

R-5306C Cherry Point, NC [Amended]

Boundaries. Beginning at lat. 34°51'01" N, long. 77°05'29" W; to lat. 34°42'01" N, long. 76°54'44" W; to lat. 34°41'51" N, long. 76°56'19" W; to lat. 34°37'36" N, long. 76°56'19" W; thence southwest along a line 3 nautical miles from and parallel to the shoreline; to lat. 34°34'16" N, long. 77°08'51" W; to lat. 34°34'31" N, long. 77°08'59" W; to lat. 34°44'51" N, long. 77°14'39" W; to lat. 34°49'31" N, long. 77°09'59" W; thence to the point of beginning.

Designated altitudes. From 1,200 feet MSL to but not including FL 180.

Time of designation. Continuous.

Controlling agency. USMC, MCAS Cherry Point CERAP.

Using agency. USMC, Commanding Officer, U.S. Marine Corps Air Station Cherry Point, NC.

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R-5306D Cherry Point, NC [Amended]

Boundaries. Beginning at lat. 34°44'51" N, long. 77°14'39" W; to lat. 34°34'31" N, long. 77°08'59" W; to lat. 34°34'16" N, long. 77°08'51" W; thence southwest along a line 3 nautical miles from and parallel to the shoreline; to lat. 34°30'26" N, long. 77°15'55" W; to lat. 34°33'01" N, long. 77°18'59" W; to lat. 34°36'06" N, long. 77°26'07" W; to lat. 34°40'01" N, long. 77°21'59" W; to lat. 34°39'11" N, long. 77°20'49" W; thence to the point of beginning.

Designated altitudes. Surface to but not including FL 180.

Time of designation. Continuous.

Controlling agency. USMC, MCAS Cherry Point CERAP.

Using agency. USMC, Commanding General, Marine Corps Installations East-Marine Corps Base Camp Lejeune, NC.

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R-5306E Cherry Point, NC [Amended]

Boundaries. Beginning at lat. 34°40'21" N, long. 77°22'11" W; to lat. 34°40'01" N, long. 77°21'59" W; to lat. 34°36'06" N, long. 77°26'07" W; to lat. 34°38'13" N, long. 77°25'59" W; thence to the point of beginning.

Designated altitudes. Surface to but not including FL 180.

Time of designation. Continuous.

Controlling agency. USMC, MCAS Cherry Point CERAP.

Using agency. USMC, Commanding General, Marine Corps Installations East-Marine Corps Base Camp Lejeune, NC.

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R-5306G Cherry Point, NC [New]

Boundaries. Beginning at lat. 34°51'01" N, long. 77°05'29" W; to lat. 34°42'01" N, long. 76°54'44" W; to lat. 34°41'51" N, long. 76°56'19" W; to lat. 34°37'36" N, long. 76°56'19" W; thence southwest 3 NM from and parallel to the shoreline; to lat. 34°30'26" N, long. 77°15'55" W; to lat. 34°33'01" N, long. 77°18'59" W; to lat. 34°36'06" N, long. 77°26'07" W; to lat. 34°38'13" N, long. 77°25'59" W; to lat. 34°40'21" N, long. 77°22'11" W; to lat. 34°40'01" N, long. 77°21'59" W; to lat. 34°39'11" N, long. 77°20'49" W; to lat. 34°44'51" N, long.

77°14'39" W; to lat. 34°49'31" N, long. 77°09'59" W; to the point of beginning.

Designated altitudes. 18,000 feet MSL to 23,000 feet MSL.

Time of designation. Intermittent, 0600–0000 local time Monday-Friday, other times by NOTAM.

Controlling agency. USMC, MCAS Cherry Point CERAP.

Using agency. USMC, Commanding Officer, U.S. Marine Corps Air Station Cherry Point, NC.

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R-5306H Cherry Point, NC [New]

Boundaries. Beginning at lat. 34°51'01" N, long. 77°05'29" W; to lat. 34°42'01" N, long. 76°54'44" W; to lat. 34°41'51" N, long. 76°56'19" W; to lat. 34°37'36" N, long. 76°56'19" W; thence southwest 3 NM from and parallel to the shoreline; to lat. 34°30'26" N, long. 77°15'55" W; to lat. 34°33'01" N, long. 77°18'59" W; to lat. 34°36'06" N, long. 77°26'07" W; to lat. 34°38'13" N, long. 77°25'59" W; to lat. 34°40'21" N, long. 77°22'11" W; to lat. 34°40'01" N, long. 77°21'59" W; to lat. 34°39'11" N, long. 77°20'49" W; to lat. 34°44'51" N, long. 77°14'39" W; to lat. 34°49'31" N, long. 77°09'59" W; to the point of beginning.

Designated altitudes. 23,001 feet MSL to 27,000 feet MSL.

Time of designation. Intermittent, by NOTAM 4 hours in advance, 0001–1230 local time May 1 through October 31.

Controlling agency. FAA, Washington ARTCC.

Using agency. USMC, Commanding Officer, U.S. Marine Corps Air Station Cherry Point, NC.

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Issued in Washington, DC, on October 9, 2026.

Brian Eric Konie,

Acting Manager, Airspace Regulation Group.

[FR Doc. 2026–21179 Filed 10–15–26; 8:45 am]

BILLING CODE 4910–13–P

DEPARTMENT OF THE TREASURY

Internal Revenue Service

26 CFR Part 1

[TD 10059]

RIN 1545–BJ87

Non-Applicability of Section 357(c) to Consolidated Groups

AGENCY: Internal Revenue Service (IRS), Treasury.

ACTION: Final regulations.

SUMMARY: This document contains final regulations clarifying that, in the case of certain transfers between members of a consolidated group, a transferee's assumption of certain liabilities will not reduce the transferor's basis in the transferee's stock received in the

transfer. These final regulations affect consolidated groups and their members.

DATES: *Effective date:* These final regulations are effective on October 16, 2026.

Applicability date: For the date of applicability, see § 1.1502–80(d)(4).

FOR FURTHER INFORMATION CONTACT: William W. Burhop at (202) 317–5363 (not a toll-free number).

SUPPLEMENTARY INFORMATION:

Authority

The final regulations contained in this Treasury decision are issued under the authority of section 1502 of the Internal Revenue Code (Code), which authorizes the Secretary of the Treasury or the Secretary's delegate (Secretary) to prescribe regulations for an affiliated group of corporations that join in filing (or that are required to join in filing) a consolidated return (consolidated group) to clearly reflect, and to prevent the avoidance of, the Federal income tax liability of the consolidated group. For purposes of carrying out those objectives, section 1502 authorizes the Secretary to prescribe rules that may be different from the provisions of chapter 1 of the Code (chapter 1) that would apply if the corporations composing the consolidated group filed separate returns.

Additionally, these regulations are issued pursuant to section 7805(a) of the Code, which authorizes the Secretary to prescribe all needful rules and regulations for the enforcement of the Code, including all rules and regulations as may be necessary by reason of any alteration of law in relation to internal revenue.

Background

I. Overview

This Treasury decision contains final regulations that revise the Income Tax Regulations (26 CFR part 1) issued under the authority of section 1502 (consolidated return regulations) to clarify that, in the case of certain transfers between members of a consolidated group, a transferee member's assumption of liabilities to which section 357(c) of the Code applies will not reduce the transferor member's basis in the transferee member's stock received in the transfer. Terms used in the consolidated return regulations generally are defined in § 1.1502–1.

II. Section 1.1502–80

Section 1.1502–80, which was promulgated on March 18, 1992 (see TD 8402, 57 FR 9385), provides rules regarding the applicability of provisions of law other than the consolidated

return regulations to a consolidated group. Section 1.1502–80(a)(1) generally provides that: (i) the Code, or other law, is applicable to a consolidated group to the extent the consolidated return regulations do not exclude its application; and (ii) to the extent not excluded, other rules operate in addition to, and may be modified by, the consolidated return regulations.

Section 1.1502–80(d)(1) provides that section 357(c) does not apply to any transaction to which § 1.1502–13 (or predecessor sections of the consolidated return regulations) applies, including intragroup section 351 exchanges (that is, exchanges between members of a consolidated group to which section 351 of the Code applies). Following the promulgation of § 1.1502–80(d)(1), a question arose regarding the timing of basis reductions under section 358 with respect to liabilities generally excluded from the application of section 357(c) under section 357(c)(3).

Accordingly, on November 14, 2001, the Department of the Treasury (Treasury Department) and the IRS published a notice of proposed rulemaking (REG–137519–01) in the **Federal Register** (66 FR 57021) that would have modified the consolidated return regulations to clarify that, in intragroup section 351 exchanges, a transferee's assumption of certain liabilities described in section 357(c)(3) would not reduce the transferor's basis in the transferee's stock received in the transfer (2001 proposed regulations).

III. 2023 Proposed Regulations and 2024 Proposed Regulations

On August 7, 2023, the Treasury Department and the IRS published a notice of proposed rulemaking (REG–134420–10) in the **Federal Register** (88 FR 52057) that primarily proposed to revise the consolidated return regulations to (i) eliminate obsolete or otherwise outdated provisions, (ii) modernize the language and improve the clarity of the regulations, and (iii) facilitate taxpayer compliance (2023 proposed regulations). However, the 2023 proposed regulations also withdrew the 2001 proposed regulations.

On December 30, 2024, the Treasury Department and the IRS published a notice of proposed rulemaking (REG–134420–10) in the **Federal Register** (89 FR 106884) that repropoed the approach under the 2001 proposed regulations to clarify the Treasury Department's and IRS's view regarding the appropriate timing for the single basis reduction for an assumed liability described in section 357(c)(3)(A) (2024 proposed regulations).

Summary of Comments and Explanation of Revisions

The Treasury Department and the IRS requested comments on the 2024 proposed regulations. No comments were received, and no public hearing was requested or held. Accordingly, the 2024 proposed regulations are adopted with non-substantive revisions to (i) clarify the applicability date, and (ii) remove an example that is no longer relevant after amendments made to section 357(c)(1)(B) by the American Jobs Creation Act of 2004, Public Law 108–357, 898(b), 118 Stat. 1418, 1649 (2004).

Applicability Date

Pursuant to section 1503(a) of the Code, the amendments made by this Treasury decision to the regulations issued under the authority of section 1502 apply to consolidated return years for which the due date of the return (without regard to extensions) is after October 16, 2026.

Special Analyses

I. Regulatory Planning and Review

Executive Orders 12866 and 13563 direct agencies to assess costs and benefits of available regulatory alternatives and, if regulation is necessary, to select regulatory approaches that maximize net benefits (including potential economic, environmental, public health and safety effects, distributive impacts, and equity). Executive Order 13563 emphasizes the importance of quantifying both costs and benefits, reducing costs, harmonizing rules, and promoting flexibility.

These regulations are not subject to review under section 6(b) of Executive Order 12866 pursuant to the Memorandum of Agreement (July 4, 2025) between the Treasury Department and the Office of Management and Budget (OMB) 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 that collection of information is mandatory, voluntary, or required to obtain or retain a benefit. An agency may not conduct or sponsor, and a person is not required to respond to, a collection of information unless it displays a valid control number assigned by the OMB.

These regulations amend the consolidated return regulations to

clarify the timing of a single basis adjustment required by statute. Therefore, these final regulations do not impose additional reporting burden beyond what is otherwise required by existing statutes, regulations, and forms. Any general recordkeeping requirements imposed by these regulations are considered general tax records under § 1.6001–1(e). For purposes of the PRA, these general tax records already are approved under OMB control number 1545–0123.

III. Regulatory Flexibility Act

Pursuant to the Regulatory Flexibility Act (5 U.S.C. chapter 6), it is hereby certified that these regulations will not have a significant economic impact on a substantial number of small entities. This certification is based on the fact that these regulations only apply to corporations that join in filing consolidated Federal income tax returns and that such corporations tend to be larger businesses. Specifically, based on data available to the IRS, corporations that file consolidated Federal income tax returns represent only approximately two percent of all filers of Forms 1120 (*U.S. Corporation Income Tax Return*). However, these consolidated Federal income tax returns account for approximately 95 percent of the aggregate amount of receipts reported on all Forms 1120. Therefore, these final regulations would not create significant additional obligations for, or impose an economic impact on, a substantial number of small entities. Accordingly, the Secretary certifies that these regulations will not have significant economic impact on a substantial number of small entities.

IV. Submission to the Small Business Administration

Pursuant to section 7805(f) of the Code, the notice of proposed rulemaking that preceded these final regulations was submitted to the Chief Counsel for the Office of Advocacy of the Small Business Administration for comment on its impact on small business. No comments were received from the Chief Counsel for the Office of Advocacy of the Small Business Administration.

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 (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, do not impose substantial direct compliance costs on State and local governments, and do not preempt State law within the meaning of the Executive order.

VII. Congressional Review Act

Pursuant to the Congressional Review Act (5 U.S.C. 801 *et seq.*), the Office of Information and Regulatory Affairs designated this rule as not a major rule, as defined by 5 U.S.C. 804(2).

Drafting Information

The principal author of these regulations is William W. Burhop of the Office of Associate Chief Counsel (Corporate). However, other personnel from the Treasury Department and the IRS 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, the Treasury Department and the IRS amend 26 CFR part 1 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 1.1502–80 is amended by:

- 1. Revising paragraph (d)(1);
- 2. Revising the heading of paragraph (d)(2); and
- 3. Adding paragraphs (d)(3) and (4).

The revisions and additions read as follows:

§ 1.1502–80 Applicability of other provisions of law.

* * * * *

(d) * * *

(1) *In general*—(i) *General rule.* Section 357(c) does not apply to any

transaction to which § 1.1502–13 applies. Notwithstanding the foregoing, for purposes of determining the transferor's basis in property under section 358(a) received in a transfer described in section 351, section 358(d)(2) operates to exclude liabilities described in section 357(c)(3)(A), other than those also described in section 357(c)(3)(B), from the computation of the amount of liabilities assumed that is treated as money received under section 358(d)(1).

(ii) *Application.* This paragraph (d) does not apply to a transaction if the transferor or transferee becomes a nonmember as part of the same plan or arrangement. The transferor (or transferee) is treated as becoming a nonmember once it is no longer a member of a consolidated group that includes the transferee (or transferor). For purposes of this paragraph (d), any reference to a transferor or transferee includes, as the context may require, a reference to a successor or predecessor.

(2) *Tax years beginning before January 1, 1995.* * * *

(3) *Example*—(i) *Facts.* P owns all the stock of S1. S1 has assets with a total fair market value equal to \$100 and an aggregate basis of \$30. S1 has \$40 of liabilities, \$5 of which are described in section 357(c)(3)(A) but not section 357(c)(3)(B), and \$35 of which are not described in section 357(c)(3)(A). S1 transfers its assets to a newly formed subsidiary, S2, in exchange for stock of S2 and S2's assumption of the \$40 of liabilities in a transaction to which section 351 applies. P, S1, and S2 are members of a consolidated group.

(ii) *Analysis.* Section 357(c) does not apply to cause S1 to recognize gain in connection with the transfer. For purposes of determining S1's basis in the S2 stock it received in the exchange, section 358(d)(2) operates to exclude \$5 of the liabilities from the computation of the amount of liabilities assumed that are treated as money received under section 358(d)(1). S1's basis in the S2 stock received in the exchange is a \$5 excess loss account (reflecting its \$30 basis in the assets transferred reduced by \$35, the amount of liabilities assumed that are not described in section 357(c)(3)(A)).

(4) *Applicability dates.* Paragraphs (d)(1) and (3) of this section apply to transactions occurring in consolidated return years for which the due date of the return (without regard to extensions) is after October 16, 2026. For rules that apply to transactions occurring in earlier taxable years, see § 1.1502–80(d)

as contained in 26 CFR part 1, revised April 1, 2026.

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Frank J. Bisignano,

Chief Executive Officer.

Approved: September 16, 2026.

Kevin Salinger,

Acting Assistant Secretary of the Treasury (Tax Policy).

[FR Doc. 2026–21253 Filed 10–15–26; 8:45 am]

BILLING CODE 4831–GV–P

DEPARTMENT OF HOMELAND SECURITY

Coast Guard

33 CFR Part 100

[Docket Number USCG–2026–1210]

RIN 1625–AA08

Special Local Regulation; Lake Havasu, Lake Havasu City, AZ

AGENCY: Coast Guard, Department of Homeland Security.

ACTION: Temporary final rule.

SUMMARY: The Coast Guard is establishing a temporary special local regulation (SLR) for certain navigable waters of Lake Havasu. This action is necessary to provide for the safety of life on these navigable waters near Lake Havasu City, AZ during the Pineapple Races event beginning at 3 p.m. on October 20, 2026, and ending the evening of October 20, 2026, at 8 p.m. This regulation prohibits persons and vessels from entering the regulated area unless specifically authorized by the Captain of the Port San Diego or their designated representative.

DATES: This rule is effective from 3 p.m. through 8 p.m. on October 20, 2026.

ADDRESSES: To view available documents go to <https://www.regulations.gov> and search for USCG–2026–1210.

FOR FURTHER INFORMATION CONTACT: If you have questions about this rule, contact Lieutenant Skye Eastman, Sector San Diego Waterways Management Division, U.S. Coast Guard; telephone 619–454–9027, or email MarineEventsSD@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
NPRM Notice of proposed rulemaking
§ Section
SLR Special Local Regulation