burdensome, and to modify, streamline, expand, or repeal them in accordance with what has been learned.'' Executive Order 13563 also directs that, where relevant, feasible, and consistent with regulatory objectives, and to the extent permitted by law, agencies are to identify and consider regulatory approaches that reduce burdens and maintain flexibility and freedom of choice for the public. Executive Order 14094 (Modernizing Regulatory Review) amends section 3(f) of Executive Order 12866, among other things. This rule has been determined not to be a ''significant regulatory action'' as defined in section 3(f) of the Executive order and therefore was not reviewed by OMB.

Unfunded Mandates Reform Act

Title II of the Unfunded Mandates Reform Act of 1995 (2 U.S.C. 1531–1538) establishes requirements for Federal agencies to assess the effects of their regulatory actions on state, local, and tribal governments, and the private sector. This rule will not impose any Federal mandates on any state, local, or tribal government or the private sector within the meaning of the Unfunded Mandates Reform Act of 1995.

Environmental Review

A Finding of No Significant Impact with respect to the environment was made prior to publication of the March 20, 2024, final rule, in accordance with HUD regulations at 24 CFR part 50, which implement section 102(2)(C) of the National Environmental Policy Act of 1969 (42 U.S.C. 4332(2)(C)). The Finding of No Significant Impact remains applicable and is available for public inspection between the hours of 8 a.m. and 5 p.m. weekdays in the Regulations Division, Office of General Counsel, Room 10276, Department of Housing and Urban Development, 451 Seventh Street SW, Washington, DC 20410–0500. The Finding of No Significant Impact will also be available for review in the docket for this rule on *Regulations.gov*.

Executive Order 13132, Federalism

Executive Order 13132 (entitled ''Federalism'') prohibits, to the extent practicable and permitted by law, an agency from promulgating a regulation that has federalism implications and either imposes substantial direct compliance costs on state and local governments and is not required by statute, or preempts state law, unless the relevant requirements of section 6 of the Executive order are met. This rule does not have federalism implications and does not impose substantial direct compliance costs on state and local governments or preempt state law within the meaning of the Executive order.

Damon Smith,

General Counsel.

[FR Doc. 2024–13124 Filed 6–13–24; 8:45 am]

BILLING CODE 4210–67–P

DEPARTMENT OF THE TREASURY

Internal Revenue Service

26 CFR Part 1

[TD 9945]

RIN 1545–BO81

Guidance Under Section 1061; Correction

AGENCY: Internal Revenue Service (IRS), Treasury.

ACTION: Final rule; correction and correcting amendments.

SUMMARY: This document contains corrections to Treasury Decision 9945 published in the **Federal Register** on Tuesday, January 19, 2021. Treasury Decision 9945 issued final regulations that recharacterize certain net long-term capital gains of a partner that holds one or more applicable partnership interests as short-term capital gains.

DATES: These corrections are effective on June 14, 2024 and for dates of applicability, see §§ 1.702–1(g), 1.704–3(f), 1.1061–1(b), 1.1061–2(c), 1.1061–3(f), 1.1061–4(d), 1.1061–5(g), 1.1061–6(e), and 1.1223–3(g).

FOR FURTHER INFORMATION CONTACT: Concerning the regulations, Alta Li of the Office of Associate Chief Counsel (Passthroughs and Special Industries) at (202) 317–5279 (not a toll-free number).

SUPPLEMENTARY INFORMATION:

Background

The final regulations (TD 9945) subject to these corrections are issued under section 1061 of the Internal Revenue Code.

Corrections to Publication

Accordingly, the final regulations (TD 9945) that are the subject of FR Doc. 2021–00427, published on Tuesday, January 19, 2021, are corrected as follows:

1. On page 5455, in the first column, in the seventh line of the column the language ''make'' is corrected to read ''made''.

2. On page 5455, in the first column, in the fifteenth line of the column the language ''are'' is corrected to read ''at''.

3. On page 5456, in the first column, the fourteenth line of the column is corrected to read ''terms, priority, type and level of risk''.

4. On page 5457, in the first column, in the last line of the column the language ''allocation'' is corrected to read ''allocations''.

5. On page 5459, in the first column, the thirteenth line from the bottom of the column is corrected to read ''other partner, other than''.

6. On page 5459, in the first column, the fifth line from the bottom of the column is corrected to read ''advances made by another partner in the''.

7. On page 5459, in the first column, the fourth line from the bottom of the column is corrected to read ''partnership (or any Related Person with respect to such''.

8. On page 5459, in the first column, the third line from the bottom of the column is corrected to read ''other partner, other than the partnership) to a''.

9. On page 5459, in the second column, the ninth line of the column is corrected to read ''loan or advance made by another partner (or''.

10. On page 5459, in the second column, the tenth line of the column is corrected to read ''any Related Person with respect to such other partner, other than the''.

11. On page 5463, in the third column, the second line of the second full paragraph is corrected to read ''that once a partnership interest qualifies as''.

12. On page 5465, in the first column, the twelfth line of the first full paragraph is corrected to read ''Assets; and (vi) options or derivative''.

13. On page 5465, in the third column, in the twelfth line of the second full paragraph the language ''APIs'' is corrected to read ''API''.

14. On page 5467, in the first column, in the ninth line from the bottom of the column, the language ''API Distributed'' is corrected to read ''Distributed API''.

List of Subjects in 26 CFR Part 1

Income taxes, Reporting and recordkeeping requirements.

Correction to the Regulations

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 1.1061–1(a) is amended by revising the definition for ''Passthrough Entity'' to read as follows:

§ 1.1061–1 Section 1061 definitions.

* * * * *

Passthrough Entity means a partnership, trust, estate, S corporation described in § 1.1061–3(b)(2)(i), or a passive foreign investment company described in § 1.1061–3(b)(2)(ii).

* * * * *

■ **Par. 3.** Section 1.1061–3 is amended by:

■ 1. Revising the first sentence of paragraph (c)(3)(v)(A).

■ 2. Revising paragraph (c)(3)(v)(B) introductory text.

■ 3. Revising the heading of paragraph (c)(6)(i)(C).

■ 4. Removing the language ''PRS's'' in the fifth sentence of paragraph (c)(6)(i)(C) and adding the language ''PRS'' in its place.

■ 5. Revising paragraph (d)(3).

The revisions read as follows:

§ 1.1061–3 Exceptions to the definition of an API.

* * * * *

(c) * * *

(3) * * *

(v) * * *

(A) * * * For purposes of the Section 1061 Regulations, an allocation is not a Capital Interest Allocation to the extent the allocation is attributable to the contribution of an amount of capital to a partnership that, directly or indirectly, results from, or is attributable to, any loan or other advance made or guaranteed, directly or indirectly, by the partnership or another partner in the partnership (or any Related Person with respect to such persons), except to the extent a loan or advance is described in paragraph (c)(3)(v)(B) of this section.* * *

(B) * * * Paragraph (c)(3)(v)(A) of this section does not apply with respect to an allocation attributable to a contribution made by an individual service provider that, directly or indirectly, results from, or is attributable to, a loan or advance from another partner in the partnership (or any Related Person with respect to such other partner, other than the partnership) to such individual service provider if the individual service provider is personally liable for the repayment of such loan or advance. A contribution made by an individual service provider includes a contribution made by an entity that is wholly owned by, and disregarded as separate from, the individual service provider as described in § 1.1061–2(a)(1)(v), including a contribution attributable to a loan or advance made to the disregarded entity by another partner in the partnership (or any Related Person with respect to such other partner, other than the partnership) if the individual service provider is personally liable for the repayment of any and all borrowed amounts that are not repaid by the disregarded entity. For purposes of this paragraph (c)(3)(v)(B), an individual service provider is personally liable for the repayment of a loan or advance made by another partner (or any Related Person with respect to such other partner, other than the partnership) if—

* * * * *

(6) * * *

(i) * * *

(C) *GP's Capital Interest Allocation Analysis.** * *

* * * * *

(d) * * *

(3) *Acquirer not a service provider.* At the time of the purchase, the acquirer has not provided, does not provide, and does not anticipate providing services to, or for the benefit of, the target partnership, directly or indirectly, or any lower-tier partnership in which the target partnership directly or indirectly holds an interest.

* * * * *

■ **Par. 4.** Section 1.1061–4 is amended by:

■ 1. Removing the language ''Share amount'' in the first sentence of paragraph (b)(5)(ii) and adding the language ''Share Amount'' in its place.

■ 2. Revising paragraph (b)(9)(i)(B).

■ 3. Removing the language ''applying'' in paragraph (b)(9)(ii) introductory text and adding the language ''computing'' in its place.

■ 4. Removing the language ''Three Year API'' in paragraph (c)(1)(i)(C)(*2*) and adding the language ''API Three Year'' in its place.

■ 5. Removing the language ''Gain amount'' in the first sentence of paragraph (c)(1)(i)(D) and adding the language ''Gain Amount'' in its place.

■ 6. Revising the third sentence of paragraph (c)(1)(ii)(B).

■ 7. Revising paragraph (c)(1)(iii)(B).

■ 8. Removing the language ''Gain of $300'' in the first sentence of paragraph (c)(1)(iii)(C) and adding the language ''of $300'' in its place.

■ 9. Removing the language ''year causing'' in the third sentence of paragraph (c)(2)(ii) and adding the language ''year, causing'' in its place.

■ 10. Removing the language ''the $1000'' in the fifth sentence of paragraph (c)(2)(iii) and adding the language ''the $1,000'' in its place.

The revisions read as follows:

§ 1.1061–4 Section 1061 Computations.

* * * * *

(b) * * *

(9) * * *

(i) * * *

(B) *Determination that the Lookthrough Rule applies to the disposition of a Passthrough Interest.* Paragraph (b)(9)(i)(A) of this section similarly applies with respect to a Passthrough Interest issued by an S corporation or a PFIC to the extent that the Passthrough Interest is treated as an API.

* * * * *

(c) * * *

(1) * * *

(ii) * * *

(B) * * * Under paragraph (a)(4)(ii) of this section, A's API Three Year Disposition Amount is $100, which is the amount of long-term capital gain that A recognized upon disposition of the API held for more than three years.* * *

* * * * *

(iii) * * *

(B) *Determination of A's One Year Gain Amount.* Under paragraph (a)(2) of this section, A's One Year Gain Amount is $900, which is an amount equal to A's $100 API One Year Distributive Share Amount from PRS1 and A's $600 API One Year Distributive Share Amount from PRS2 (a combined net API One Year Distributive Share Amount of $700) plus A's $200 API One Year Disposition Amount.

* * * * *

■ **Par. 5.** Section 1.1061–5 is amended by:

■ 1. Removing the language ''of this section'' in the fourth sentence of paragraph (f)(1) and adding the language ''of this section;'' in its place.

■ 2. Revising paragraphs (f)(2)(i) and (ii) and (f)(3).

The revisions read as follows:

§ 1.1061–5 Section 1061(d) transfers to related persons.

* * * * *

(f) * * *

(2) * * *

(i) *Facts.* A, B, and C are equal partners in GP, a partnership. GP holds only one asset, an API in PRS1 which is an Indirect API as to each of A, B, and C. Each of A, B, and C provides services in the ATB in connection with which GP was transferred its API in PRS1. A and B contribute their interests in GP to PRS2 in a section 721(a) exchange for interests in PRS2.

(ii) *Application of section 1061(d).* Because the contribution by each of A and B of its interest in GP to PRS2 is an exchange in which no gain is recognized

by either A or B, the contribution is not a transfer as described in paragraph (b) of this section; thus section 1061(d) does not apply to A's and B's contribution. However, the API remains an API in the hands of PRS2 under § 1.1061–2(a)(1)(i).

(3) *Example 3: Transfer of an API to a Section 1061(d) Related Person.* A has held an API in GP, a partnership, for four years. A transfers the API to a Section 1061(d) Related Person described in paragraph (e) of this section in exchange for $100 of cash, resulting in A recognizing long-term capital gain of $100. Because this is a transfer described in paragraph (b) of this section, section 1061(d) applies to the transfer of A's API and A must determine its Section 1061(d) Recharacterization Amount under paragraph (c) of this section. If, immediately prior to A's transfer of the API, the partnership had sold all of its assets in a fully taxable transaction for cash equal to the fair market value of the assets, A's share of the net long-term capital gain (excluding amounts not taken into account for purposes of section 1061 under § 1.1061–4(b)(7)) from assets held for three years or less would have been $120. Thus, A's Section 1061(d) Recharacterization Amount is $120. As a result, A's $100 long-term capital gain is recharacterized as short-term capital gain under paragraph (a) of this section. The API remains an API in the hands of the Section 1061(d) Related Person under § 1.1061–2(a)(1)(i).

* * * * *

§ 1.1061–6 [Amended]

■ **Par. 6.** Section 1.1061–6 is amended by removing the language ''capital gain excluding'' in the first sentence of paragraph (c)(1)(i) and adding the language ''capital gain, excluding'' in its place.

§ 1.1223–3 [Amended]

■ **Par. 7.** Section 1.1223–3 is amended by removing the language ''June 30, 2020'' in the third sentence of paragraph (f)(10) and adding the language ''June 1, 2020'' in its place.

Oluwafunmilayo A. Taylor,

Section Chief, Publications and Regulations Section, Associate Chief Counsel, (Procedure and Administration).

[FR Doc. 2024–12374 Filed 6–13–24; 8:45 am]

BILLING CODE 4830–01–P

PENSION BENEFIT GUARANTY CORPORATION

29 CFR Part 4044

Allocation of Assets in Single-Employer Plans; Interest Assumptions for Valuing Benefits

AGENCY: Pension Benefit Guaranty Corporation.

ACTION: Final rule.

SUMMARY: This final rule amends the Pension Benefit Guaranty Corporation's regulation on Allocation of Assets in Single-Employer Plans to prescribe interest assumptions under the asset allocation regulation for plans with valuation dates of July 1–July 30, 2024. These interest assumptions are used for valuing benefits under terminating single-employer plans and for other purposes.

DATES: Effective July 1, 2024.

FOR FURTHER INFORMATION CONTACT: Monica O'Donnell (*odonnell.monica@pbgc.gov*), Attorney, Office of the General Counsel, Pension Benefit Guaranty Corporation, 445 12th Street SW, Washington, DC 20024–2101, 202–229–8706. If you are deaf or hard of hearing or have a speech disability, please dial 7–1–1 to access telecommunications relay services.

SUPPLEMENTARY INFORMATION: PBGC's regulation on Allocation of Assets in Single-Employer Plans (29 CFR part 4044) prescribes actuarial assumptions—including interest assumptions—for valuing benefits under terminating single-employer plans covered by title IV of the Employee Retirement Income Security Act of 1974 (ERISA). The interest assumptions in the regulation are also posted on PBGC's website (*www.pbgc.gov*).

PBGC uses the interest assumptions in appendix B to part 4044 (''Interest Rates Used to Value Benefits'') to determine the present value of annuities in an involuntary or distress termination of a single-employer plan under the asset allocation regulation. The assumptions are also used to determine the value of multiemployer plan benefits and certain assets when a plan terminates by mass withdrawal in accordance with PBGC's regulation on Duties of Plan Sponsor Following Mass Withdrawal (29 CFR part 4281).

The July 1–July 30, 2024 interest assumptions will be 5.11 percent for the first 20 years following the valuation date and 4.83 percent thereafter. In comparison with the interest assumptions in effect for the second quarter of 2024, these interest assumptions represent no change in the select period (the period during which the select rate (the initial rate) applies), a decrease of 0.39 percent in the select rate, and no change in the ultimate rate (the final rate).

This final rule is the last rule that PBGC will publish for the interest assumption using the select and ultimate approach. On June 6, 2024, PBGC issued a final rule at 89 FR 48291 that changes the structure of the interest assumption for valuation dates on or after July 31, 2024, from the select and ultimate approach to a yield curve approach. As described in the June 6 final rule, under the yield curve approach, the interest assumption is based on a blend of two publicly available yield curves that is adjusted to the extent necessary so that the resulting liabilities align with group annuity prices. PBGC will determine and publish those adjustments (*i.e.,* ''spreads'') quarterly based on survey data on pricing of private-sector group annuities.

Need for Immediate Guidance

PBGC has determined that notice of, and public comment on, this rule are impracticable, unnecessary, and contrary to the public interest. PBGC routinely updates the interest assumptions in appendix B of the asset allocation regulation each quarter so that they are available to value benefits. Accordingly, PBGC finds that the public interest is best served by issuing this rule expeditiously, without an opportunity for notice and comment, and that good cause exists for making the assumptions set forth in this amendment effective less than 30 days after publication.

PBGC has determined that this action is not a ''significant regulatory action'' under the criteria set forth in Executive Order 12866.

Because no general notice of proposed rulemaking is required for this amendment, the Regulatory Flexibility Act of 1980 does not apply. See 5 U.S.C. 601(2).

List of Subjects in 29 CFR Part 4044

Employee benefit plans, Pension insurance, Pensions.

In consideration of the foregoing, 29 CFR part 4044 is amended as follows:

PART 4044—ALLOCATION OF ASSETS IN SINGLE-EMPLOYER PLANS

■ 1. The authority citation for part 4044 continues to read as follows:

Authority: 29 U.S.C. 1301(a), 1302(b)(3), 1341, 1344, 1362.