Examples of actions that would normally be considered sufficient to resolve the matter include, but are not limited to, current compliance with:

a. A voluntary compliance agreement (VCA) signed by all the parties;

b. A HUD-approved conciliation agreement signed by all the parties;

c. A conciliation agreement signed by all the parties and approved by the state governmental or local administrative agency with jurisdiction over the matter;

d. A consent order or consent decree; or

e. A final judicial ruling or administrative ruling or decision.

6. Documentation to assist HUD in an environmental review of the transfer request in accordance with environmental regulations and requirements at 24 CFR part 50. HUD will conduct the environmental review as required by part 50 prior to approving a transfer. HUD will document compliance on Form HUD–4128, ''Environmental Assessment and Compliance Findings for the Related Laws.'' Applicants are responsible for submitting environmental information and reports, and should use Chapter 9 of the MAP Guide and the HUD Environmental Review Web site (available at *https://www.onecpd.info/environmental-review/*) for guidance on environmental review information requirements. If the transfer is to a site that is currently HUD-assisted, HUD-insured or HUD-held, a new Phase I Environmental Site Assessment (ESA) in accordance with ASTM E 1527–13 (or the most recent edition), including a Vapor Encroachment Screen in accordance with ASTM E 2600–10 (or the most recent edition), is *not* required, unless the transfer involves:

a. Significant ground disturbance (digging) or construction not contemplated in the original application or incompatible with current engineering or institutional controls;

b. Site expansion or addition;

c. Transfer to a site for which a Phase I ESA in accordance with ASTM E 1527–05 (or a more recent edition) has not been prepared previously; or

d. Any other activities which may result in contaminant exposure pathways not contemplated in the original application or incompatible with current engineering or institutional controls.

After a request has been submitted to HUD, the requestor and other participants in the proposed transfer, including owners and contractors on the receiving project, may not undertake or commit funds for acquisition, rehabilitation, conversion, or construction of the receiving property until HUD has completed the environmental review and notified the requestor that the transfer to the receiving property is acceptable.

E. Post Approval Requirements

Once HUD has received and reviewed the materials above and approved the transfer under Section 214, the owner of the receiving project must do the following as applicable:

1. If there is a use restriction at the transferring property, sign a new or amended use restriction that includes all income and eligibility restrictions of the transferring use restriction and runs for the duration of the transferring project's existing use restriction or the use restriction at the receiving project, whichever is longer.

2. If the transfer involves project based section 8 assistance, renew the HAP contract for a 20-year term at the time of the transfer and attach the Preservation Exhibit agreeing to the automatic renewal of the Section 8 HAP contract at the end of the 20-year term, subject to annual appropriations, for a minimum of the time remaining on the HAP contract that was in effect prior to the transfer under Section 214.

3. Receive approval through the Previous Participation Process including a 2530 review. The receiving owner must be in compliance with all business agreements for the receiving project and for any other HUD insured or assisted projects owned.

4. Comply with all Departmental statutes, regulations, policies and procedures related to any assignment or amendment of a Section 8 HAP contract or other project-based rental assistance contract, required modification of loan documents and legal descriptions, or other necessary changes as a result of a Section 214 transfer.

F. Environmental Review

A Finding of No Significant Impact (FONSI) with respect to the environment has been made for this notice in accordance with HUD regulations at 24 CFR part 50, which implement section 102(2)(C) of the National Environmental Policy Act of 1969 (42 U.S.C. 4332(2)(C)). The FONSI is available for public inspection between 8 a.m. and 5 p.m. weekdays in the Regulations Division, Office of General Counsel, Department of Housing and Urban Development, 451 7th Street SW., Room 10276, Washington, DC 20410–0500. Due to security measures at this HUD Headquarters Building, an advance appointment to review the FONSI must be scheduled by calling the Regulations Division at 202–708–3055 (not a toll free number).

G. Information Collection Requirements

The information collection requirements contained in this document have been approved by the Office of Management and Budget (OMB) under the Paperwork Reduction Act of 1995 (44 U.S.C. 3501–3520) and assigned OMB Control Number 2502–0608. In accordance with the Paperwork Reduction Act, HUD may not conduct or sponsor, and a person is not required to respond to, a collection of information unless the collection displays a currently valid OMB control number.

H. Implementation

This notice will become effective April 30, 2015. HUD will begin accepting requests for transfers pursuant to this notice on or after the effective date. For questions regarding the submission or status of a transfer request, interested parties should contact their HUD Multifamily Hub/Program Center. The list of HUD Multifamily Hubs and Program Centers is available at: *http://portal.hud.gov/hudportal/HUD?src=/program_offices/housing/mfh/hsgmfbus/abouthubspcs.*

Dated: March 17, 2015.

Biniam Gebre,

Acting Assistant Secretary for Housing—Federal Housing Commissioner.

[FR Doc. 2015–06776 Filed 3–30–15; 8:45 am]

BILLING CODE 4210–67–P

DEPARTMENT OF THE TREASURY

Internal Revenue Service

26 CFR Part 1

[TD 9716]

RIN 1545–BI65

Certain Employee Remuneration in Excess of $1,000,000 Under Internal Revenue Code Section 162(m)

AGENCY: Internal Revenue Service (IRS), Treasury.

ACTION: Final regulations.

SUMMARY: This document contains final regulations relating to the deduction limitation for certain employee remuneration in excess of $1,000,000 under the Internal Revenue Code (Code). These regulations affect publicly held corporations.

DATES:

Effective date: These regulations are effective on April 1, 2015.

Applicability date: For dates of applicability, see § 1.162–27(j)(2)(vi).

FOR FURTHER INFORMATION CONTACT: Ilya Enkishev at (202) 317–5600 (not a toll-free number).

SUPPLEMENTARY INFORMATION:

Background

On June 24, 2011, the Treasury Department and the IRS published a notice of proposed rulemaking (proposed regulations) in the **Federal Register** (76 FR 37034, corrected by 76 FR 55321 on September 7, 2011) under section 162(m) of the Internal Revenue Code (Code). The proposed regulations clarified § 1.162–27(e)(2)(vi)(A) by providing that the plan under which an option or stock appreciation right is granted must specify the maximum number of shares with respect to which options or rights may be granted to any individual employee during a specified period. The proposed regulations also clarified that the general transition rule under § 1.162–27(f)(1) for a corporation that becomes a publicly held corporation applies to all compensation other than compensation specifically identified in § 1.162–27(f)(3).

The Treasury Department and the IRS received written comments in response to the proposed regulations. All comments were considered and are available for public inspection at *http://www.regulations.gov* or upon request. No public hearing on the proposed regulations was requested or held. After consideration of the comments received, the Treasury Department and the IRS adopt the proposed regulations, with modifications, as final regulations.

Summary of Comments and Explanation of Provisions

1. Maximum Number of Shares With Respect To Which Options or Rights May Be Granted to Each Individual Employee

Section 162(m)(1) precludes a deduction under chapter 1 of the Code by any publicly held corporation for compensation paid to any covered employee to the extent that the compensation for the taxable year exceeds $1,000,000. Section 162(m)(4)(C) provides that the deduction limitation does not apply to qualified performance-based compensation. Section 1.162–27(e)(1) provides that qualified performance-based compensation is compensation that meets all of the requirements of § 1.162–27(e)(2) through (e)(5).

The proposed regulations clarified § 1.162–27(e)(2)(vi)(A) by providing that the plan under which an option or stock appreciation right is granted must state ''the maximum number of shares with respect to which options or rights may be granted during a specified period to any *individual* [emphasis added] employee'' (per-employee limitation requirement). The existing regulations provide that the per-employee limitation applies to ''any employee'' during a specified period. The proposed regulations also provided a corresponding clarification of the shareholder approval requirement under § 1.162–27(e)(4). Specifically, the proposed regulations clarified § 1.162–27(e)(4)(iv) to provide that compensation is not adequately described for purposes of the shareholder approval requirement unless the maximum number of shares on which grants may be made to any individual employee during a specified period and the exercise price of those options is disclosed to the shareholders of the corporation. The proposed regulations provided that the clarifications to § 1.162–27(e)(2)(vi)(A) and (e)(4)(iv) apply to amounts that are otherwise deductible for taxable years ending on or after June 24, 2011.

Commenters suggested that these final regulations clarify that under § 1.162–27(e)(2)(vi)(A) a plan satisfies the per-employee limitation requirement if the plan specifies the maximum number of shares with respect to which any type of equity-based compensation may be granted to any individual employee during a specified period. Commenters explained that clarification is needed on whether the per-employee limitation may apply to all types of equity-based awards, not merely stock options and stock appreciation rights, which are the two types of equity-based awards described in § 1.162–27(e)(2)(vi)(A). In addition, commenters noted that a per-employee limitation on all types of equity-based awards would have the same effect as a per-employee limitation with respect to stock options and stock appreciation rights. In response to these comments, the final regulations modify § 1.162–27(e)(2)(vi)(A) to provide that a plan satisfies the per-employee limitation requirement if the plan specifies an aggregate maximum number of shares with respect to which stock options, stock appreciation rights, restricted stock, restricted stock units and other equity-based awards may be granted to any individual employee during a specified period under a plan approved by shareholders in accordance with § 1.162–27(e)(4). This clarification is not intended as a substantive change.

One commenter suggested that the clarification to § 1.162–27(e)(2)(vi)(A) apply only to compensation attributable to stock options and stock appreciation rights granted under a plan that was submitted for shareholder approval after August 8, 2011 (that is, forty-five days after the publication of the proposed regulations) and not to grants under plans submitted for shareholder approval before August 9, 2011 (even if the grant was made after that date). Another commenter suggested that the clarification apply only after the first shareholder meeting that occurs at least 12 months after the publication of these final regulations. These commenters reasoned that a transition period is appropriate because a plan providing for an aggregate share limit (but not an explicit per-employee share limitation) arguably satisfies the per-employee limitation requirement under the existing regulations because no individual employee may receive shares in excess of the aggregate limit.

These final regulations do not adopt either of these suggestions. The clarification to § 1.162–27(e)(2)(vi)(A) is not a substantive change. The transition rule in § 1.162–27(h)(3)(i) of the regulations provides that a plan providing for an aggregate limit, but not a per-employee limit, satisfies § 1.162–27(e)(2)(vi)(A) only if the plan was approved by shareholders before December 20, 1993, and only during a limited reliance period specified in § 1.162–27(h)(3)(i). Additionally, the legislative history to section 162(m) and the preamble to the 1993 Treasury Regulations (58 FR 66310) under section 162(m) provide for a limit on the maximum number of shares for which options or stock appreciation rights may be granted to individual employees. The preamble to the 1993 Treasury Regulations explains the reason for requiring a per-employee limitation: ''Some have questioned why it would be necessary for the regulations to require an *individual* [emphasis added] employee limit on the number of the shares for which options or stock appreciation rights may be granted, where shareholder approval of an aggregate limit is obtained for securities law purposes. The regulations follow the legislative history, which suggests that a per-employee limit be required under the terms of the plan.'' The preamble further explains that ''a limit on the maximum number of shares for which individual employees may receive options or other rights is appropriate because it is consistent with the broader requirement that a performance goal include an objective formula for determining the maximum amount of compensation that an individual employee could receive.'' Accordingly, these final regulations provide that the clarification to § 1.162–27(e)(2)(vi)(A) applies to compensation

attributable to stock options and stock appreciation rights that are granted on or after June 24, 2011 (the date of publication of the proposed regulations).

2. Compensation Payable Under Restricted Stock Units Paid by Companies That Become Publicly Held

In general, § 1.162–27(f)(1) provides that when a corporation becomes publicly held, the section 162(m) deduction limitation ''does not apply to any remuneration paid pursuant to a compensation plan or agreement that existed during the period in which the corporation was not publicly held.'' Pursuant to § 1.162–27(f)(2), a corporation may rely on § 1.162–27(f)(1) until the earliest of: (i) The expiration of the plan or agreement; (ii) a material modification of the plan or agreement; (iii) the issuance of all employer stock and other compensation that has been allocated under the plan or agreement; or (iv) the first meeting of shareholders at which directors are to be elected that occurs after the close of the third calendar year following the calendar year in which an initial public offering (IPO) occurs or, in the case of a privately held corporation that becomes publicly held without an IPO, the first calendar year following the calendar year in which the corporation becomes publicly held. Section 1.162–27(f)(3) provides that the relief provided under § 1.162–27(f)(1) applies to any compensation received pursuant to the exercise of a stock option or stock appreciation right, or the substantial vesting of restricted property, granted under a plan or agreement described in § 1.162–27(f)(1) if the grant occurs on or before the earliest of the events specified in § 1.162–27(f)(2). The proposed regulations clarified that the transition rule in § 1.162–27(f)(1) applies to all compensation other than compensation specifically identified in § 1.162–27(f)(3). Specifically, the proposed regulations identified compensation payable under a restricted stock unit arrangement (RSU) or a phantom stock arrangement as being ineligible for the transition relief in § 1.162–27(f)(3). Therefore, the effect of the proposed regulations is that compensation payable under a RSU is eligible for transition relief only if it is paid, and not merely granted, before the earliest of the events specified in § 1.162–27(f)(2).

Commenters suggested that compensation payable under a RSU should qualify for the transition relief in § 1.162–27(f)(3) because a RSU is economically similar to restricted stock. These final regulations do not adopt this suggestion. A RSU provides a right to receive an amount of compensation based on the value of stock that is payable in cash, stock, or other property (as defined in § 1.83–3(e)) upon the satisfaction of a vesting condition (such as a period of service). Restricted stock, by contrast, is property that has been transferred to the service provider on the date of grant subject to the satisfaction of a specified vesting condition. Restricted stock and RSU's are treated differently under the Code. RSU's generally are treated as nonqualified deferred compensation and may be subject to the rules under section 409A, whereas restricted stock is treated as property and is governed by the rules under section 83. Because compensation attributable to a RSU is in the nature of nonqualified deferred compensation (unlike restricted stock), compensation attributable to a RSU is not sufficiently similar to restricted property to receive the transition relief provided under § 1.162–27(f)(3). Accordingly, these final regulations adopt the proposed clarification to § 1.162–27(f)(3) without change.

The proposed regulations provided that the clarification to § 1.162–27(f)(3) would apply on or after the date of publication of the Treasury decision adopting the proposed regulations as final regulations. Commenters suggested that the clarification to § 1.162–27(f)(3) should apply to RSU's granted after the publication of final regulations and not merely to remuneration payable under a RSU after the date of publication. These final regulations adopt this suggestion. Accordingly, these final regulations provide that the clarification to § 1.162–27(f)(3) applies to remuneration otherwise deductible under a RSU that is granted on or after April 1, 2015.

Proposed Effective/Applicability Date

The clarifications to paragraphs (e)(2)(vi)(A), (e)(2)(vii) *Example 9,* and (e)(4)(iv) of this section apply to compensation attributable to stock options and stock appreciation rights that are granted on or after June 24, 2011. The clarification to § 1.162–27(f)(3) applies to any remuneration that is otherwise deductible resulting from a stock option, stock appreciation right, restricted stock (or other property), restricted stock unit, or any other form of equity-based remuneration that is granted on or after April 1, 2015.

Special Analyses

It has been determined that this Treasury decision is not a significant regulatory action as defined in Executive Order 12866, as supplemented by Executive Order 13563. Therefore, a regulatory assessment is not required. It also has been determined that section 553(b) of the Administrative Procedure Act (5 U.S.C. chapter 5) does not apply to these regulations, and because the regulations do not impose a collection of information on small entities, the Regulatory Flexibility Act (5 U.S.C. chapter 6) does not apply. Pursuant to section 7805(f) of the Internal Revenue Code, the proposed regulations preceding these regulations were submitted to the Chief Counsel for Advocacy of the Small Business Administration for comment on its impact on small business.

Drafting Information

The principal author of these final regulations is Ilya Enkishev, Office of the Division Counsel/Associate Chief Counsel (Tax Exempt and Government Entities). However, other personnel from the IRS and the Treasury Department participated in their development.

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.** In § 1.162–27 paragraphs (e)(2)(vi)(A), (e)(2)(vii) *Example 9,* (e)(4)(iv), and (f)(3) are revised and paragraph (j)(2)(vi) is added to read as follows:

§ 1.162–27 Certain employee remuneration in excess of $1,000,000.

* * * * *

(e) * * *

(2) * * *

(vi) * * *

(A) *In general.* Compensation attributable to a stock option or a stock appreciation right is deemed to satisfy the requirements of this paragraph (e)(2) if the grant or award is made by the compensation committee; the plan under which the option or right is granted states the maximum number of shares with respect to which options or rights may be granted during a specified period to any individual employee; and, under the terms of the option or right, the amount of compensation the employee may receive is based solely on an increase in the value of the stock

after the date of the grant or award. A plan may satisfy the requirement to provide a maximum number of shares with respect to which stock options and stock appreciation rights may be granted to any individual employee during a specified period if the plan specifies an aggregate maximum number of shares with respect to which stock options, stock appreciation rights, restricted stock, restricted stock units and other equity-based awards that may be granted to any individual employee during a specified period under a plan approved by shareholders in accordance with § 1.162–27(e)(4). If the amount of compensation the employee may receive under the grant or award is not based solely on an increase in the value of the stock after the date of grant or award (for example, in the case of restricted stock, or an option that is granted with an exercise price that is less than the fair market value of the stock as of the date of grant), none of the compensation attributable to the grant or award is qualified performance-based compensation under this paragraph (e)(2)(vi)(A). Whether a stock option grant is based solely on an increase in the value of the stock after the date of grant is determined without regard to any dividend equivalent that may be payable, provided that payment of the dividend equivalent is not made contingent on the exercise of the option. The rule that the compensation attributable to a stock option or stock appreciation right must be based solely on an increase in the value of the stock after the date of grant or award does not apply if the grant or award is made on account of, or if the vesting or exercisability of the grant or award is contingent on, the attainment of a performance goal that satisfies the requirements of this paragraph (e)(2).

* * * * *

(vii) * * *

Example 9. Corporation V establishes a stock option plan for salaried employees. The terms of the stock option plan specify that no individual salaried employee shall receive options for more than 100,000 shares over any 3-year period. The compensation committee grants options for 50,000 shares to each of several salaried employees. The exercise price of each option is equal to or greater than the fair market value of a share of V stock at the time of each grant. Compensation attributable to the exercise of the options satisfies the requirements of paragraph (e)(2)(vi) of this section. If, however, the terms of the options provide that the exercise price is less than fair market value of a share of V stock at the date of grant, no compensation attributable to the exercise of those options satisfies the requirements of this paragraph (e)(2) unless issuance or exercise of the options was contingent upon the attainment of a preestablished performance goal that satisfies this paragraph (e)(2). If, however, the terms of the plan also provide that Corporation V could grant options to purchase no more than 900,000 shares over any 3-year period, but did not provide a limitation on the number of shares that any individual employee could purchase, then no compensation attributable to the exercise of those options satisfies the requirements of paragraph (e)(2)(vi) of this section.

* * * * *

(4) * * *

(iv) *Description of compensation.* Disclosure as to the compensation payable under a performance goal must be specific enough so that shareholders can determine the maximum amount of compensation that could be paid to any individual employee during a specified period. If the terms of the performance goal do not provide for a maximum dollar amount, the disclosure must include the formula under which the compensation would be calculated. Thus, if compensation attributable to the exercise of stock options is equal to the difference between the exercise price and the current value of the stock, then disclosure of the maximum number of shares for which grants may be made to any individual employee during a specified period and the exercise price of those options (for example, fair market value on date of grant) would satisfy the requirements of this paragraph (e)(4)(iv). In that case, shareholders could calculate the maximum amount of compensation that would be attributable to the exercise of options on the basis of their assumptions as to the future stock price.

* * * * *

(f) * * *

(3) *Stock-based compensation.* Paragraph (f)(1) of this section will apply to any compensation received pursuant to the exercise of a stock option or stock appreciation right, or the substantial vesting of restricted property, granted under a plan or agreement described in paragraph (f)(1) of this section if the grant occurs on or before the earliest of the events specified in paragraph (f)(2) of this section. This paragraph does not apply to any form of stock-based compensation other than the forms listed in the immediately preceding sentence. Thus, for example, compensation payable under a restricted stock unit arrangement or a phantom stock arrangement must be paid, rather than merely granted, on or before the occurrence of the earliest of the events specified in paragraph (f)(2) of this section in order for paragraph (f)(1) of this section to apply.

* * * * *

(j) * * *

(2) * * *

(vi) The modifications to paragraphs (e)(2)(vi)(A), (e)(2)(vii) *Example 9,* and (e)(4)(iv) of this section concerning the maximum number of shares with respect to which a stock option or stock appreciation right that may be granted and the amount of compensation that may be paid to any individual employee apply to compensation attributable to stock options and stock appreciation rights that are granted on or after June 24, 2011. The last two sentences of § 1.162–27(f)(3) apply to remuneration that is otherwise deductible resulting from a stock option, stock appreciation right, restricted stock (or other property), restricted stock unit, or any other form of equity-based remuneration that is granted on or after April 1, 2015.

Approved: March 9, 2015.

John Dalrymple,

Deputy Commissioner for Services and Enforcement.

Mark D. Mazur,

Assistant Secretary of the Treasury (Tax Policy).

[FR Doc. 2015–07386 Filed 3–30–15; 8:45 am]

BILLING CODE 4830–01–P

DEPARTMENT OF THE TREASURY

Internal Revenue Service

26 CFR Part 301

[TD–9718]

RIN 1545–BH37

Period of Limitations on Assessment for Listed Transactions Not Disclosed Under Section 6011

AGENCY: Internal Revenue Service (IRS), Treasury.

ACTION: Final regulations.

SUMMARY: This document contains final regulations relating to the exception to the general three-year period of limitations on assessment under section 6501(c)(10) of the Internal Revenue Code (Code) for listed transactions that a taxpayer failed to disclose as required under section 6011. These final regulations affect taxpayers who fail to disclose listed transactions in accordance with section 6011.

DATES:

Effective date: These regulations are effective March 31, 2015.

Applicability date: For dates of applicability, see § *301.6501(c)–1(g)(9).*

FOR FURTHER INFORMATION CONTACT: Danielle Pierce of the Office of Chief Counsel (Procedure and