

Paragraphs (a)(4)(i) and (vi) of this section apply to taxable years of foreign corporations ending on or after October 1, 2019, and taxable years of United States persons ending on or after October 1, 2019. For taxable years of foreign corporations ending before October 1, 2019, and taxable years of United States persons ending before October 1, 2019, a taxpayer may apply such provisions to the last taxable year of a foreign corporation beginning before January 1, 2018, and each subsequent taxable year of the foreign corporation, and to taxable years of United States shareholders in which or with which such taxable years of the foreign corporation end, provided that the taxpayer and United States persons that are related (within the meaning of section 267 or 707) to the taxpayer consistently apply such provisions with respect to all foreign corporations.

■ Par. 10. Section 1.958-2 is amended by:

■ 1. Removing and reserving paragraph (d)(2).

■ 2. In paragraph (g), designating Examples 1 through 6 as paragraphs (g)(1) through (6), respectively.

■ 3. In newly designated paragraphs (g)(1) and (2), removing the language “paragraph (c)(1)(iii) and (2) of this section” and adding “paragraphs (c)(1)(iii) and (c)(2) of this section” in its place.

■ 4. Revising newly designated paragraph (g)(4).

■ 5. Adding paragraph (h).

■ 6. Removing the parenthetical authority citation at the end of the section.

The revisions and addition read as follows:

§ 1.958-2 Constructive ownership of stock.

\* \* \* \* \* (g) \* \* \*

(4) Example 4. Foreign corporation U owns 100 percent of the one class of stock in domestic corporation V and also 100 percent of the one class of stock in foreign corporation W. Because more than 50 percent in value of the stock of V Corporation is owned by its sole shareholder, U Corporation, V Corporation is considered under paragraph (d)(1)(iii) of this section as owning the stock owned by U Corporation in W Corporation, and accordingly is a United States shareholder of W Corporation.

\* \* \* \* \*

(h) Applicability date. Paragraphs (d)(2) and (g)(4) of this section apply to taxable years of foreign corporations ending on or after October 1, 2019, and taxable years of United States shareholders in which or with which such taxable years of foreign

corporations end. For taxable years of foreign corporations ending before October 1, 2019, and taxable years of United States shareholders in which or with which such taxable years of foreign corporations end, a taxpayer may apply such provisions to the last taxable year of a foreign corporation beginning before January 1, 2018, and each subsequent taxable year of the foreign corporation, and to taxable years of United States shareholders in which or with which such taxable years of the foreign corporation end, provided that the taxpayer and United States persons that are related (within the meaning of section 267 or 707) to the taxpayer consistently apply such provisions with respect to all foreign corporations.

■ Par. 11. Section 1.1297-1, as proposed to be added at 84 FR 33120 (July 11, 2019), is amended by revising paragraphs (d)(1)(iii)(A) and (g)(1) to read as follows:

§ 1.1297-1 Definition of passive foreign investment company.

\* \* \* \* \*

(d) \* \* \*

(1) \* \* \*

(A) Controlled foreign corporation.

For purposes of section 1297(e)(2)(A), the term controlled foreign corporation has the meaning provided in section 957, determined without applying subparagraphs (A), (B), and (C) of section 318(a)(3) so as to consider a United States person as owning stock which is owned by a person who is not a United States person.

\* \* \* \* \*

(g) \* \* \*

(1) Paragraph (d)(1)(iii)(A) of this section applies to taxable years of shareholders ending on or after October 1, 2019. For taxable years of shareholders ending before October 1, 2019, a shareholder may apply paragraph (d)(1)(iii)(A) of this section to the last taxable year of a foreign corporation beginning before January 1, 2018, and each subsequent taxable year of the foreign corporation, provided that the shareholder and United States persons that are related (within the meaning of section 267 or 707) to the taxpayer consistently apply such paragraph with respect to all foreign corporations.

\* \* \* \* \*

■ Par. 12. Section 1.6049-5 is amended by revising paragraphs (c)(5)(i)(C) and (g) to read as follows:

§ 1.6049-5 Interest and original issue discount subject to reporting after December 31, 1982.

\* \* \* \* \*

(c) \* \* \*

(5) \* \* \*

(i) \* \* \*

(C) A controlled foreign corporation within the meaning of section 957, determined without applying subparagraphs (A), (B), and (C) of section 318(a)(3) so as to consider a United States person as owning stock which is owned by a person who is not a United States person.

\* \* \* \* \*

(g) Applicability dates. Except as otherwise provided in this paragraph (g), this section applies to payments made on or after January 6, 2017. (For payments made after June 30, 2014, and before January 6, 2017, see this section as in effect and contained in 26 CFR part 1, as revised April 1, 2016. For payments made after December 31, 2000, and before July 1, 2014, see this section as in effect and contained in 26 CFR part 1, as revised April 1, 2013.) Paragraph (c)(5)(i)(C) of this section applies to payments made on or after October 1, 2019. For payments made before October 1, 2019, a taxpayer may apply paragraph (c)(5)(i)(C) of this section for payments during the last taxable year of a foreign corporation beginning before January 1, 2018, and each subsequent taxable year of the foreign corporation, provided that the taxpayer and United States persons that are related (within the meaning of section 267 or 707) to the taxpayer consistently apply such paragraph with respect to all foreign corporations.

Kirsten Wielobob,

Deputy Commissioner for Services and Enforcement.

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DEPARTMENT OF THE TREASURY

Internal Revenue Service

26 CFR Part 1

[REG-130700-14]

RIN 1545-BM41

Classification of Cloud Transactions and Transactions Involving Digital Content; Correction

AGENCY: Internal Revenue Service (IRS), Treasury.

ACTION: Correction to a notice of proposed rulemaking.

SUMMARY: This document contains a correction to a notice of proposed rulemaking (REG-130700-14) that was published in the Federal Register on August 14, 2019. The proposed

regulations relate to classification of cloud transactions for purposes of the international provisions of the Internal Revenue Code.

**DATES:** Written or electronic comments and requests for a public hearing are still being accepted and must be received by November 12, 2019.

**ADDRESSES:** Submit electronic submissions via the Federal eRulemaking Portal at <https://www.regulations.gov> (indicate IRS and REG-130700-14) by following the online instructions for submitting comments. Once submitted to the Federal eRulemaking Portal, comments cannot be edited or withdrawn. The Department of the Treasury (Treasury Department) and the IRS will publish for public availability any comment received to its public docket, whether submitted electronically or in hard copy. Send hard copy submissions to CC:PA:LPD:PR (REG-130700-14), Room 5203, Internal Revenue Service, P.O. Box 7604, Ben Franklin Station, Washington, DC 20044. Submissions

may be hand-delivered Monday through Friday between the hours of 8 a.m. and 4 p.m. to CC:PA:LPD:PR (REG-130700-14), Courier's Desk, Internal Revenue Service, 1111 Constitution Avenue NW, Washington, DC 20224.

**FOR FURTHER INFORMATION CONTACT:** Concerning the proposed regulations Robert Z. Kelley, (202) 317-6939; concerning submissions of comments and requests for a public hearing, email or call Regina L. Johnson at [fdms.database@irs.counsel.treas.gov](mailto:fdms.database@irs.counsel.treas.gov) or (202) 317-6901 (not toll-free numbers).

**SUPPLEMENTARY INFORMATION:**

**Background**

The proposed regulations that are the subject of this correction are under section 861 of the Internal Revenue Code.

**Need for Correction**

As published, the notice of proposed rulemaking (REG-130700-14) contains errors which may prove to be misleading and need to be clarified.

**Correction of Publication**

Accordingly, the notice of proposed rulemaking (REG-130700-14) that was the subject of FR Doc. 2019-17425, published at 84 FR 40317 (August 14, 2019), is corrected to read as follows:

1. On page 40320, first column, in the preamble, the sixteenth and seventeenth lines from the top of the second full paragraph, the language "of time, whether or not the content is transferred in a physical medium." is corrected to read "of time."

2. On page 40321, third column, in the preamble, the fourteenth line from the top of the second full paragraph, the language "licenses, and services, but there are" is corrected to read, "licenses, leases, and services, but there are".

**§ 1.861-18 [Corrected]**

■ 3. On page 40324, in the table for § 1.861-18, for the paragraph listed in "Paragraph" column, remove the language in the "Remove" column, and add in its place the language in the "Add" column.

Paragraph	Remove	Add
(c)(3), second sentence	the magnetic medium of a floppy disk, or in the main memory or hard drive of a computer, or in any other medium.	any medium.

**§ 1.861-18 [Corrected]**

■ 4. On page 40324, second column, in § 1.861-18, the seventh through ninth line from the top of paragraph (a)(3), the language "passage of time, whether or not the content is transferred in a physical medium. For example, digital content" is corrected to read "passage of time. For example, digital content".

**§ 1.861-18 [Corrected]**

■ 5. On page 40325, third column, in § 1.861-18, the second line of paragraph (i), the language "to transactions involving the transfer of" is corrected to read "to transactions not subject to § 1.861-19 involving the transfer of".

**Crystal Pemberton,**

Senior Federal Register Liaison, Publications and Regulations Branch, Legal Processing Division, Associate Chief Counsel, (Procedure and Administration).

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**BILLING CODE 4830-01-P**

**DEPARTMENT OF THE TREASURY**

**Office of Investment Security**

**31 CFR Part 800**

**RIN 1505-AC64**

**Provisions Pertaining to Certain Investments in the United States by Foreign Persons**

*Correction*

In proposed rule document 2019-20099 beginning on page 50174 in the issue of Tuesday, September 24, 2019, make the following correction:

On page 50174, in the first column, in the 23rd line, "October 24, 2019" should read "October 17, 2019".

[FR Doc. C1-2019-20099 Filed 10-1-19; 8:45 am]

**BILLING CODE 1301-00-D**

**DEPARTMENT OF HOMELAND SECURITY**

**Coast Guard**

**33 CFR Part 100**

[Docket Number USCG-2018-0749]

**RIN 1625-AA08**

**Special Local Regulations; Recurring Marine Events, Sector Miami**

**AGENCY:** Coast Guard, DHS.

**ACTION:** Notice of proposed rulemaking.

**SUMMARY:** The Coast Guard proposes to revise existing regulations and consolidate into one table special local regulations for recurring marine events at various locations within the geographic boundaries of the Seventh Coast Guard District Captain of the Port (COTP) Miami Zone. Consolidating marine events into one table simplifies Coast Guard oversight and public notification of special local regulations within COTP Miami Zone. The Coast Guard invites your comments on this proposed rulemaking.