

**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 1.707-5T also issued under 26 U.S.C. 707(a)(2)(B).

■ **Par. 2.** Section 1.707-5T is amended by revising paragraph (a)(2)(i); and paragraph (f) *Example 7* (i) is amended by revising the second to last sentence. The revisions read as follows:

**§ 1.707-5T Disguised sales of property to partnership; special rules relating to liabilities (temporary).**

- (a) \* \* \*
- (2) \* \* \*

(i) *In general.* For purposes of § 1.707-5, a partner's share of a liability of a partnership, as defined in § 1.752-1(a) (whether a recourse liability or a nonrecourse liability) is determined by applying the same percentage used to determine the partner's share of the excess nonrecourse liability under § 1.752-3(a)(3) (as limited in its application to this paragraph (a)(2)), but such share shall not exceed the partner's share of the partnership liability under section 752 and applicable regulations (as limited in the application of § 1.752-3(a)(3) to this paragraph (a)(2)).

\* \* \* \* \*

- (f) \* \* \*

*Example 7.* \* \* \*

(i) \* \* \* For disguised sale purposes, assume that G's and H's share of liability 1 is \$2,000 each in accordance with paragraph (a)(2) of this section (which determines a partner's share of a liability using the percentage under § 1.752-3(a)(3), but not exceeding the partner's share of the liability under section 752 and applicable regulations). \* \* \*

\* \* \* \* \*

**Martin V. Franks,**

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

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**DEPARTMENT OF THE TREASURY**

**Internal Revenue Service**

**26 CFR Part 1**

[TD 9788]

**RIN 1545-BM84**

**Liabilities Recognized as Recourse Partnership Liabilities Under Section 752; Correction**

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

**ACTION:** Final and temporary regulations; correction.

**SUMMARY:** This document contains corrections to final and temporary regulations (TD 9788) that were published in the **Federal Register** on Wednesday, October 5, 2016 (81 FR 69282). The final and temporary regulations provide rules concerning how liabilities are allocated for purposes of section 707 of the Internal Revenue Code and when certain obligations are recognized for purposes of determining whether a liability is a recourse partnership liability under section 752.

**DATES:** This correction is effective November 17, 2016 and is applicable on and after January 3, 2017.

**FOR FURTHER INFORMATION CONTACT:** Caroline E. Hay or Deane M. Burke (202) 317-5279 (not a toll-free number).

**SUPPLEMENTARY INFORMATION:**

**Background**

The final and temporary regulations (TD 9788) that are the subject of this correction are under sections 707 and 752 of the Internal Revenue Code.

**Need for Correction**

As published, the final and temporary regulations (TD 9788) contain errors that may prove to be misleading and are in need of clarification.

**Correction of Publication**

Accordingly, the final and temporary regulations (TD 9788), that are the subject of FR Doc. 2016-23388, are corrected as follows:

On page 69284, in the preamble, first column, the last sentence from the bottom of the first full paragraph, "Therefore, the 707 Temporary Regulations provide that a partner's share of a partnership liability for disguised sale purposes does not include any amount of the liability for which another partner bears the EROL for the partnership liability under § 1.752-2." is corrected to read "Therefore, the 707 Temporary

Regulations provide that for purposes of § 1.707-5, a partner's share of a liability of a partnership, as defined in § 1.752-1(a) (whether a recourse liability or a nonrecourse liability) is determined by applying the same percentage used to determine the partner's share of the excess nonrecourse liability under § 1.752-3(a)(3) (as limited in its application to § 1.707-5T(a)(2)), but such share shall not exceed the partner's share of the partnership liability under section 752 and applicable regulations (as limited in the application of § 1.752-3(a)(3) to § 1.707-5T(a)(2))."

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**DEPARTMENT OF THE INTERIOR**

**Bureau of Safety and Environmental Enforcement**

**30 CFR Part 250**

[Docket ID: BSEE-2016-0010; 17XE1700DX EEEE50000 EX1SF0000.DAQ000]

**RIN 1014-AA30**

**Civil Penalty Inflation Adjustment**

**AGENCY:** Bureau of Safety and Environmental Enforcement, Interior.

**ACTION:** Final rule.

**SUMMARY:** This final rule adjusts the level of the civil monetary penalty contained in the Bureau of Safety and Environmental Enforcement (BSEE) regulations pursuant to the Outer Continental Shelf Lands Act (OCSLA), the Federal Civil Penalties Inflation Adjustment Act Improvements Act of 2015, and Office of Management and Budget (OMB) guidance.

**DATES:** Effective November 17, 2016.

**FOR FURTHER INFORMATION CONTACT:** Robert Fisher, Acting Chief Safety and Enforcement Division, Bureau of Safety and Environmental Enforcement, (202) 208-3955 or by email: [regs@bsee.gov](mailto:regs@bsee.gov).

**SUPPLEMENTARY INFORMATION:**

- I. Background
- II. Calculation of Adjustment
- III. Comments Received on the Interim Final Rule
- IV. Procedural Matters
  - A. Regulatory Planning and Review (E.O. 12866 and 13563)
  - B. Regulatory Flexibility Act
  - C. Small Business Regulatory Enforcement Fairness Act
  - D. Unfunded Mandates Reform Act
  - E. Takings (E.O. 12630)