(i);
■ 3. Removing paragraphs (a)(2)(iii) and (a)(3)(iv);
■ 4. Redesignating paragraph (a)(3)(v) as paragraph (a)(3)(iv);
■ 5. Revising the newly redesignated paragraph (a)(3)(iv) heading; and
■ 6. Adding a sentence at the end of paragraph (g)(4).

The additions and revision read as follows:

§ 1.956–1 Shareholder's pro rata share of the average of the amounts of United States property held by a controlled foreign corporation.

(a) * * * (1) * * * See § 1.958–1(d) for rules regarding the ownership of stock of a foreign corporation through a domestic partnership for purposes of section 956(a) and for purposes of any provision that specifically applies by reference to section 956(a) or the regulations in this part under section 956 that relate to section 956(a).

* * * * *

(3) * * *

(iv) *Example 4.* * * *

* * * * *

(g) * * *

(4) * * * For taxable years of controlled foreign corporations beginning before January 25, 2022, and taxable years of United States shareholders in which or with which such taxable years of foreign corporations end, see § 1.956–1(a)(2)(i) and (iii) and (a)(3)(iv) as in effect and contained in 26 CFR part 1, as revised April 1, 2021.

* * * * *

■ **Par. 5.** Section 1.958–1 is amended by:
■ 1. Redesignating paragraph (d) as paragraph (f); and
■ 2. Adding a new paragraph (d) and reserved paragraph (e).

The additions read as follows:

§ 1.958–1 Direct and indirect ownership of stock.

* * * * *

(d) *Stock of foreign corporations owned through domestic partnerships*—(1) *In general.* Except as otherwise provided in paragraph (d)(2) of this section, for purposes of sections 951, 951A, and 956(a), and for purposes of any provision that specifically applies by reference to any of such sections or the regulations in this part under section 951, 951A, or 956 (but only as the regulations in this part under section 956 relate to section 956(a)), a domestic partnership is not treated as owning stock of a foreign corporation

within the meaning of section 958(a). For purposes of determining the persons that own stock of the foreign corporation within the meaning of section 958(a) when the preceding sentence applies, stock of a foreign corporation owned by a domestic partnership is treated in the same manner as stock of a foreign corporation owned by a foreign partnership under section 958(a)(2) and paragraph (b) of this section.

(2) *Non-application for certain purposes.* Paragraph (d)(1) of this section does not apply for purposes of—

(i) Determining whether any United States person is a United States shareholder (as defined in section 951(b));

(ii) Determining whether any foreign corporation is a controlled foreign corporation (CFC) (as defined in section 957(a));

(iii) Applying section 956(c) and (d);

(iv) Applying section 1248; or

(v) Determining whether any United States shareholder is a controlling domestic shareholder (as defined in § 1.964–1(c)(5)).

(3) *Examples.* The following examples illustrate the application of this paragraph (d).

(i) *Example 1*—(A) *Facts.* USP, a domestic corporation, and Individual A, a United States citizen unrelated to USP, own 95% and 5%, respectively, of PRS, a domestic partnership. PRS owns 100% of the single class of stock of FC, a foreign corporation.

(B) *Analysis*—(*1*) *United States shareholder and CFC determinations.* Under paragraphs (d)(2)(i) and (ii) of this section, respectively, the determination of whether PRS, USP, and Individual A (each a United States person) are United States shareholders of FC, and whether FC is a controlled foreign corporation, is made without regard to paragraph (d)(1) of this section. PRS, a United States person, owns 100% of the total combined voting power or value of the FC stock within the meaning of section 958(a). Accordingly, PRS is a United States shareholder under section 951(b), and FC is a controlled foreign corporation under section 957(a). USP is also a United States shareholder of FC because it owns 95% of the total combined voting power or value of the FC stock under sections 958(b) and 318(a)(2)(A). Individual A, however, is not a United States shareholder of FC because Individual A owns only 5% of the total combined voting power or value of the FC stock under sections 958(b) and 318(a)(2)(A).

(*2*) *Application of sections 951 and 951A.* Under paragraph (d)(1) of this section, for purposes of sections 951 and 951A, PRS is not treated as owning (within the meaning of section 958(a)) the FC stock; instead, for purposes of determining the persons that own the FC stock within the meaning of section 958(a), the FC stock is treated as if it were owned by a foreign partnership under paragraph (b) of this section. Therefore, for purposes of sections 951 and 951A, USP is treated as owning 95% of the FC stock under section 958(a), and Individual A is treated as owning 5% of the FC stock under section 958(a). USP is a United States shareholder of FC, and therefore USP determines its income inclusions under sections 951 and 951A directly with respect to FC based on its ownership of FC stock under section 958(a). However, because Individual A is not a United States shareholder of FC, Individual A does not have an income inclusion under section 951 with respect to FC or a pro rata share of any amount of FC for purposes of section 951A. This is the case even though PRS is a United States shareholder of FC.

(ii) *Example 2*—(A) *Facts.* USP, a domestic corporation, and Individual A, a United States citizen, own 90% and 10%, respectively, of PRS1, a domestic partnership. PRS1 and Individual B, a nonresident alien individual, own 90% and 10%, respectively, of PRS2, a domestic partnership. PRS2 owns 100% of the single class of stock of FC, a foreign corporation. USP, Individual A, and Individual B are unrelated to each other.

(B) *Analysis*—(*1*) *United States shareholder and CFC determinations.* Under paragraphs (d)(2)(i) and (ii) of this section, the determination of whether PRS1, PRS2, USP, and Individual A (each a United States person) are United States shareholders of FC, and whether FC is a controlled foreign corporation, is made without regard to paragraph (d)(1) of this section. PRS2 owns 100% of the total combined voting power or value of the FC stock within the meaning of section 958(a). Accordingly, PRS2 is a United States shareholder under section 951(b), and FC is a controlled foreign corporation under section 957(a). Under sections 958(b) and 318(a)(2)(A), PRS1 is treated as owning 90% of the FC stock owned by PRS2. Accordingly, PRS1 is also a United States shareholder under section 951(b). Further, under section 958(b)(2), PRS1 is treated as owning 100% of the FC stock for purposes of determining the FC stock treated as owned by USP and Individual A under section 318(a)(2)(A). Therefore, USP is treated as owning 90% of the FC stock under section 958(b) (100% × 100% × 90%), and Individual A is treated as owning 10% of the FC stock under section 958(b) (100% × 100% × 10%). Accordingly, both USP and Individual A are also United States shareholders of FC under section 951(b).

(*2*) *Application of sections 951 and 951A.* Under paragraph (d)(1) of this section, for purposes of sections 951 and 951A, PRS1 and PRS2 are not treated as owning (within the meaning of section 958(a)) the FC stock; instead, for purposes of determining the persons that own the FC stock within the meaning of section 958(a), as the FC stock is treated as if it were owned by foreign partnerships under paragraph (b) of this section. Therefore, for purposes of determining the amount included in gross income under sections 951 and 951A, under section 958(a) USP is treated as owning 81% (100% × 90% × 90%) of the FC stock, and Individual A is treated as owning 9% (100% × 90% × 10%) of the FC stock. Because USP and Individual A are both United States shareholders of FC, USP and Individual A determine their respective inclusions under sections 951 and 951A directly with respect to FC based on their ownership of FC stock under section 958(a). This is the case even though PRS2 is a United States shareholder of FC.

(iii) *Example 3*—(A) *Facts.* Individual A, a United States citizen, Individual B, a United States citizen unrelated to Individual A, and Individual C, a foreign person unrelated to both Individuals A and B, own 10%, 5%, and 85%, respectively, of PRS, a domestic partnership. PRS owns 100% of the single class of stock of FC, a foreign corporation. FC holds an account receivable from PRS that constitutes an obligation of a United States person within the meaning of section 956(c)(1)(C) and § 1.956–2(a)(1)(iii).

(B) *Analysis*—(*1*) *United States shareholder and CFC determinations.* Under paragraphs (d)(2)(i) and (ii) of this section, respectively, the determination of whether PRS, Individual A, and Individual B (each a United States person) are United States shareholders of FC, and whether FC is a controlled foreign corporation, is made without regard to paragraph (d)(1) of this section. PRS, a United States person, owns 100% of the total combined voting power or value of the FC stock within the meaning of section 958(a). Accordingly, PRS is a United States shareholder under section 951(b), and FC is a controlled foreign corporation under section 957(a). Individual A is also a United States shareholder of FC because it owns 10% of the total combined voting power or

value of the FC stock under sections 958(b) and 318(a)(2)(A). Individual B, however, is not a United States shareholder of FC because Individual B owns only 5% of the total combined voting power or value of the FC stock under sections 958(b) and 318(a)(2)(A).

(*2*) *Application of section 956(a).* Under paragraph (d)(1) of this section, for purposes of section 956(a), PRS is not treated as owning (within the meaning of section 958(a)) the FC stock; instead, for purposes of determining the persons that own the FC stock within the meaning of section 958(a), as the FC stock is treated as if it were owned by a foreign partnership under paragraph (b) of this section. Therefore, for purposes of section 956(a), under section 958(a) Individual A is treated as owning 10% of the FC stock, and Individual B is treated as owning 5% of the FC stock. Individual A is a United States shareholder of FC, and therefore Individual A determines the amount it must include in gross income under section 951(a)(1)(B) by reason of the PRS obligation held by FC based on its ownership of FC stock under section 958(a) as determined under paragraph (d)(1) of this section. However, because Individual B is not a United States shareholder of FC, Individual B does not have an amount to include in income under sections 956(a) and 951(a)(1)(B).

(*3*) *Application of section 956(c) and (d).* Under paragraph (d)(2)(iii) of this section, for purposes of section 956(c) and (d), the determination of whether FC holds United States property is made without regard to paragraph (d)(1) of this section. Therefore, PRS is treated as owning stock of FC within the meaning of section 958(a) for purposes of determining the amount of United States property held by FC arising from its note receivable from PRS.

(4) *Applicability dates*—(i) *Paragraphs (d)(1) through (3) of this section.* Paragraphs (d)(1) through (3) of this section apply to taxable years of foreign corporations beginning on or after January 25, 2022, and to taxable years of United States persons in which or with which such taxable years of foreign corporations end. For taxable years of a foreign corporation that precede the taxable years described in the preceding sentence, a domestic partnership may apply paragraphs (d)(1) through (3) of this section in their entirety to taxable years of a foreign corporation beginning after December 31, 2017, and to taxable years of the domestic partnership in which or with which such taxable years of the foreign corporation end, provided that the partnership, its partners that are United States shareholders of the foreign corporation, and other domestic partnerships that bear relationships described in section 267(b) or 707(b) to the partnership (and their United States shareholder partners) consistently apply paragraphs (d)(1) through (3) of this section with respect to all foreign corporations whose stock the domestic partnerships own within the meaning of section 958(a) (determined without regard to paragraph (d)(1) of this section).

(ii) *Rules applicable before* January 25, 2022. For taxable years of foreign corporations beginning before January 25, 2022, and to taxable years of United States persons in which or with which such taxable years of foreign corporations end, see §§ 1.951–1(h) and 1.951A–1(e) as in effect and contained in 26 CFR part 1, as revised April 1, 2021.

(e) [Reserved]

* * * * *

■ **Par. 6.** Section 1.1502–51 is amended by revising the last sentence in paragraph (b) to read as follows:

§ 1.1502–51 Consolidated section 951A.

* * * * *

(b) * * * In addition, see § 1.951A–1(e) (cross-referencing § 1.958–1(d)).

* * * * *

Douglas W. O'Donnell,

Deputy Commissioner for Services and Enforcement.

Approved: December 8, 2021.

Lily Batchelder,

Assistant Secretary of the Treasury (Tax Policy).

[FR Doc. 2022–00066 Filed 1–24–22; 8:45 am]

BILLING CODE 4830–01–P

DEPARTMENT OF HOMELAND SECURITY

Coast Guard

33 CFR Part 165

[Docket Number USCG–2022–0031]

RIN 1625–AA00

Safety Zone; Potomac River, Between Charles County, MD, and King George County, VA

AGENCY: Coast Guard, DHS.

ACTION: Temporary final rule.

SUMMARY: The Coast Guard is establishing a temporary safety zone for certain waters of the Potomac River. This action is necessary to provide for the safety of persons, and the marine environment from the potential safety hazards associated with construction operations at the new Governor Harry W. Nice/Senator Thomas ''Mac'' Middleton Memorial (US–301) Bridge, which will occur from 8 p.m. on January 22, 2022, through 8 p.m. on February 4, 2022. This rule will prohibit persons and vessels from being in the safety zone unless authorized by the Captain of the Port, Maryland-National Capital Region or a designated representative.

DATES: This rule is effective without actual notice from January 25, 2022, through 8 p.m. on February 4, 2022. For the purposes of enforcement, actual notice will be issued from 8 p.m. on January 22, 2022, until January 25, 2022.

ADDRESSES: To view documents mentioned in this preamble as being available in the docket, go to *https://www.regulations.gov,* type USCG–2022–0031 in the search box and click ''Search.'' Next, in the Document Type column, select ''Supporting & Related Material.''

FOR FURTHER INFORMATION CONTACT: If you have questions on this rule, call or email Mr. Ron Houck, Sector Maryland-NCR, Waterways Management Division, U.S. Coast Guard: telephone 410–576–2674, email *Ronald.L.Houck@uscg.mil.*

SUPPLEMENTARY INFORMATION:

I. Table of Abbreviations

CFR Code of Federal Regulations
COTP Captain of the Port
DHS Department of Homeland Security
FR Federal Register
§ Section
TFR Temporary Final Rule
U.S.C. United States Code

II. Background Information and Regulatory History

On January 14, 2022, Skanska-Corman-McLean, Joint Venture notified the Coast Guard that the company will be setting structural steel sections across the federal navigation channel at the new Governor Harry W. Nice/Senator Thomas ''Mac'' Middleton Memorial (US–301) Bridge. The bridge contractor stated the work required to set structural steel across the channel, originally scheduled to occur in November 2021, then rescheduled to December 2021, and again rescheduled to January 3–15, 2022, was scheduled to occur January 11–22, 2022. However, unexpected mechanical issues on the large crane required to perform the work halted operations and caused additional delays. The work is now scheduled to occur from January 22, 2022, through February 4, 2022.

The work described by the contractor requires the movement in and anchoring at multiple points of a large crane barge within the federal navigation channel.