

96–25–04, Amendment 39–9846 (61 FR 66881, December 19, 1996), and adding the following new AD:

2019–22–04 Airbus SAS: Amendment 39–19783; Docket No. FAA–2019–0258; Product Identifier 2018–NM–134–AD.

(a) Effective Date

This AD is effective December 24, 2019.

(b) Affected ADs

This AD replaces AD 96–25–04, Amendment 39–9846 (61 FR 66881, December 19, 1996) (“AD 96–25–04”).

(c) Applicability

This AD applies to Airbus SAS Model A320–211, –212, and –231 airplanes, certificated in any category, as identified in European Aviation Safety Agency (EASA) AD 2018–0200, dated September 6, 2018 (“EASA AD 2018–0200”).

(d) Subject

Air Transport Association (ATA) of America Code 24, Electrical power.

(e) Reason

This AD was prompted by a report that electrical short-circuiting could occur in the wire bundles in the wing, horizontal stabilizer, or main landing gear (MLG) bays. This AD was also prompted by a determination that there were issues with protective sleeves previously installed as specified in AD 96–25–04. The FAA is issuing this AD to address electrical short circuiting due to chafing of the wire bundles in the wing, horizontal stabilizer, or MLG bay, which could result in a fire.

(f) Compliance

Comply with this AD within the compliance times specified, unless already done.

(g) Requirements

Except as specified in paragraph (h) of this AD: Comply with all required actions and compliance times specified in, and in accordance with, EASA AD 2018–0200.

(h) Exceptions to EASA AD 2018–0200

(1) Where EASA AD 2018–0200 refers to its effective date, this AD requires using the effective date of this AD.

(2) Where EASA AD 2018–0200 refers to “the effective date of DGAC France AD 91–182–020 at original issue” or refers to “the effective date of DGAC France AD 91–182–020 at Rev.2,” this AD requires using January 27, 1997 (the effective date of AD 96–25–04).

(3) The “Remarks” section of EASA AD 2018–0200 does not apply to this AD.

(i) Other FAA AD Provisions

The following provisions also apply to this AD:

(1) *Alternative Methods of Compliance (AMOCs):* The Manager, International Section, Transport Standards Branch, FAA, has the authority to approve AMOCs for this AD, if requested using the procedures found in 14 CFR 39.19. In accordance with 14 CFR 39.19, send your request to your principal inspector or local Flight Standards District

Office, as appropriate. If sending information directly to the International Section, send it to the attention of the person identified in paragraph (j) of this AD. Information may be emailed to: 9-ANM-116-AMOC-REQUESTS@faa.gov. Before using any approved AMOC, notify your appropriate principal inspector, or lacking a principal inspector, the manager of the local flight standards district office/certificate holding district office.

(2) *Contacting the Manufacturer:* For any requirement in this AD to obtain instructions from a manufacturer, the instructions must be accomplished using a method approved by the Manager, International Section, Transport Standards Branch, FAA; or EASA; or Airbus SAS’s EASA Design Organization Approval (DOA). If approved by the DOA, the approval must include the DOA-authorized signature.

(3) *Required for Compliance (RC):* For any service information referenced in EASA AD 2018–0200 that contains RC procedures and tests: Except as required by paragraph (i)(2) of this AD, RC procedures and tests must be done to comply with this AD; any procedures or tests that are not identified as RC are recommended. Those procedures and tests that are not identified as RC may be deviated from using accepted methods in accordance with the operator’s maintenance or inspection program without obtaining approval of an AMOC, provided the procedures and tests identified as RC can be done and the airplane can be put back in an airworthy condition. Any substitutions or changes to procedures or tests identified as RC require approval of an AMOC.

(j) Related Information

For more information about this AD, contact Sanjay Ralhan, Aerospace Engineer, International Section, Transport Standards Branch, FAA, 2200 South 216th St., Des Moines, WA 98198; telephone and fax 206–231–3223.

(k) Material Incorporated by Reference

(1) The Director of the Federal Register approved the incorporation by reference (IBR) of the service information listed in this paragraph under 5 U.S.C. 552(a) and 1 CFR part 51.

(2) You must use this service information as applicable to do the actions required by this AD, unless this AD specifies otherwise.

(3) The following service information was approved for IBR on December 24, 2019.

(i) European Aviation Safety Agency (EASA) AD 2018–0200, dated September 6, 2018.

(ii) [Reserved]

(4) For information about EASA AD 2018–0200, contact the EASA, Konrad-Adenauer-Ufer 3, 50668 Cologne, Germany; telephone +49 221 89990 6017; email ADS@easa.europa.eu; Internet www.easa.europa.eu. You may find this EASA AD on the EASA website at <https://ad.easa.europa.eu>.

(5) You may view this material at the FAA, Transport Standards Branch, 2200 South 216th St., Des Moines, WA. For information on the availability of this material at the FAA, call 206–231–3195. This material may be found in the AD docket on the internet at

<https://www.regulations.gov> by searching for and locating Docket No. FAA–2019–0258.

(6) You may view this material that is incorporated by reference at the National Archives and Records Administration (NARA). For information on the availability of this material at NARA, email fedreg.legal@nara.gov, or go to: <https://www.archives.gov/federal-register/cfr/ibr-locations.html>.

Issued in Des Moines, Washington, on November 5, 2019.

Michael Kaszycki,
*Acting Director, System Oversight Division,
Aircraft Certification Service.*

[FR Doc. 2019–24995 Filed 11–18–19; 8:45 am]

BILLING CODE 4910–13–P

DEPARTMENT OF THE TREASURY

Internal Revenue Service

26 CFR Part 1

[TD 9883]

RIN 1545–BM90

Ownership Attribution for Purposes of Determining Whether a Person Is Related to a Controlled Foreign Corporation; Rents Derived in the Active Conduct of a Trade or Business

AGENCY: Internal Revenue Service (IRS), Treasury.

ACTION: Final regulations.

SUMMARY: This document contains final regulations regarding the attribution of ownership of stock or other interests for purposes of determining whether a person is a related person with respect to a controlled foreign corporation (“CFC”) under section 954(d)(3). In addition, the final regulations provide rules for determining whether a CFC is considered to derive rents in the active conduct of a trade or business for purposes of computing foreign personal holding company income. This document finalizes the proposed regulations published on May 20, 2019. The regulations affect United States persons with direct or indirect ownership interests in certain foreign corporations.

DATES:

Effective Date: These regulations are effective on November 19, 2019.

Applicability Date: For the dates of applicability, see §§ 1.954–1(f)(3), 1.954–2(i)(2), and 1.958–2(h).

FOR FURTHER INFORMATION CONTACT: Kristine A. Crabtree at (202) 317–6934.

SUPPLEMENTARY INFORMATION:

Background

On May 20, 2019, the Department of the Treasury (“Treasury Department”)

and the IRS published proposed regulations (REG-125135-15) under sections 954 and 958 in the **Federal Register** (84 FR 22751) (the “proposed regulations”). No public hearing was requested or held. All written comments received in response to the proposed regulations are available at www.regulations.gov or upon request. Because no comments suggested revisions to the proposed regulations, this Treasury decision adopts the proposed regulations as final regulations without change.

Summary of Comments

The proposed regulations and the final regulations limit the application of the section 318(a)(3) constructive ownership rules for purposes of the definition of related person in section 954(d)(3) to avoid inappropriately treating entities, including CFCs, that do not have a significant relationship to each other as related persons. Comments agreed with the Treasury Department and the IRS that limiting the application of the downward attribution rules of section 318(a)(3)(A) incorporated by section 958(b) for purposes of section 954(d)(3) avoids inappropriate results, and one comment urged the Treasury Department and the IRS to provide a similar limitation on the application of those rules for purposes of determining whether a foreign corporation is a CFC. The Treasury Department and the IRS are separately studying the application of section 958(b) following the repeal of section 958(b)(4) by the Tax Cuts and Jobs Act, Public Law 115-97 (2017), and the final regulations do not address the application of the constructive ownership rules of section 958(b) for purposes other than section 954(d)(3).

Effect on Other Documents

Section 7(d) of Notice 2007-9, 2007-1 C.B. 401, is obsolete.

Special Analyses

OIRA has waived review of this final rule in accordance with section 6(a)(3)(A) of E.O. 12866.

Because this rulemaking is an interpretive rule and does not impose a collection of information on small entities, under 5 U.S.C. 603(a) the provisions of the Regulatory Flexibility Act (5 U.S.C. chapter 6) do not apply. Accordingly, a regulatory flexibility analysis under the Regulatory Flexibility Act is not required.

Pursuant to section 7805(f), the notice of proposed rulemaking preceding this regulation was submitted to the Chief Counsel for Advocacy of the Small Business Administration for comment

on its impact on small businesses. No comments were received.

Drafting Information

The principal author of the final regulations is James Beatty of the Office of Associate Chief Counsel (Income Tax & Accounting). However, other personnel from the Treasury Department and the IRS participated in the development of these proposed regulations.

Statement of Availability of IRS Documents

Notice 2007-9 is published in the Internal Revenue Bulletin (or Cumulative Bulletin) and is available from the Superintendent of Documents, U.S. Government Publishing Office, Washington, DC 20402, or by visiting the IRS website at <http://www.irs.gov>.

List of Subjects in 26 CFR Part 1

Income taxes, Reporting and recordkeeping requirements.

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 * * *

Section 1.954-1 also issued under 26 U.S.C. 954(b) and (c). Section 1.954-2 also issued under 26 U.S.C. 954(b) and (c).

* * * * *

■ **Par. 2.** Section 1.954-0 is amended in paragraph (b) by adding entries for §§ 1.954-1(f)(3), (f)(3)(i) through (iii), (g), and (g)(1) through (4) and 1.954-2(c)(2)(v) through (viii), (d)(2)(v), (i), and (i)(1) through (3) to read as follows:

§ 1.954-0 Introduction.

* * * * *
(b) * * *

§ 1.954-1 Foreign base company income.

* * * * *

- (f) * * *
(3) Applicability dates.
(i) General rule.
(ii) Option rule in paragraph (f)(2)(iv)(B)(2) of this section.
(iii) Anti-abuse rule.
(g) Distributive share of partnership income.
(1) Application of related person and country of organization tests.
(2) Application of related person test for sales and purchase transactions between a partnership and its controlled foreign corporation partner.
(3) Examples.

(4) Effective date.

§ 1.954-2 Foreign personal holding company income.

* * * * *

- (c) * * *
(2) * * *
(v) Leased in foreign commerce.
(vi) Leases acquired by the CFC lessor.
(vii) Marketing of leases.
(viii) Cost sharing arrangements (CSAs).

* * * * *

- (d) * * *
(2) * * *
(v) Cost sharing arrangements (CSAs).

* * * * *

- (i) Applicability dates.
(1) Paragraphs (c)(2)(v) through (vii).
(2) Paragraphs (c)(2)(iii)(B) and (c)(2)(iv)(A) of this section.
(3) Other paragraphs.

■ **Par. 3.** Section 1.954-1 is amended by revising paragraph (f)(2)(iv) and adding paragraph (f)(3) to read as follows:

§ 1.954-1 Foreign base company income.

* * * * *

- (f) * * *
(2) * * *
(iv) *Direct or indirect ownership.* For purposes of section 954(d)(3) and this paragraph (f), to determine direct or indirect ownership—

(A) The principles of § 1.958-1 and section 958(a) apply without regard to whether a corporation, partnership, trust, or estate is foreign or domestic or whether an individual is a citizen or resident of the United States; and

(B) The principles of § 1.958-2 and section 958(b) apply, except that—

(1) Neither section 318(a)(3), nor § 1.958-2(d) or the principles thereof, applies to attribute stock or other interests to a corporation, partnership, estate, or trust; and

(2) Neither section 318(a)(4), nor § 1.958-2(e) or the principles thereof, applies to treat dividends, interest, rents, or royalties received or accrued from a foreign corporation as received or accrued from a controlled foreign corporation payor if a principal purpose of the use of an option to acquire stock or an equity interest, or an interest similar to such an option, that causes the foreign corporation to be a controlled foreign corporation payor is to qualify dividends, interest, rents, or royalties paid by the foreign corporation for the section 954(c)(6) exception. For purposes of this paragraph (f)(2)(iv)(B)(2), an interest that is similar to an option to acquire stock or an equity interest includes, but is not limited to, a warrant, a convertible debt instrument, an instrument other than debt that is convertible into stock or an

equity interest, a put, a stock or equity interest subject to risk of forfeiture, and a contract to acquire or sell stock or an equity interest.

(3) Neither section 318(a)(4), nor § 1.958–2(e) or the principles thereof, applies to treat a person that has an option to acquire stock or an equity interest, or an interest similar to such an option, as owning the stock or equity interest if a principal purpose for the use of the option or similar interest is to treat a person as a related person with respect to a controlled foreign corporation under this paragraph (f). For purposes of this paragraph (f)(2)(iv)(B)(3), an interest that is similar to an option to acquire stock or an equity interest includes, but is not limited to, a warrant, a convertible debt instrument, an instrument other than debt that is convertible into stock or an equity interest, a put, a stock or equity interest subject to risk of forfeiture, and a contract to acquire or sell stock or an equity interest.

(3) *Applicability dates*—(i) *General rule*. Except as otherwise provided in this paragraph (f)(3), paragraph (f)(2)(iv) of this section applies to taxable years of controlled foreign corporations ending on or after November 19, 2019, and taxable years of United States shareholders in which or with which such taxable years end.

(ii) *Option rule in paragraph (f)(2)(iv)(B)(2) of this section*. Paragraph (f)(2)(iv)(B)(2) of this section applies to taxable years of controlled foreign corporations beginning after December 31, 2006, and ending before November 19, 2019, and taxable years of United States shareholders in which or with which such taxable years end.

(iii) *Anti-abuse rule*. Paragraphs (f)(2)(iv)(B)(1) and (3) of this section apply to taxable years of controlled foreign corporations ending on or after May 17, 2019, and to taxable years of United States shareholders in which or with which such taxable years end, with respect to amounts that are received or accrued by a controlled foreign corporation on or after May 17, 2019 to the extent the amounts are received or accrued in advance of the period to which such amounts are attributable with a principal purpose of avoiding the application of paragraph (f)(2)(iv)(B)(1) or (3) of this section with respect to such amounts.

* * * * *

■ **Par. 4.** Section 1.954–2 is amended by:

- 1. Revising paragraphs (c)(2)(iii)(B) and (c)(2)(iv)(A).
- 2. Revising the heading of paragraph (i).

■ 3. Redesignating paragraph (i)(2) as paragraph (i)(3).

■ 4. Adding new paragraph (i)(2).

The revisions and addition read as follows:

§ 1.954–2 Foreign personal holding company income.

* * * * *

(c) * * *

(2) * * *

(iii) * * *

(B) Deductions for amounts (including rents and royalties) paid or incurred by the lessor for the right to use the property (or a component thereof) that generated the rental income;

* * * * *

(iv) * * *

(A) Amounts (including rents and royalties) paid or incurred by the lessor for the right to use the property (or a component thereof) that generated the rental income;

* * * * *

(i) *Applicability dates.* * * *

(2) *Paragraphs (c)(2)(iii)(B) and (c)(2)(iv)(A) of this section.* Paragraphs (c)(2)(iii)(B) and (c)(2)(iv)(A) of this section apply for taxable years of controlled foreign corporations ending on or after November 19, 2019, and for the taxable years of United States shareholders in which or with which such taxable years end.

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■ **Par. 5.** Section 1.958–2 is amended by revising paragraph (d)(1) introductory text and the first sentence of paragraph (e) and adding paragraph (h) to read as follows:

§ 1.958–2 Constructive ownership of stock.

* * * * *

(d) * * *

(1) * * * Except as otherwise provided in paragraph (d)(2) of this section and § 1.954–1(f)—

* * * * *

(e) * * * Except as otherwise provided in § 1.954–1(f), if any person has an option to acquire stock, such stock shall be considered as owned by such person. * * *

* * * * *

(h) *Applicability date.* Paragraphs (d)(1) and (e) of this section apply for taxable years of controlled foreign corporations ending on or after November 19, 2019, and for the taxable years of United States shareholders in

which or with which such taxable years end.

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Sunita Lough,

Deputy Commissioner for Services and Enforcement.

Approved: October 28, 2019.

David J. Kautter,

Assistant Secretary of the Treasury (Tax Policy).

[FR Doc. 2019–24985 Filed 11–18–19; 8:45 am]

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ENVIRONMENTAL PROTECTION AGENCY

40 CFR Part 52

[EPA–R05–OAR–2019–0032; FRL–10002–26–Region 5]

Air Plan Approval; Illinois; Emissions Reduction Market System Sunsetting

AGENCY: Environmental Protection Agency (EPA).

ACTION: Final rule.

SUMMARY: The Environmental Protection Agency (EPA) is approving a State Implementation Plan (SIP) revision submitted by the Illinois Environmental Protection Agency (Illinois EPA) on January 11, 2019, concerning the State’s Emissions Reduction Market System (ERMS) program for the Chicago ozone nonattainment area (NAA) in Illinois. The revision sunsets the ERMS program and removes 35 Illinois Administrative Code (35 IAC) Part 205, from the SIP as the ERMS program is no longer effective in providing additional emissions reductions or environmental benefit. The submittal includes a demonstration under section 110(l) of the Clean Air Act (CAA) that addresses emission impacts associated with the sunsetting of the program.

DATES: This final rule is effective on December 19, 2019.

ADDRESSES: EPA has established a docket for this action under Docket ID No. EPA–R05–OAR–2019–0032. All documents in the docket are listed in the <http://www.regulations.gov> website. Publicly available docket materials may be obtained either from <http://www.regulations.gov>, or from the person identified in the **FOR FURTHER INFORMATION CONTACT** section.

FOR FURTHER INFORMATION CONTACT: Francisco J. Acevedo, Mobile Source Program Manager, Control Strategies Section, Air Programs Branch (AR–18J), Environmental Protection Agency, Region 5, 77 West Jackson Boulevard,