

**DEPARTMENT OF THE TREASURY****Internal Revenue Service****26 CFR Part 1**

[REG-100861-15]

RIN 1545-BM56

**Allocation of Creditable Foreign Taxes**

**AGENCY:** Internal Revenue Service (IRS), Treasury.

**ACTION:** Notice of proposed rulemaking by cross-reference to temporary regulations.

**SUMMARY:** In the Rules and Regulations section in this issue of the **Federal Register**, the IRS is issuing temporary regulations that provide guidance relating to the allocation by a partnership of foreign income taxes. Those temporary regulations are necessary to improve the operation of an existing safe harbor rule that is used for determining whether allocations of creditable foreign tax expenditures are deemed to be in accordance with the partners' interests in the partnership. The text of those temporary regulations published in this issue of the **Federal Register** also serves as the text of these proposed regulations.

**DATES:** Comments and requests for a public hearing must be received by May 4, 2016.

**ADDRESSES:** Send submissions to CC:PA:LPD:PR (REG-100861-15), Room 5205, Internal Revenue Service, P.O. Box 7604, Ben Franklin Station, Washington, DC 20044. Submissions may be hand delivered Monday through Friday between the hours of 8 a.m. and 4 p.m. to CC:PA:LPD:PR (REG-100861-15), Courier's desk, Internal Revenue Service, 1111 Constitution Avenue NW., Washington, DC 20224, or sent electronically, via the Federal eRulemaking Portal at [www.regulations.gov](http://www.regulations.gov) (IRS REG-100861-15).

**FOR FURTHER INFORMATION CONTACT:** Concerning the regulations, Suzanne M. Walsh, (202) 317-4908; concerning submissions of comments, Oluwafunmilayo Taylor, (202) 317-5179 (not toll-free numbers).

**SUPPLEMENTARY INFORMATION:****Background and Explanation of Provisions**

Temporary regulations in the Rules and Regulations section of this issue of the **Federal Register** contain amendments to the Income Tax Regulations (26 CFR part 1) which provide guidance relating to the allocation by a partnership of foreign

income taxes. The text of those regulations also serves as the text of these proposed regulations. The preamble to the temporary regulations explains the temporary regulations and these proposed regulations. The regulations affect partnerships and their partners.

**Special Analyses**

Certain IRS regulations, including this one, are exempt from the requirements of Executive Order 12866, as supplemented and reaffirmed by Executive Order 13563. Therefore, a regulatory assessment is not required. It has also 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), these regulations have been submitted to the Chief Counsel for Advocacy of the Small Business Administration for comment on its impact on small business.

**Comments and Requests for Public Hearing**

Before these proposed regulations are adopted as final regulations, consideration will be given to any comments that are submitted timely to the IRS as prescribed in this preamble under **ADDRESSES**. The Treasury Department and the IRS request comments on all aspects of the proposed rules. All comments will be available at [www.regulations.gov](http://www.regulations.gov) or upon request. A public hearing will be scheduled if requested in writing by any person that timely submits comments. If a public hearing is scheduled, notice of the date, time, and place for the public hearing will be published in the **Federal Register**.

**Drafting Information**

The principal author of these regulations is Suzanne M. Walsh of the Office of Associate Chief Counsel (International). 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.

**Proposed Amendments to the Regulations**

Accordingly, 26 CFR part 1 is proposed to be 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 1.704-1 is amended as follows:

■ 1. In paragraph (b)(0):

■ i. Add an entry for § 1.704-1(b)(1)(ii)(b)(1).

■ ii. Revise the entries for (b)(4)(viii)(c)(1) through (4) and (b)(4)(viii)(d)(1).

■ 2. Revise paragraphs (b)(1)(ii)(b)(1), (b)(1)(ii)(b)(3)(B), (b)(4)(viii)(a)(1), (b)(4)(viii)(c)(1), (b)(4)(viii)(c)(2)(ii) and (iii), (b)(4)(viii)(c)(3) and (4), (b)(4)(viii)(d)(1), and *Example 25* of paragraph (b)(5).

■ 3. Add *Examples 36* and *37* to paragraph (b)(5).

The revisions read as follows:

**§ 1.704-1 Partner's distributive share.**

\* \* \* \* \*

(b) \* \* \*

(0) [The text of the proposed amendments to § 1.704-1(b)(0) is the same as the text of § 1.704-1T(b)(0) published elsewhere in this issue of the **Federal Register**.]

(1) \* \* \*

(ii) \* \* \*

(b) *Rules relating to foreign tax expenditures.* (1) [The text of the proposed amendments to § 1.704-1(b)(1)(ii)(b)(1) is the same as the text of § 1.704-1T(b)(1)(ii)(b)(1) published elsewhere in this issue of the **Federal Register**.]

\* \* \* \* \*

(3) \* \* \*

(B) [The text of the proposed amendments to § 1.704-1(b)(1)(ii)(b)(3)(B) is the same as the text of § 1.704-1T(b)(1)(ii)(b)(3)(B) published elsewhere in this issue of the **Federal Register**.]

\* \* \* \* \*

(4) \* \* \*

(viii) \* \* \*

(a) \* \* \*

(1) [The text of the proposed amendments to § 1.704-1(b)(4)(viii)(a)(1) is the same as the text of § 1.704-1T(b)(4)(viii)(a)(1) published elsewhere in this issue of the **Federal Register**.]

\* \* \* \* \*

(c) *Income to which CFTEs relate.* (1) [The text of the proposed amendments to § 1.704-1(b)(4)(viii)(c)(1) is the same as the text of § 1.704-1T(b)(4)(viii)(c)(1) published elsewhere in this issue of the **Federal Register**.]

(2) \* \* \*

(ii) [The text of the proposed amendments to § 1.704-

1(b)(4)(viii)(c)(2)(ii) is the same as the text of § 1.704–1T(b)(4)(viii)(c)(2)(ii) published elsewhere in this issue of the **Federal Register**.]

(iii) [The text of the proposed amendments to § 1.704–1(b)(4)(viii)(c)(2)(iii) is the same as the text of § 1.704–1T(b)(4)(viii)(c)(2)(iii) published elsewhere in this issue of the **Federal Register**.]

(3) [The text of the proposed amendments to § 1.704–1(b)(4)(viii)(c)(3) is the same as the text of § 1.704–1T(b)(4)(viii)(c)(3) published elsewhere in this issue of the **Federal Register**.]

(4) [The text of the proposed amendments to § 1.704–1(b)(4)(viii)(c)(4) is the same as the text of § 1.704–1T(b)(4)(viii)(c)(4) published elsewhere in this issue of the **Federal Register**.]

\* \* \* \* \*

(d) *Allocation and apportionment of CFTEs to CFTE categories.* (1) [The text of the proposed amendments to § 1.704–1(b)(4)(viii)(d)(1) is the same as the text of § 1.704–1T(b)(4)(viii)(d)(1) published elsewhere in this issue of the **Federal Register**.]

\* \* \* \* \*

(5) \* \* \*

*Example 25.* [The text of the proposed amendments to § 1.704–1(b)(5) *Example 24* is the same as the text of § 1.704–1T(b)(5) *Example 25* published elsewhere in this issue of the **Federal Register**.]

\* \* \* \* \*

*Example 36.* [The text of the proposed amendments to § 1.704–1(b)(5) *Example 36* is the same as the text of § 1.704–1T(b)(5) *Example 36* published elsewhere in this issue of the **Federal Register**.]

*Example 37.* [The text of the proposed amendments to § 1.704–1(b)(5) *Example 37* is the same as the text of § 1.704–1T(b)(5) *Example 37* published elsewhere in this issue of the **Federal Register**.]

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#### John Dalrymple,

Deputy Commissioner for Services and Enforcement.

[FR Doc. 2016–01948 Filed 2–3–16; 8:45 am]

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## DEPARTMENT OF HOMELAND SECURITY

### Coast Guard

#### 33 CFR Part 100

[Docket Number USCG–2015–1108]

RIN 1625–AA08

#### Special Local Regulation, Daytona Beach Grand Prix of the Seas; Atlantic Ocean, Daytona Beach, FL

AGENCY: Coast Guard, DHS.

ACTION: Notice of proposed rulemaking.

**SUMMARY:** The Coast Guard proposes to establish a special local regulation on the waters of the Atlantic Ocean east of Daytona Beach, Florida during the Daytona Beach Grand Prix of the Seas, a series of high-speed personal watercraft boat races. This action is necessary to provide for the safety of life on the navigable waters surrounding the event. This special local regulation will be enforced daily 8 a.m. to 5 p.m., from April 22 through April 24, 2016. This proposed rulemaking would prohibit persons and vessels from being in the regulated area unless authorized by the Captain of the Port (COTP) Jacksonville or a designated representative. We invite your comments on this proposed rulemaking.

**DATES:** Comments and related material must be received by the Coast Guard on or before March 7, 2016.

**ADDRESSES:** You may submit comments identified by docket number USCG–2015–1108 using the Federal eRulemaking Portal at <http://www.regulations.gov>. See the “Public Participation and Request for Comments” portion of the **SUPPLEMENTARY INFORMATION** section for further instructions on submitting comments.

**FOR FURTHER INFORMATION CONTACT:** If you have questions about this proposed rulemaking, call or email Lieutenant Allan Storm, Sector Jacksonville, Waterways Management Division, U.S. Coast Guard; telephone (904) 564–7563, email [Allan.H.Storm@uscg.mil](mailto:Allan.H.Storm@uscg.mil).

#### SUPPLEMENTARY INFORMATION:

##### I. Table of Abbreviations

CFR	Code of Federal Regulations
DHS	Department of Homeland Security
E.O.	Executive order
FR	Federal Register
NPRM	Notice of proposed rulemaking
Pub. L.	Public Law
§	Section
U.S.C.	United States Code

## II. Background, Purpose, and Legal Basis

On December 7, 2015, Powerboat P1–USA, LLC notified the Coast Guard that it will be conducting a series of high speed boat races in the Atlantic Ocean, offshore from Daytona Beach, FL from April 22 through 24, 2016. The COTP Jacksonville has determined that the potential hazards associated with the high speed boat races necessitate the establishment of a special local regulation.

The purpose of this rulemaking is to ensure the safety of life on the navigable waters of the United States by prohibiting all vessels and persons not participating in the event from entering the regulated area. The Coast Guard proposes this rulemaking under authority in 33 U.S.C. 1233.

## III. Discussion of Proposed Rule

The COTP proposes to establish a special local regulation for the Daytona Beach Grand Prix of the Seas, a series of high-speed personal watercraft boat races. The regulated area includes the waters of the Atlantic Ocean offshore from Daytona Beach, Florida and will be enforced daily 8 a.m. to 5 p.m., from April 22 through April 24, 2016. Approximately 90 high-speed personal watercraft are anticipated to participate in the races. The regulated area would encompass an approximated offshore area that is 1,350 yards wide that extends from 600 yards south of the Daytona Beach pier to 1,900 yards north of the pier. No vessel or person would be permitted to enter the regulated area without obtaining permission from the COTP or a designated representative. The regulatory text we are proposing appears at the end of this document.

## IV. Regulatory Analyses

We developed this proposed rule after considering numerous statutes and Executive orders (E.O.s) related to rulemaking. Below, we summarize our analyses based on a number of these statutes and E.O.s, and we discuss First Amendment rights of protestors.

### A. Regulatory Planning and Review

E.O.s 12866 and 13563 direct agencies to assess the costs and benefits of available regulatory alternatives and, if regulation is necessary, to select regulatory approaches that maximize net benefits. E.O. 13563 emphasizes the importance of quantifying both costs and benefits, of reducing costs, of harmonizing rules, and of promoting flexibility. This NPRM has not been designated a “significant regulatory action,” under E.O. 12866. Accordingly,