

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

■ **Par. 2.** Section 1.1297-0 is amended by revising the entry for § 1.1297-2(g)(12) to read as follows:

§ 1.1297-0 Table of contents.

\* \* \* \* \*

§ 1.1297-2 Special rules regarding look-through subsidiaries and look-through partnerships.

\* \* \* \* \*

(g) \* \* \*  
(12) TFC obligation.

\* \* \* \* \*

■ **Par. 3.** Section 1.1297-1 is amended by:

■ a. Removing “§ 1.1297-2(b)(2)(i)” in the first sentence of paragraph (d)(1)(v)(C)(1) and adding in its place “§ 1.1297-2(b)(2)(i)”.

■ b. Revising paragraph (f)(8).  
The revision reads as follows:

§ 1.1297-1 Definition of passive foreign investment company.

\* \* \* \* \*

(f) \* \* \*  
(8) *Related person.* For purposes of applying the rules of this section and § 1.1297-2 with respect to section 1297(b)(2)(C), the term means a *related person* within the meaning of section 954(d)(3).

\* \* \* \* \*

■ **Par. 4.** Section 1.1297-2 is amended by:

■ a. Removing “of this section))” in the first sentence of paragraph (b)(3)(i) and adding in its place “of this section”.

■ b. Revising the first sentence of paragraph (c)(4)(iii)(B).

■ c. Removing “PFIC.” at the end of paragraph (e)(3)(i)(B)(1) and adding in its place “PFIC.”

■ d. Revising the first sentence of paragraph (g)(4)(iv)(A)(2)(iii).

The revisions read as follows:

§ 1.1297-2 Special rules regarding look-through subsidiaries and look-through partnerships.

\* \* \* \* \*

(c) \* \* \*  
(4) \* \* \*  
(iii) \* \* \*

(B) \* \* \* The results are the same as in paragraph (c)(4)(ii)(B) of this section (the results in *Example 2*), except that TFC’s assets also do not include the stock of LTS2.

\* \* \* \* \*

(g) \* \* \*  
(4) \* \* \*  
(iv) \* \* \*  
(A) \* \* \*  
(2) \* \* \*

(iii) \* \* \* For purposes of paragraph (b)(3) of this section, FPS qualifies as a

look-through partnership because TFC satisfies the active partner tests of both paragraphs (g)(4)(ii)(A) and (B) of this section. \* \* \*

\* \* \* \* \*

■ **Par. 5.** Section 1.1297-4 is amended by:

■ a. Revising paragraph (d)(6).

■ b. Removing “written by a” in paragraph (f)(5) and adding in its place “written by, a”.

The revision reads as follows:

§ 1.1297-4 Qualifying insurance corporation.

\* \* \* \* \*

(d) \* \* \*

(6) *Stock ownership.* For purposes of this section, ownership of stock in a foreign corporation means either direct ownership of such stock or indirect ownership determined using the rules specified in § 1.1291-1(b)(8) (but without regard to the 50 percent ownership requirement of § 1.1291-1(b)(8)(ii)(A)).

\* \* \* \* \*

■ **Par. 6.** Section 1.1298-2 is amended by revising the second sentence of paragraph (c)(3), the second sentence of paragraph (f)(1)(i)(B), and the first sentence of paragraph (f)(2)(ii) to read as follows:

§ 1.1298-2 Rules for certain corporations changing businesses.

\* \* \* \* \*

(c) \* \* \*

(3) \* \* \* However, if activities performed by the officers and employees of a look-through subsidiary of a corporation or of a look-through partnership (including a look-through subsidiary or a look-through partnership with respect to which paragraph (d) of this section applies) would be taken into account by the corporation pursuant to § 1.1297-2(e) if it applied, such activities are taken into account for purposes of the determination of the existence of an active trade or business and the determination of whether assets are used in an active trade or business.

\* \* \* \* \*

(f) \* \* \*

(1) \* \* \*

(i) \* \* \*

(B) \* \* \* The residual gain computed under § 1.1297-2(f)(2) on the sale of the FS stock is \$10x. \* \* \*

\* \* \* \* \*

(2) \* \* \*

(ii) \* \* \* The results are the same as in paragraph (f)(1)(ii) of this section (the results in *Example 1*), except that under paragraph (c)(1) of this section, the passive income considered attributable to proceeds from a disposition of one or

more active trades or businesses is \$4x (from investment of disposition proceeds). \* \* \*

\* \* \* \* \*

§ 1.1298-4 [Amended]

■ **Par. 7.** Section 1.1298-4(f) is amended by removing “January” and adding in its place “January”.

Crystal Pemberton,

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

[FR Doc. 2021-04789 Filed 3-9-21; 8:45 am]

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DEPARTMENT OF THE TREASURY

Internal Revenue Service

26 CFR Part 1

[TD 9936]

RIN 1545-BO59

Guidance on Passive Foreign Investment Companies; Correction

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

**ACTION:** Final regulations; correction.

**SUMMARY:** This document contains corrections to the final regulations (Treasury Decision 9936), that were published in the **Federal Register** on Friday, January 15, 2021. The final regulations regarding the determination of whether a foreign corporation is treated as a passive foreign investment company (“PFIC”) for purposes of the Internal Revenue Code (“Code”), and the application and scope of certain rules that determine whether a United States person that indirectly holds stock in a PFIC is treated as a shareholder of the PFIC.

**DATES:** These corrections are effective on March 10, 2021 and applicable on or after January 15, 2021.

**FOR FURTHER INFORMATION CONTACT:** Concerning the regulations §§ 1.1291-0 and 1.1291-1, 1.1297-0 through 1.1297-2, 1.1298-0, 1.1298-2, and 1.1298-4, Christina G. Daniels at (202) 317-6934; concerning the regulations §§ 1.1297-4 and 1.1297-6, Josephine Firehock at (202) 317-4932 (not toll-free numbers).

**SUPPLEMENTARY INFORMATION:**

**Background**

The final regulations (TD 9936) that are the subject of this correction are issued under sections 1297 and 1298 of the Internal Revenue Code.

**Need for Correction**

As published the final regulations (TD 9936) that contain errors that need to be corrected.

**Correction of Publication**

Accordingly, the final regulations (TD 9936) that are the subject of FR Doc. 2020–27009, which published on January 15, 2021 (86 FR 4516), are corrected as follows:

1. On page 4532, the third column, the ninth line from the bottom of the last partial paragraph, the language “claims” is corrected to read “claims,”.

2. On page 4534, the third column, the tenth line from the bottom of the first partial paragraph, the language “1000” is corrected to read “1,000”.

3. On page 4541, the third column, the last line of the third paragraph by removing the language “Id.”.

4. On page 4553, the second column, the last line of the first full paragraph, the language “[X]” is corrected to read “1545–1002”.

**Crystal Pemberton,**

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

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**DEPARTMENT OF HOMELAND SECURITY****Coast Guard****33 CFR Part 165**

[Docket Number USCG–2021–0133]

RIN 1625–AA87

**Security Zone; San Diego Bay, San Diego, CA**

**AGENCY:** Coast Guard, DHS.

**ACTION:** Temporary final rule.

**SUMMARY:** The Coast Guard is establishing a temporary security zone for all navigable waters within a 200-yard radius of the U.S. Coast Guard Cutter (USCGC) BERTHOLF while berthed at 10th Avenue Marine Terminal in San Diego, CA. The security zone is needed to protect the military vessel, personnel in and around the military vessel, navigable waterways, and waterfront facilities. Entry of vessels or persons into this zone is prohibited unless specifically authorized by the Captain of the Port San Diego.

**DATES:** This rule is effective from 8:30 a.m. until 10:30 a.m. on March 10, 2021.

**ADDRESSES:** To view documents mentioned in this preamble as being

available in the docket, go to <https://www.regulations.gov>, type USCG–2021–0133 in the “SEARCH” box and click “SEARCH.” Click on Open Docket Folder on the line associated with this rule.

**FOR FURTHER INFORMATION CONTACT:** If you have questions on this rule, call or email Lieutenant John Santorum, Waterways Management, U.S. Coast Guard Sector San Diego, CA; telephone 619–278–7656, email [MarineEventsSD@uscg.mil](mailto:MarineEventsSD@uscg.mil).

**SUPPLEMENTARY INFORMATION:****I. Table of Abbreviations**

CFR Code of Federal Regulations  
DHS Department of Homeland Security  
FR Federal Register  
NPRM Notice of proposed rulemaking  
§ Section  
U.S.C. United States Code

**II. Background Information and Regulatory History**

The Coast Guard is issuing this temporary rule without prior notice and opportunity to comment pursuant to authority under section 4(a) of the Administrative Procedure Act (APA) (5 U.S.C. 553(b)). This provision authorizes an agency to issue a rule without prior notice and opportunity to comment when the agency for good cause finds that those procedures are “impracticable, unnecessary, or contrary to the public interest.” Under 5 U.S.C. 553(b)(B), the Coast Guard finds that good cause exists for not publishing a notice of proposed rulemaking (NPRM) with respect to this rule because it would be impracticable based on the unpredictable nature of vessel operations and the fact that details of the port call were not finalized until March 3, 2021. This security zone is required to protect the military vessel, personnel in and around the military vessel, navigable waterways, and waterfront facilities while the vessel is docked at the 10th Avenue Marine Terminal. It is impracticable to publish an NPRM because we must establish this security zone by March 10, 2021.

Under 5 U.S.C. 553(d)(3), the Coast Guard finds that good cause exists for making this rule effective less than 30 days after publication in the **Federal Register**. Delaying the effective date of this rule would be impracticable because the security zone is needed on March 10, 2021 to provide for the security of the military vessel, personnel in and around the military vessel, navigable waterways, and waterfront facilities while the vessel is docked at the 10th Avenue Marine Terminal.

**III. Legal Authority and Need for Rule**

The Coast Guard is issuing this rule under authority in 46 U.S.C. 70034. The Captain of the Port Sector San Diego (COTP) has determined that the presence of the military vessel at this location presents a potential target for terrorist attack, sabotage, or other subversive acts, accidents, or other causes of similar nature. This rule is needed to protect the military vessel, personnel in and around the military vessel, navigable waterways, and waterfront facilities while the vessel is docked at the 10th Avenue Marine Terminal.

**IV. Discussion of the Rule**

This rule establishes a security zone from 8:30 a.m. until 10:30 a.m. on March 10, 2021. The security zone will cover all navigable waters within a 200-yard radius around the USCGC BERTHOLF while berthed at 10th Avenue Marine Terminal in San Diego, CA. The duration of the zone is intended to protect the military vessel, personnel in and around the military vessel, navigable waterways, and waterfront facilities while the vessel is docked at the 10th Avenue Marine Terminal. No vessel or person will be permitted to enter the security zone without obtaining permission from the COTP or a designated representative.

**V. Regulatory Analyses**

We developed this rule after considering numerous statutes and Executive orders related to rulemaking. Below we summarize our analyses based on a number of these statutes and Executive orders, and we discuss First Amendment rights of protestors.

**A. Regulatory Planning and Review**

Executive Orders 12866 and 13563 direct agencies to assess the costs and benefits of available regulatory alternatives and, if regulation is necessary, to select regulatory approaches that maximize net benefits. This rule has not been designated a “significant regulatory action,” under Executive Order 12866. Accordingly, this rule has not been reviewed by the Office of Management and Budget (OMB).

This regulatory action determination is based on the size, location, and limited duration of the security zone. This zone impacts a small designated area of the San Diego Bay for a very limited period. Furthermore, vessel traffic can safely transit around the security zone.