

subject to public comment, in the **Federal Register**.

HUD created the Section 3 worker and Targeted Section 3 worker concepts so that HUD could track and set benchmarks to target selected categories of workers and to recognize the statutory requirements pertaining to contracting opportunities for business concerns employing low- and very-low income persons.

In the final Section 3 rule, HUD defines a Section 3 worker for both public housing financial assistance and Section 3 projects as a worker that meets one of the following requirements:

- The worker's income is below the income limit established by HUD.
- The worker is employed by a Section 3 business concern.
- The worker is a YouthBuild participant.

HUD defines a Targeted Section 3 worker differently for public housing financial assistance and Section 3 projects. For § 75.11, public housing financial assistance, a Targeted Section 3 worker includes any worker who is employed by a Section 3 business concern or is a:

- Resident of public housing or Section 8-assisted housing;
- Resident of another project managed by the PHA that is expending assistance; or
- YouthBuild participant.

For § 75.21, Section 3 projects, a Targeted Section 3 worker includes any worker who is employed by a Section 3 business concern or is a Section 3 worker who is:

- Living within the service area or neighborhood of the project; or
- A YouthBuild participant.

HUD defines a Section 3 business concern as a business concern that meets one of the following requirements:

- It is at least 51 percent owned by low- or very low-income persons;
- Over 75 percent of the labor hours performed for the business are performed by low- or very low-income persons; or
- It is a business at least 51 percent owned by current public housing residents or residents who currently live in Section 8-assisted housing.

For more information about the final rule, HUD refers readers to the final rule published elsewhere in this issue of the **Federal Register**.

III. Section 3 Benchmarks

This document finalizes the benchmarks with regards to labor hours for both public housing financial assistance and Section 3 projects without changes from what was

included in the proposed benchmark notification. In the final rule, HUD is not adopting the new hires formula as proposed as an alternative in the proposed rule, so the new hires formula is accordingly not reflected in this document. HUD is finalizing the same benchmarks for all public housing financial assistance and Section 3 projects. The methodology in determining the Section 3 benchmarks, as discussed above in the Background section, did not change from what was described in the proposed benchmark notification because the definitions of Section 3 Workers, Targeted Section 3 Workers, and Section 3 Business concerns provided in the proposed rule and adopted in the Section 3 final rule were not substantially different. Once HUD has more data, it may determine whether different benchmarks are appropriate. Please see the above summary in the Background section of this document and the proposed benchmark notification for more information.

The following benchmarks apply to recipients subject to Section 3 upon the effective date in the Section 3 final rule:

Public Housing Financial Assistance

For meeting the safe harbor in § 75.13, PHAs and other recipients that certify to following the prioritization of effort in § 75.9 and meet or exceed the following Section 3 benchmarks will be considered to have complied with requirements in proposed 24 CFR part 75, subpart B, in the absence of evidence to the contrary:

- (1) Twenty-five (25) percent or more of the total number of labor hours worked by all workers employed with public housing financial assistance in the PHA's or other recipient's fiscal year are Section 3 workers;

$$\frac{\text{Section 3 Labor Hours}}{\text{Total Labor Hours}} = 25\%$$

- and
- (2) Five (5) percent or more of the total number of labor hours worked by all workers employed with public housing financial assistance in the PHA's or other recipient's fiscal year are Targeted Section 3 workers, as defined at § 75.11.

$$\frac{\text{Targeted Section 3 Labor Hours}}{\text{Total Labor Hours}} = 5\%$$

Section 3 Project

For meeting the safe harbor in § 75.23, recipients that certify to following the prioritization in § 75.19 and meet or exceed the following Section 3

benchmarks will be considered to have complied with requirements in proposed 24 CFR part 75, subpart C, in the absence of evidence to the contrary:

- (1) Twenty-five (25) percent or more of the total number of labor hours worked by all workers on a Section 3 project are Section 3 workers;

$$\frac{\text{Targeted Section 3 Labor Hours}}{\text{Total Labor Hours}} = 25\%$$

- and
- (2) Five (5) percent or more of the total number of labor hours worked by all workers on a Section 3 project are Targeted Section 3 workers, as defined at § 75.21.

$$\frac{\text{Targeted Section 3 Labor Hours}}{\text{Total Labor Hours}} = 5\%$$

IV. Environmental Impact

This document involves the establishment of new Section 3 benchmarks for creating economic opportunities for low- and very low-income persons and eligible businesses, and does not direct, provide for assistance or loan and mortgage insurance for, or otherwise govern or regulate, real property acquisition, disposition, leasing, rehabilitation, alteration, demolition, or new construction; or establish, revise, or provide for standards for construction or construction materials, manufactured housing, or occupancy. Accordingly, under 24 CFR 50.19(c)(1), this document is categorically excluded from environmental review under the National Environmental Policy Act of 1969 (42 U.S.C. 4321).

Benjamin S. Carson, Sr.,
Secretary.

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DEPARTMENT OF THE TREASURY

Internal Revenue Service

26 CFR Part 1

[TD 9901]

RIN 1545-BO55

Deduction for Foreign-Derived Intangible Income and Global Intangible Low-Taxed Income; Correcting Amendment

AGENCY: Internal Revenue Service (IRS), Treasury.

ACTION: Correcting amendments.

SUMMARY: This document contains corrections to Treasury Decision 9901, which was published in the **Federal Register** on Wednesday, July 15, 2020. The Treasury Decision provided guidance regarding the deduction for foreign derived intangible income (FDII) and global intangible low-taxed income (GILTI).

DATES: These corrections are effective on September 29, 2020.

Applicability Date: For date of applicability, see § 1.250–1(b).

FOR FURTHER INFORMATION CONTACT: Brad McCormack at (202) 317–6911 and Lorraine Rodriguez at (202) 317–6726; (not a toll-free number).

SUPPLEMENTARY INFORMATION:

Background

The final regulations (TD 9901) that are the subject of this correction are issued under section 250 of the Internal Revenue Code.

Need for Correction

As published July 15, 2020 (85 FR 43042), the final regulations (TD 9901) contain errors that need to be corrected.

List of Subjects in 26 CFR Part 1

Income taxes, Reporting and recordkeeping requirements.

Correction of Publication

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 continues to read in part as follows:

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

■ **Par. 2.** Section 1.250–0 is amended by revising the entry for § 1.250(b)–6 (d)(3)(ii) to read as follows:

§ 1.250–0 Table of contents.

* * * * *

§ 1.250(b)–6 Related party transactions.

* * * * *

- (d) * * *
- (3) * * *

(ii) Rules for allocating the benefits provided by and price paid to the renderer of a related party service.

* * * * *

■ **Par. 3.** Section 1.250(b)–2 is amended by revising the second sentence of paragraph (d)(4)(ii)(C) to read as follows:

§ 1.250(b)–2 Qualified business asset investment (QBAI).

* * * * *

- (d) * * *

- (4) * * *
- (ii) * * *

(C) * * * Therefore, under paragraph (d)(3) of this section, DC’s dual use ratio with respect to the machine for the taxable year is 80 percent, which is DC’s depreciation with respect to the machine that is capitalized to inventory of Product A, the gross income or loss from the sale of which is taken into account in determining DC’s DEI for the taxable year (\$320x), divided by DC’s depreciation with respect to the machine that is capitalized to inventory, the gross income or loss from the sale of which is taken into account in determining DC’s income for Year 1 (\$400x). * * *

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■ **Par. 4.** Section 1.250(b)–4 is amended by revising the paragraph heading for paragraph(d)(2)(iv)(B)(13) to read as follows:

§ 1.250(b)–4 Foreign-derived deduction eligible income (FDDEI) sales.

* * * * *

- (d) * * *
- (2) * * *
- (iv) * * *
- (B) * * *

(13) *Example 13: License of intangible property used in research and development of other intangible property*—* * *

* * * * *

■ **Par. 5.** Section 1.250(b)–5 is amended by revising the second sentence of paragraph (e)(2)(iii) to read as follows:

§ 1.250(b)–5 Foreign-derived deduction eligible income (FDDEI) services.

* * * * *

- (e) * * *
- (2) * * *
- (iii) * * * If it cannot be determined

whether the location is within or outside the United States (such as where the location of access cannot be reliably determined using the location of the IP address of the device used to receive the service), and the gross receipts from all services with respect to the business recipient are in the aggregate less than \$50,000 for the renderer’s taxable year, the operations of the business recipient that benefit from the service provided by the renderer are deemed to be located at the recipient’s billing address; otherwise, the operations of the business recipient that benefit are deemed to be located in the United States. * * *

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■ **Par. 6.** Section 1.250(b)–6 is amended by:

■ 1. Revising the second sentence of paragraph (d)(4)(ii)(B)(2)(i).

■ 2. Revising the third sentence of paragraph (d)(4)(ii)(C)(2)(i).

The revisions read as follows:

§ 1.250(b)–6 Related party transactions.

* * * * *

- (d) * * *
- (4) * * *
- (ii) * * *
- (B) * * *
- (2) * * *
- (i) * * *

However, because 90 percent of R’s operations that will benefit from FC’s service are located outside the United States under paragraph (d)(3)(i) of this section, only 10 percent of the benefits of FC’s service are conferred on persons located within the United States. * * *

* * * * *

- (C) * * *
- (2) * * *

Accordingly, because 10 percent of R’s operations that will benefit from FC’s services are located within the United States, persons located within the United States are treated as paying \$10x (\$100x × 0.10) for FC’s services for purposes of applying the test in paragraph (d)(2)(ii) of this section.

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§ 1.1502–12 [Corrected]

■ **Par. 7.** On page 43112, in the third column, amendatory instruction 18 under § 1.1502–12, is corrected to read as “Redesignating newly designated paragraphs (c)(7)(ii)(Q)(a) through (c) as paragraphs (c)(7)(ii)(Q)(1) through (3)”.

Crystal Pemberton,

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

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DEPARTMENT OF DEFENSE

Office of the Secretary

32 CFR Part 272

[Docket ID: DOD–2019–OS–0007]

RIN 0790–AK51

Administration and Support of Basic Research by the Department of Defense

AGENCY: Under Secretary of Defense (Research and Engineering), Department of Defense (DoD).

ACTION: Final rule.

SUMMARY: This final rule removes DoD’s regulation concerning the