

under sections 954 and 956 of the Internal Revenue Code.

**Need for Correction**

As published, the final regulations (TD 9792) contain errors that may prove to be misleading and are in need of clarification.

**Correction of Publication**

Accordingly, the final regulations (TD 9792), that are the subject of FR Doc. 2016-26425, are corrected as follows:

1. On page 76499, third column, in the preamble, the eighth line from the bottom of the last paragraph, the language “generally is consistent with § 1.956–” is corrected to read “generally is consistent with existing § 1.956–”.

2. On page 76500, first column, in the preamble, the fourth line from the top of the page, the language “that is not included in the final or” is corrected to read “that is not included in the existing final or”.

3. On page 76500, first column, in the preamble, the seventh line in the first full paragraph, the language “§ 1.956–2(a)(3) nor proposed § 1.956–” is corrected to read “existing § 1.956–2(a)(3) nor proposed § 1.956–”.

4. On page 76500, first column, in the preamble, the eighth line in the first full paragraph, the language “4(b) include the limitation. A comment” is corrected to read “4(b) includes the limitation. A comment”.

5. On page 76500, third column, in the preamble, the eleventh line from the top of the first full paragraph, the language is corrected to read “book-up”.

6. On page 76501, first column, in the preamble, the eighth line of the first full paragraph, the language is corrected to read “§ 1.956–4(b)(2)(ii)”.

**Martin V. Franks,**

*Chief, Publications and Regulations Branch, Legal Processing Division, Associate Chief Counsel, (Procedure and Administration).*  
[FR Doc. 2016-31364 Filed 12-27-16; 8:45 am]

**BILLING CODE 4830-01-P**

**DEPARTMENT OF THE TREASURY**

**Internal Revenue Service**

**26 CFR Part 1**

[TD 9792]

RIN 1545-BJ48

**United States Property Held by Controlled Foreign Corporations in Transactions Involving Partnerships; Rents and Royalties Derived in the Active Conduct of a Trade or Business; Correction**

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

**ACTION:** Correcting amendment.

**SUMMARY:** This document contains corrections to the final regulations (TD 9792) that were published in the **Federal Register** on Thursday, November 3, 2016 (81 FR 76497). The final regulations provide rules regarding the treatment as United States property of property held by a controlled foreign corporation (CFC) in connection with certain transactions involving partnerships.

**DATES:** This correction is effective December 28, 2016 and is applicable on or after November 3, 2016.

**FOR FURTHER INFORMATION CONTACT:** Rose E. Jenkins, at (202) 317-6934 (not a toll-free number).

**SUPPLEMENTARY INFORMATION:**

**Background**

The final regulations (TD 9792) that are the subject of these corrections are under sections 954 and 956 of the Internal Revenue Code.

**Need for Correction**

As published, the final regulations (TD 9792) contain errors that may prove to be misleading and are in need of clarification.

**List of Subjects in 26 CFR Part 1**

Income taxes, Reporting and recordkeeping requirements.

**Amendments to the Regulations**

Accordingly, 26 CFR part 1 is corrected by making the following correcting amendments:

**PART 1—INCOME TAXES**

■ **Paragraph 1.** The authority citation for part 1 is amended by deleting the entry for § 1.956–3T to read in part as follows:

**Authority:** 26 U.S.C. 7805 \* \* \*

**§ 1.954–2 [Amended]**

■ **Par. 2.** Section 1.954–2 is amended by removing paragraph (j).

■ **Par. 3.** Section 1.956–1T is amended by revising the section heading and the paragraph headings for paragraphs (a)(5) and (f) to read as follows:

**§ 1.956–1T Shareholder’s pro rata share of the average of the amounts of United States property held by a controlled foreign corporation (temporary).**

(a) \* \* \*  
(5) *Exclusion for certain recourse obligations.* \* \* \*

(f) *Effective/applicability date.* \* \* \*

■ **Par. 4.** Section 1.956–4 is amended by revising paragraphs (b)(2)(ii), (b)(3) introductory text, and (c)(3)(i) introductory text, and in paragraph (c)(4), *Example 3*, by removing “U.S.C.” each place that it appears and adding in its place, “USP2”.

The revisions read as follows:

**§ 1.956–4 Certain rules applicable to partnerships.**

(b) \* \* \*  
(2) \* \* \*

(ii) *Special allocations.* For purposes of paragraph (b)(1) of this section, if a partnership agreement provides for the allocation of book income (or, where appropriate, book gain) from a subset of the property of the partnership to a partner other than in accordance with the partner’s liquidation value percentage in a particular taxable year (a *special allocation*), then the partner’s attributable share of that property is determined solely by reference to the partner’s special allocation with respect to the property, provided the special allocation will be respected for federal income tax purposes under section 704(b) and the regulations thereunder and does not have a principal purpose of avoiding the purposes of section 956.

(3) *Examples.* The following examples illustrate the rules of this paragraph (b):

(c) \* \* \*  
(3) \* \* \*

(i) *General rule.* For purposes of determining a partner’s share of a foreign partnership’s obligation under section 956, if the foreign partnership distributes an amount of money or property to a partner that is related to a controlled foreign corporation within the meaning of section 954(d)(3) and whose obligation would be United States property if held (or if treated as held) by the controlled foreign

corporation, and the foreign partnership would not have made the distribution but for a funding of the partnership through an obligation held (or treated as held) by the controlled foreign corporation, notwithstanding § 1.956-1(e), the partner's share of the partnership obligation is the greater of—

\* \* \* \* \*

**Martin V. Franks,**

*Chief, Publications and Regulations Branch, Legal Processing Division, Associate Chief Counsel (Procedure and Administration).*

[FR Doc. 2016-31411 Filed 12-27-16; 8:45 am]

**BILLING CODE 4830-01-P**

**ENVIRONMENTAL PROTECTION AGENCY**

**40 CFR Part 52**

[EPA-R09-OAR-2016-0444; FRL-9955-94-Region 9]

**Approval of California Air Plan Revisions, South Coast Air Quality Management District**

**AGENCY:** Environmental Protection Agency (EPA).

**ACTION:** Final rule.

**SUMMARY:** The Environmental Protection Agency (EPA) is taking final action to approve revisions to the South Coast Air Quality Management District (SCAQMD) portion of the California State Implementation Plan (SIP). These revisions concern emissions of oxides of nitrogen (NO<sub>x</sub>) from ovens, dryers, dehydrators, heaters, kilns, calciners, furnaces, crematories, incinerators, heated pots, cookers, roasters, smokers, fryers, closed and open heated tanks and evaporators, distillation units, afterburners, degassing units, vapor incinerators, catalytic or thermal oxidizers, soil and water remediation units, and other combustion equipment. We are finalizing our approval of local rules that regulate these emission sources under the Clean Air Act (CAA or the Act).

**DATES:** These rules will be effective on January 27, 2017.

**ADDRESSES:** The EPA has established a docket for this action under Docket ID No. EPA-R09-OAR-2016-0444. All documents in the docket are listed on the <http://www.regulations.gov> Web site. Although listed in the index, some

information is not publicly available, e.g., confidential business information or other information whose disclosure is restricted by statute. Certain other material, such as copyrighted material, is not placed on the Internet and will be publicly available only in hard copy form. Publicly available docket materials are available through <http://www.regulations.gov>, or please contact the person identified in the **FOR FURTHER INFORMATION CONTACT** section for additional availability information.

**FOR FURTHER INFORMATION CONTACT:** Nicole Law, EPA Region IX, (415) 947-4126, [Law.nicole@epa.gov](mailto:Law.nicole@epa.gov).

**SUPPLEMENTARY INFORMATION:** Throughout this document, “we,” “us” and “our” refer to the EPA.

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**I. Proposed Action**

On September 16, 2016, the EPA proposed to approve the following rules into the California SIP. 81 FR 63732.

Local agency	Rule No.	Rule title	Adopted/ amended/ revised	Submitted
SCAQMD .....	1147	NO <sub>x</sub> Reductions from Miscellaneous Sources .....	09/09/2011	02/06/2013
SCAQMD .....	1153.1	Emissions of Oxides of Nitrogen from Commercial Food Ovens .....	09/07/2014	04/07/2015

We proposed to approve these rules because we determined that they complied with the relevant CAA requirements. Our proposed action contains more information on the rules and our evaluation.

**II. Public Comments and EPA Responses**

The EPA’s proposed action provided a 30-day public comment period. During this period, we received one comment regarding EPA’s proposed approval of Rule 1153.1 that was submitted anonymously.

*Comment:* The comment generally supports EPA’s proposal to approve Rule 1153.1. The commenter acknowledges Rule 1153.1 was designed to address delays in emission reduction technology development. However, the comment letter expressed a concern regarding the exemption for units with daily NO<sub>x</sub> emissions of 1 pound per day or less. The commenter states, “burners could be replaced with larger emission burners and it could easily go unknown by the enforcing agency.” Additionally, the commenter makes a

recommendation for “a testing schedule that is less strict for the small emission burners compared to the larger ones.”

*Response:* The EPA appreciates the comment letter’s general support of our approval of Rule 1153.1. The exemption discussed in the comment is found in section (g)(2) of Rule 1153.1. Sections (g)(2)(A)–(g)(2)(E) of Rule 1153.1 describe the documentation required of units with daily NO<sub>x</sub> emissions of 1 pound per day or less. These requirements ensure the exempted units are rated at a heat input capacity of less than 325,000 BTU per hour, comply with a permit condition limiting NO<sub>x</sub> emissions to 1 pound per day or less, and keep daily records of unit operation and fuel gas consumption. Because of these requirements, we disagree that the enforcing agency would not know about these units. The rule exempts these units from requirements to comply with the limits for larger units and testing requirements associated with those units. The testing required is used to confirm compliance with the limits in Table 1 of the rule. If the commenter’s recommendation for a less strict testing

schedule were implemented for the smaller units, it is unclear what would be tested, since the exempted units do not have emissions limits in the rule to comply with. As noted above, the comment letter generally supports our approval of Rule 1153.1 and does not request or recommend any specific changes to our proposed action. The comment letter recognizes that Rule 1153.1 will decrease NO<sub>x</sub> emissions. For these reasons, the EPA is finalizing its proposed approval of Rule 1153.1 without change based on the comment.

**III. EPA Action**

No comments were submitted that change our assessment of the rules as described in our proposed action. Therefore, as authorized in section 110(k)(3) of the Act, the EPA is fully approving these rules into the California SIP.

**IV. Incorporation by Reference**

In this rule, the EPA is finalizing regulatory text that includes incorporation by reference. In accordance with requirements of 1 CFR