

1.31(f), notice is hereby given that the above-captioned petition has been filed with the Secretary of the Commission and placed on the public record for a period of 30 days. Any person may submit comments in support of or opposition to the petition. All timely and responsive comments submitted in connection with this petition will become part of the public record.

This petition requests the issuance of rules concerning deceptive or materially misleading price advertising by penny auction and pay-per-bid auction operators. The Commission will not consider the petition's merits until after the comment period closes. It may grant or deny the petition in whole or in part, and it may deem the petition insufficient to warrant commencement of a rulemaking proceeding. The purpose of this document is to facilitate public comment on the petition to aid the Commission in determining what, if any, action to take regarding the request contained in the petition. This document is not intended to start, stop, cancel, or otherwise affect rulemaking proceedings in any way.

Because your comment will be placed on the publicly accessible website at <https://www.regulations.gov>, you are solely responsible for making sure your comment does not include any sensitive or confidential information. In particular, your comment should not include any sensitive personal information, such as your or anyone else's Social Security number; date of birth; driver's license number or other State identification number, or foreign country equivalent; passport number; financial account number; or credit or debit card number. You are also solely responsible for making sure your comment does not include any sensitive health information, such as medical records or other individually identifiable health information. In addition, your comment should not include any "trade secret or any commercial or financial information which . . . is privileged or confidential"—as provided by section 6(f) of the FTC Act, 15 U.S.C. 46(f), and FTC Rule 4.10(a)(2), 16 CFR 4.10(a)(2).

Authority: 15 U.S.C. 46; 15 U.S.C. 57a; 5 U.S.C. 601 note.

April J. Tabor,
Secretary.

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DEPARTMENT OF THE TREASURY

Internal Revenue Service

26 CFR Part 1

[REG–134016–15]

RIN 1545–BN47

Guidance Under Section 355 Concerning Device and Active Trade or Business; Partial Withdrawal

AGENCY: Internal Revenue Service (IRS), Treasury.

ACTION: Partial withdrawal of notice of proposed rulemaking.

SUMMARY: This document partially withdraws a notice of proposed rulemaking containing proposed regulations regarding the application of the device prohibition and the active trade or business requirement for distributions of controlled corporation stock (or stock and securities) by a distributing corporation without income, gain, or loss. The proposed regulations would affect corporations and their shareholders and security holders.

DATES: The notice of proposed rulemaking published in the **Federal Register** on July 15, 2016 (81 FR 46004), is partially withdrawn as of October 21, 2026.

ADDRESSES: Commenters may submit public comments electronically via the Federal eRulemaking Portal at <https://www.regulations.gov> by searching the Docket ID number IRS–2016–0030 or may send paper submissions to CC:PA:01:PR (REG–134016–15), Room 5503, Internal Revenue Service, P.O. Box 7604, Ben Franklin Station, Washington, DC 20044.

FOR FURTHER INFORMATION CONTACT: Aglaia Ovtchinnikova at (202) 317–6847 or Justin Du Mouchel at (202) 317–6975 (not toll-free numbers).

SUPPLEMENTARY INFORMATION:

Background

If a distribution of stock (or stock and securities) of a controlled corporation (within the meaning of section 355(a)(1)(A) of the Internal Revenue Code (Code)) satisfies the numerous requirements of section 355 and other relevant provisions of the Code and the Income Tax Regulations (26 CFR part 1),¹ the distribution may occur without recognition of any gain or loss to the distributing corporation (within the meaning of section 355(a)(1)(A)) and

without recognition of any gain or loss to, or the inclusion of any amount in the income of, the shareholders or security holders of the distributing corporation.

Among the numerous requirements to qualify for the Federal income tax treatment available under section 355, section 355(a)(1)(B) and § 1.355–2(b)(4) and (d) provide that a transaction must not be used principally as a device for the distribution of the earnings and profits of the distributing corporation, the controlled corporation, or both (device prohibition). Additionally, section 355(a)(1)(C) and (b) and §§ 1.355–2(h) and 1.355–3 require each of the distributing corporation and the controlled corporation to be engaged, immediately after the distribution, in the active conduct of a trade or business (active trade or business requirement).

On July 15, 2016, the Department of the Treasury (Treasury Department) and the IRS published a notice of proposed rulemaking (REG–134016–15) in the **Federal Register** (81 FR 46004) that would modify the regulations under section 355 with respect to the device prohibition and the active trade or business requirement. Among other proposed changes, those modifications would have included a "per se" test in proposed § 1.355–2(d)(5) to determine whether a distribution violated the device prohibition and two sets of anti-abuse rules.

Under the proposed "per se" device rule, if the distributing corporation's or the controlled corporation's "Nonbusiness Asset Percentage" (as defined in proposed § 1.355–2(d)(2)(iv)(B)(5)) exceeded certain designated percentages (both individually and in comparison to the other corporation's Nonbusiness Asset Percentage), the transaction would have been considered a device notwithstanding the presence of any other nondevice factors (such as a corporate business purpose), with limited exceptions.

Under the first set of anti-abuse rules in proposed § 1.355–2(d)(2)(iv)(E) and (d)(5)(iv), a transaction or series of transactions (such as a change in the form of ownership of an asset; an issuance, assumption or repayment of indebtedness; or an issuance or redemption of stock) would not have been given effect if undertaken with a principal purpose of affecting the Nonbusiness Asset Percentage of any corporation to avoid a determination that a distribution was a device.

The second anti-abuse rule (minimum active trade or business anti-abuse rule) was set forth in proposed § 1.355–9(d) and related to the minimum active trade or business requirement in proposed

¹ Unless otherwise specified, all "section" or "§" references are to sections of the Code or the Income Tax Regulations (26 CFR part 1).

§ 1.355–9, under which the “Five-Year-Active-Business Asset Percentage” (as defined in proposed § 1.355–9(a)(6)) of each of the distributing corporation and the controlled corporation would be required to be at least five percent. Under the minimum active trade or business anti-abuse rule, a transaction or series of transactions would not have been given effect if undertaken with a principal purpose of affecting the Five-Year-Active-Business Asset Percentage of any corporation to avoid a determination that a distribution does not meet the minimum active trade or business requirement in proposed § 1.355–9.

The device anti-abuse rules and the minimum active trade or business anti-abuse rule generally would not have applied to (i) non-transitory acquisitions or dispositions of assets, or (ii) non-transitory transfers of assets between the distributing corporation and the controlled corporation.

The Treasury Department and the IRS received feedback from stakeholders that generally was critical of the proposed “per se” device rule and the two anti-abuse rules. In response to the feedback received, the Treasury Department and the IRS are withdrawing proposed §§ 1.355–2(d)(2)(iv)(E) and (d)(5) and 1.355–9(d). The withdrawal of these proposed rules does not affect the potential application of other rules or judicial doctrines, such as the substance-over-form or step-transaction doctrines. The Treasury Department and the IRS continue to study the issues addressed in the 2016 proposed regulations.

Drafting Information

The principal author of this document is Aglaia Ovtchinnikova of the Office of Associate Chief Counsel (Corporate). However, other personnel from the Treasury Department and the IRS participated in its development.

List of Subjects in 26 CFR Part 1

Income Taxes, Reporting and recordkeeping requirements.

Partial Withdrawal of Proposed Amendments to the Regulations

Under the authority of 26 U.S.C. 7805, proposed §§ 1.355–2(d)(2)(iv)(E) and (d)(5) and 1.355–9(d), contained in the notice of proposed rulemaking (REG–134016–15) that was published in the **Federal Register** on July 15, 2016 (81 FR 46004), are withdrawn.

Frank J. Bisignano,
Chief Executive Officer.

[FR Doc. 2026–21568 Filed 10–20–26; 8:45 am]

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DEPARTMENT OF COMMERCE

National Oceanic and Atmospheric Administration

50 CFR Part 679

[Docket No. 261015–0010]

RIN 0648–BO22

Fisheries of the Exclusive Economic Zone Off Alaska; Modify Groundfish Season Timing in the Bering Sea and Aleutian Islands and Gulf of Alaska Groundfish Fisheries

AGENCY: National Marine Fisheries Service (NMFS), National Oceanic and Atmospheric Administration (NOAA), Commerce.

ACTION: Proposed rule; request for comments.

SUMMARY: NMFS proposes two technical revisions to regulations for the opening and closing times of groundfish fisheries in the Bering Sea and Aleutian Islands (BSAI) and Gulf of Alaska (GOA) management areas. First, this proposed rule would authorize NMFS to determine the opening and closing times for the sablefish Individual Fishing Quota (IFQ) and Community Development Quota (CDQ) fishing season, taking into consideration the halibut IFQ/CDQ season set by the International Pacific Halibut Commission (IPHC). Second, this proposed rule would allow NMFS flexibility to change the time of day for closing a groundfish fishery. This proposed rule is necessary to minimize regulatory discards, reduce uncertainty for fishery participants, and enable fuller utilization and more precise limitation of allowable harvest. This action is intended to promote the goals and objectives of the Magnuson-Stevens Fishery Conservation and Management Act (Magnuson-Stevens Act), the Fishery Management Plan for the Groundfish of the BSAI Management Area (BSAI FMP) and the Fishery Management Plan for the Groundfish Fisheries of the GOA (GOA FMP), and other applicable laws.

DATES: Submit comments on or before November 20, 2026.

ADDRESSES: A plain language summary of this proposed rule is available at <https://www.regulations.gov/docket/NOAA-NMFS-2026-1948>. You may submit comments on this document, identified by NOAA–NMFS–2026–1948, by either of the following methods:

- **Electronic Submission:** Submit all electronic public comments via the Federal e-Rulemaking Portal. Visit <https://www.regulations.gov> and type

NOAA–NMFS–2026–1948 in the Search box. Click on the “Comment” icon, complete the required fields, and enter or attach your comments.

- **Mail:** Submit written comments to Gretchen Harrington, Assistant Regional Administrator, Sustainable Fisheries Division, Alaska Region NMFS. Mail comments to P.O. Box 21668, Juneau, AK 99802–1668.

Instructions: Comments sent by any other method, to any other address or individual, or received after the end of the comment period may not be considered by NMFS. All comments received are a part of the public record and will generally be posted for public viewing on <https://www.regulations.gov> without change. All personal identifying information (e.g., name, address), confidential business information, or otherwise sensitive information submitted voluntarily by the sender will be publicly accessible. NMFS will accept anonymous comments. Enter “N/A” in the required fields if you wish to remain anonymous.

Electronic copies of the draft Regulatory Impact Review (referred to as the “Analysis”) and Categorical Exclusion (CE) prepared for this action are available from <https://www.regulations.gov> with a search for 0648–BO22 or from the NMFS Rules and Regulation website at <https://www.fisheries.noaa.gov/rules-and-regulations/fisheries>.

FOR FURTHER INFORMATION CONTACT:

Molly Zaleski, 907–586–7228, molly.zaleski@noaa.gov.

SUPPLEMENTARY INFORMATION:

Authority for Action

NMFS manages the groundfish fisheries in the Exclusive Economic Zone (EEZ) under the BSAI FMP and GOA FMP. The North Pacific Fishery Management Council (Council) prepared and recommended these FMPs under the authority of the Magnuson-Stevens Act, 16 U.S.C. 1801 *et seq.* Regulations governing U.S. fisheries and implementing the BSAI and GOA FMPs appear at 50 CFR parts 600 and 679. This action is necessary to effectively carry out section 3.5.1 (Fishing Seasons) of both the BSAI FMP and GOA FMP, which defines when harvesting groundfish is permitted. That section of both FMPs states that the Secretary of Commerce will establish all fishing seasons by regulations that implement the FMPs to accomplish the goals and objectives of the FMPs, the Magnuson-Stevens Act, and other applicable laws.

Background

Section 3.5.1 (Fishing Seasons) of the BSAI and GOA FMPs defines the