numbers; financial account numbers; or credit or debit card numbers. Dyson is also solely responsible for making sure the documentary submission does not include sensitive health information, such as medical records or other individually identifiable health information. In addition, the documentary submission should not include any ''[t]rade secret or any commercial or financial information which . . . is privileged or confidential''—as provided in section 6(f) of the FTC Act, 15 U.S.C. 46(f), and Commission Rule 4.10(a)(2), 16 CFR 4.10(a)(2)—including, in particular, competitively sensitive information such as costs, sales statistics, inventories, formulas, patterns, devices, manufacturing processes, or customer names.

Documentary submissions containing material for which confidential treatment is requested must be filed in paper form, must be clearly labeled ''Confidential,'' and must comply with Commission Rule 4.9(c), 16 CFR 4.9(c). In particular, the written request for confidential treatment that accompanies the documentary submission must include the factual and legal basis for the request and must identify the specific portions to be withheld from the public record. *See* Commission Rule 4.9(c). Documentary submissions will be kept confidential only if the General Counsel grants the request in accordance with the law and the public interest. Once a documentary submission has been posted publicly at *https://www.regulations.gov*—as legally required by Commission Rule 4.9(b), 16 CFR 4.9(b)—we cannot redact or remove it, unless the submitter submits a confidentiality request that meets the requirements for such treatment under Commission Rule 4.9(c), and the General Counsel grants that request.

The FTC Act and other laws that the Commission administers permit the collection of documentary submissions to consider and use in this proceeding as appropriate. The Commission will consider all timely and responsive documentary submissions it receives from Dyson. For information on the Commission's privacy policy, including routine uses permitted by the Privacy Act, see *https://www.ftc.gov/site information/privacypolicy*.

If Dyson needs assistance complying with these instructions, it should indicate as much in a written submission, and the Commission will endeavor to provide accommodations. If Dyson does not have the computer technology necessary to participate in video conferencing, it will be able to participate in the oral hearing by telephone; it should indicate as much in its submission.

IV. Communications by Outside Parties to the Commissioners or Their Advisors

Written communications and summaries or transcripts of oral communications respecting the merits of this proceeding, from any outside party to any Commissioner or Commissioner's advisor, will be placed on the public record. *See* 16 CFR 1.26(b)(5).

By direction of the Commission.

Joel Christie,

Acting Secretary.

[FR Doc. 2024–17105 Filed 8–19–24; 8:45 am]

BILLING CODE 6750–01–P

DEPARTMENT OF THE TREASURY

Internal Revenue Service

26 CFR Part 1

[REG–111629–23]

RIN 1545–BM80

Guidance Regarding Elections Relating to Foreign Currency Gains and Losses

AGENCY: Internal Revenue Service (IRS), Treasury.

ACTION: Notice of proposed rulemaking; partial withdrawal of proposed rulemaking.

SUMMARY: This document contains proposed regulations regarding the time for making and revoking certain elections relating to foreign currency gain or loss.

DATES: Written or electronic comments and requests for a public hearing must be received by October 18, 2024. As of August 20, 2024, proposed § 1.954–2(g)(3)(iii) and (g)(4)(iii) and proposed § 1.988–7(c) through (e), contained in the notice of proposed rulemaking published in the **Federal Register** of December 19, 2017 (82 FR 60135), are withdrawn.

ADDRESSES: Commenters are strongly encouraged to submit public comments electronically via the Federal eRulemaking Portal at *www.regulations.gov* (indicate IRS and REG–111629–23) 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 comments submitted to the IRS's public docket. Send hard copy submissions to: CC:PA:01:PR (REG–111629–23), Room 5203, Internal Revenue Service, P.O. Box 7604, Ben Franklin Station, Washington, DC 20044.

FOR FURTHER INFORMATION CONTACT: Concerning proposed § 1.954–2(g)(3)(ii) and (iii) and (g)(4)(iii), Edward Tracy at (202) 317–6934; concerning proposed § 1.988–7(c) and (d), Shane Ward at (202) 317–6938; concerning submissions of comments or requests for a public hearing, Vivian Hayes at (202) 317–6901 (not toll free numbers) or *publichearings@irs.gov*.

SUPPLEMENTARY INFORMATION:

Background

I. Elections Under § 1.954–2(g)

In general, section 954(c)(1)(D) of the Internal Revenue Code and § 1.954–2(g) provide that foreign personal holding company income (''FPHCI'') includes the excess of foreign currency gains over foreign currency losses attributable to any section 988 transactions. Under § 1.954–2(g)(3) and (4), two different elections are available to United States shareholders (''U.S. shareholders'') that are controlling United States shareholders (''controlling U.S. shareholders'') of a controlled foreign corporation (''CFC'') with respect to the CFC's computation of its FPHCI. First, under § 1.954–2(g)(3), controlling U.S. shareholders may elect to exclude foreign currency gain or loss otherwise includible in the CFC's FPHCI computation under § 1.954–2(g) and instead include such foreign currency gain or loss in the category (or categories) of subpart F income to which such gain or loss relates (the ''§ 1.954–2(g)(3) election''). Second, § 1.954–2(g)(4) provides that controlling U.S. shareholders may elect to treat as FPHCI all foreign currency gains or losses attributable to any section 988 transaction (except those described in § 1.954–2(g)(5)) and any section 1256 contract that would be a section 988 transaction but for section 988(c)(1)(D) (the ''§ 1.954–2(g)(4) election'' and, together with the § 1.954–2(g)(3) election, the ''§ 1.954–2(g) elections''). A § 1.954–2(g)(4) election supersedes a § 1.954–2(g)(3) election. Under § 1.954–2(g)(3)(ii) and (g)(4)(ii), controlling U.S. shareholders make either of the § 1.954–2(g) elections on behalf of the CFC by filing a statement with their original income tax return for the ''taxable year of [the U.S. shareholders] ending with or within the taxable year of the [CFC]'' for which the election is made, clearly indicating that the election has been made.

II. Revocations Under § 1.954–2(g)(3)(iii) and (g)(4)(iii) and Proposed § 1.954–2(g)(3)(iii) and (g)(4)(iii)

Under § 1.954–2(g)(3)(iii) and (g)(4)(iii), a CFC's controlling U.S. shareholders may revoke a § 1.954–2(g) election by or with the consent of the Commissioner. As part of the 2017 notice of proposed rulemaking in respect of § 1.988–7 (the ''2017 proposed regulations'') (described further in sections III and IV of this Background section of the preamble), revisions were proposed to the rules for revoking § 1.954–2(g) elections. 82 FR 60135, 60142–60143. Under the 2017 proposed regulations, a CFC's controlling U.S. shareholders would be permitted to revoke the CFC's § 1.954–2(g) election at any time. Proposed § 1.954–2(g)(3)(iii) and (g)(4)(iii). Further, the 2017 proposed regulations would provide that if the election is revoked, a new election cannot be made until the sixth taxable year following the year in which the previous election was revoked, and the subsequent election cannot be revoked until the sixth taxable year following the year in which the subsequent election was made. *Id.* Similar to the procedure for making § 1.954–2(g) elections, a CFC's controlling U.S. shareholders would revoke § 1.954–2(g) elections on behalf of the CFC under the 2017 proposed regulations by filing a statement that clearly indicates that the election has been revoked with their original or amended income tax returns for ''the taxable year of [the U.S. shareholders] ending with or within the taxable year of the [CFC] for which the election is revoked.'' *Id.* The 2017 proposed regulations permitted taxpayers to rely on proposed § 1.954–2(g)(3)(iii) and (g)(4)(iii) to revoke § 1.954–2(g) elections for taxable years ending on or after December 19, 2017, subject to a consistency requirement. 82 FR 60135, 60141.

III. Election Under Proposed § 1.988–7(c)

Under the 2017 proposed regulations, a taxpayer, including a CFC, would be permitted to elect to use a mark-to-market method of accounting for section 988 gain or loss with respect to certain section 988 transactions (the ''proposed § 1.988–7 election''). Proposed § 1.988–7(a). Under proposed § 1.988–7(c) of the 2017 proposed regulations, a taxpayer makes a proposed § 1.988–7 election by filing a statement that clearly indicates that the election has been made with its timely-filed original Federal income tax return for the taxable year for which the election is made. In the case of a CFC, the controlling U.S. shareholders make the proposed § 1.988–7 election on behalf of the CFC by filing a statement that clearly indicates that the election has been made with their timely-filed, original Federal income tax returns for the ''taxable year of [the U.S. shareholders] ending with or within the taxable year of the [CFC] for which the election is made.'' The preamble to the 2017 proposed regulations stated that taxpayers are permitted to rely on proposed § 1.988–7(c) to make a proposed § 1.988–7 election for taxable years ending on or after December 19, 2017, subject to a consistency requirement. 82 FR 60135, 60141.

IV. Revocation Under Proposed § 1.988–7(d)

Under the 2017 proposed regulations, a taxpayer, including a CFC, would be permitted to revoke its proposed § 1.988–7 election at any time. Proposed § 1.988–7(d). Further, the 2017 proposed regulations provided that if a proposed § 1.988–7 election has been revoked, a new proposed § 1.988–7 election cannot be made until the sixth taxable year following the year in which the previous election was revoked, and a subsequent election cannot be revoked until the sixth taxable year following the year in which the subsequent election was made. *Id.* Under the 2017 proposed regulations, a taxpayer would revoke a proposed § 1.988–7 election by filing a statement that clearly indicates that the election has been revoked with its original or amended Federal income tax return for the taxable year for which the election is revoked. *Id.* The preamble to the 2017 proposed regulations stated that taxpayers are permitted to rely on proposed § 1.988–7(d) to revoke a proposed § 1.988–7 election for taxable years ending on or after December 19, 2017, subject to a consistency requirement. 82 FR 60135, 60141.

Explanation of Provisions

I. Proposed Modification to § 1.954–2(g)(3)(ii) and Withdrawal and Re-Proposal of Proposed § 1.954–2(g)(3)(iii) and (g)(4)(iii)

The Treasury Department and the IRS have received several inquiries regarding the procedure for making § 1.954–2(g) elections. Specifically, practitioners have noted that the language of § 1.954–2(g)(3)(ii) is inconsistent with other filing requirements with respect to CFCs, which generally must be filed by U.S. shareholders for the taxable year of a CFC that ends with or within the taxable year of the U.S. shareholders. *See, e.g.,* §§ 1.964–1(c)(3)(ii) and 1.951A–2(c)(7)(viii)(A)(*1*)(*i*). Additionally, the practitioners noted that under § 1.954–2(g)(3)(ii), inconsistencies in treatment can arise between a controlling U.S. shareholder that owns a CFC with a matching taxable year and a controlling U.S. shareholder that owns a CFC with a short year or whose taxable year differs from the controlling U.S. shareholder's taxable year. With respect to CFCs with short years, a controlling U.S. shareholder will be prevented from making § 1.954–2(g) elections for those years if no year of the controlling U.S. shareholder ends with or within the CFC's short year.

To address the issues raised by practitioners' inquiries, and to promote consistency with other filing requirements with respect to CFCs, these proposed regulations would revise § 1.954–2(g)(3)(ii) to provide that controlling U.S. shareholders make a § 1.954–2(g) election on behalf of a CFC by filing a statement with their original income tax returns for the taxable years of the controlling U.S. shareholders in which or with which the taxable year of the CFC for which the election is made ends, clearly indicating that the election has been made. Additionally, these proposed regulations withdraw proposed § 1.954–2(g)(3)(iii) and (g)(4)(iii) as included in the 2017 proposed regulations and re-propose them to provide that controlling U.S. shareholders revoke a § 1.954–2(g) election on behalf of a CFC by filing a statement with their original income tax returns for the taxable years of the controlling U.S. shareholders in which or with which the taxable year of the CFC for which the revocation is made ends, clearly indicating that the § 1.954–2(g) election has been revoked.

Under newly proposed § 1.954–2(g)(3)(iii) and (g)(4)(iii), however, controlling U.S. shareholders would be precluded from revoking a § 1.954–2(g) election made on behalf of a CFC (including an initial election) until the sixth taxable year following the year in which the election was made. Further, proposed § 1.954–2(g)(3)(iii) and (g)(4)(iii) would provide that if a CFC's controlling U.S. shareholders revoke a § 1.954–2(g) election, they may not make a new § 1.954–2(g) election on behalf of the CFC until the sixth taxable year following the year in which the previous election was revoked. This change to the revocation rules under proposed § 1.954–2(g)(3)(iii) and (g)(4)(iii) would limit taxpayers from opportunistically making or revoking a § 1.954–2(g) election; for example, this change would limit taxpayers' ability to selectively recognize certain foreign currency losses. The Treasury

Department and the IRS request comments on this aspect of proposed § 1.954–2(g)(3)(iii) and (g)(4)(iii).

II. Proposed Amendments to Proposed § 1.988–7(c) and (d)

The Treasury Department and the IRS are of the view that the rules for making and revoking a proposed § 1.988–7 election under the 2017 proposed regulations provided an excessive amount of flexibility. The 2017 proposed regulations would have permitted a taxpayer to make a proposed § 1.988–7 election after the end of the year to which the election would apply, which would give the taxpayer the ability to determine with certainty whether the election would be beneficial for that year. For example, and as one comment noted, the ability to make and revoke an initial election without restriction would provide a one-time opportunity to selectively recognize foreign currency losses by making an initial election for a particular year after the taxpayer has determined that it has net foreign currency losses on section 988 transactions for a taxable year and then immediately revoking the election.

Upon further consideration of the 2017 proposed regulations and the comments received, the Treasury Department and the IRS are of the view that the time for making and revoking a proposed § 1.988–7 election (permitting a taxpayer to use a mark-to-market method of accounting for section 988 gain or loss with respect to section 988 transactions) should accord with the time for making and revoking an election under section 475(e) or (f) (a ''section 475 election'') (permitting a dealer in commodities or a trader in securities or commodities to use the mark-to-market method of accounting). The Treasury Department and the IRS are of the view that aligning proposed § 1.988–7 with the rules for making a section 475 election will deter selectively recognizing losses. The rules for making or revoking a section 475 election deter taxpayers from selectively recognizing losses by requiring that taxpayers generally make an election on the tax return for the year immediately preceding the year to which the election applies, *see* section 5.03 of Rev. Proc. 99–17, 1999–1 C.B. 503, 504–505, and then by requiring taxpayers to apply that election to all subsequent years unless the taxpayers obtain the consent of the Commissioner. *See* section 475(e)(3) and (f)(3). The Treasury Department and the IRS expect that implementing similar rules for making a proposed § 1.988–7 election would also prevent selective recognition of losses. The Treasury Department and the IRS also expect that aligning the rules for making a proposed § 1.988–7 election with the rules for making a section 475 election will foster compliance, especially for those taxpayers already making a section 475 election, by providing the same procedures for making or revoking these elections to adopt a mark-to-market method of accounting. As a result, these proposed regulations would permit taxpayers to make and revoke a proposed § 1.988–7 election under rules similar to the rules for making and revoking a section 475 election.

Proposed § 1.988–7(d) would provide that the election made pursuant to proposed § 1.988–7(c) is subject to rules similar to those imposed on section 475 elections. The election would be effective for the taxable year for which it is made and all subsequent years. Proposed § 1.988–7(d) also would provide that a taxpayer may revoke the election only with the consent of the Commissioner.

To adopt a method of accounting as described in proposed § 1.988–7, a taxpayer must receive the consent of the Commissioner to implement that change of accounting method in accordance with the applicable administrative procedures provided in the Internal Revenue Bulletin. Section 446(e); § 1.446–1(e)(2); *see also* Rev. Proc. 2015–13, 2015–5 I.R.B. 419; Rev. Proc. 2024–1, 2024–1 I.R.B. 1. When these proposed regulations are finalized, the Treasury Department and the IRS expect to issue a revenue procedure setting forth the terms and conditions under which a change of method of accounting with respect to the mark-to-market method under § 1.988–7 will be granted. The Treasury Department and the IRS anticipate that these terms and conditions will address: whether this change should be subject to a cutoff method or another method requiring a section 481(a) adjustment; the appropriate circumstances under which a taxpayer must establish a substantial business reason for the change; whether there are appropriate circumstances under which an automatic change in method of accounting should be permitted; and the extent to which these terms and conditions should incorporate or deviate from the terms and conditions for changing a mark-to-market method of accounting under section 475(e) or (f), see section 24 of Rev. Proc. 2024–23.

The Treasury Department and the IRS solicit comments regarding all aspects of the rules for making and revoking the proposed § 1.988–7 election, including the terms and conditions under which a change of method of accounting with respect to the mark-to-market method under § 1.988–7 will be granted and whether to require that related parties apply a proposed § 1.988–7 election in a consistent manner, such as in the case of a section 987 election under proposed § 1.987–1(g)(2) (88 FR 78134, 78164–78165). Comments submitted pursuant to the 2017 proposed regulations will also be considered.

III. Other Nonsubstantive Changes

These proposed regulations would make nonsubstantive changes to § 1.954–2(g)(3)(ii) and re-proposed § 1.954–2(g)(3)(iii) and (g)(4)(iii). These changes are intended to improve the clarity of those regulations, including by updating the cross-references to the definition of controlling U.S. shareholders from ''§ 1.964–1(c)(5)'' to ''§ 1.964–1(c)(5)(i)'' to more precisely reference the definition with respect to CFCs and not other foreign corporations, and by providing that a § 1.954–2(g) election must be made on a timely-filed, original Federal income tax return for consistency with proposed § 1.988–7 elections.

IV. Applicability Dates

These proposed regulations generally are proposed to apply to taxable years ending on or after the date of publication of the Treasury decision adopting these rules as final regulations in the **Federal Register** (the ''finalization date''). *See* proposed §§ 1.954–2(i)(3) and 1.988–7(e). The remainder of this section of the preamble discusses taxpayers' ability to rely on the proposed regulations and the treatment of certain elections, or revocation of elections, made in earlier periods.

A. Section 954 regulations

For taxable years ending before the finalization date, taxpayers may rely on proposed § 1.954–2(g)(3)(ii) and re-proposed § 1.954–2(g)(3)(iii) and (g)(4)(iii) in making and revoking § 1.954–2(g) elections, provided that they consistently apply proposed § 1.954–2(g)(3)(ii) and (iii) and (g)(4)(iii) to such taxable years. Furthermore, with respect to any taxpayer that made a § 1.954–2(g) election in the manner set forth in proposed § 1.954–2(g)(3)(ii) of these proposed regulations for a taxable year beginning after November 6, 1995 (as provided in TD 8618, 60 FR 46517, 46527), and ending before August 19, 2024, and any taxpayer that revoked a § 1.954–2(g) election in the manner set forth in proposed § 1.954–2(g)(3)(iii) or (g)(4)(iii) of these proposed regulations for a taxable year ending on or after

December 19, 2017, and before August 19, 2024, the IRS will respect such election or revocation as having been timely made for the relevant taxable year. As of August 19, 2024, taxpayers may no longer rely on proposed § 1.954–2(g)(3)(iii) and (g)(4)(iii) included in the 2017 proposed regulations.

B. Section 988 regulations

For taxable years ending before the finalization date, taxpayers may rely on proposed § 1.988–7(c) and (d) in making and revoking the proposed § 1.988–7 election, provided that they consistently apply proposed § 1.988–7(c) and (d) to such taxable years. Furthermore, if a taxpayer made or revoked a proposed § 1.988–7 election on behalf of a CFC pursuant to the reliance provided by 82 FR 60135, 60141, but filed the election or revocation in the manner set forth in proposed § 1.988–7(c)(3)(ii), the IRS will respect such election or revocation as having been timely made for the relevant taxable year. However, as of August 19, 2024, taxpayers may no longer rely on proposed § 1.988–7(c) and (d) included in the 2017 proposed regulations.

Special Analyses

I. Regulatory Planning and Review—Economic Analysis

Pursuant to the Memorandum of Agreement, Review of Treasury Regulations under Executive Order 12866 (June 9, 2023), tax regulatory actions issued by the IRS are not subject to the requirements of section 6 of Executive Order 12866, as amended. Therefore, a regulatory impact assessment is not required.

II. Paperwork Reduction Act

The Paperwork Reduction Act of 1995 (44 U.S.C. 3501–3520) (''PRA'') generally requires that a Federal agency obtain the approval of the Office of Management and Budget (''OMB'') before collecting information from the public, whether the collection of information is mandatory, voluntary, or required to obtain or retain a benefit. An agency may not conduct or sponsor, and a person is not required to respond to, a collection of information unless it displays a valid control number assigned by the OMB.

The collections of information included in these proposed regulations are in proposed § 1.954–2(g)(3)(ii) and (iii) and (g)(4)(iii) and proposed § 1.988–7(c). The information provided will generally be used by the IRS for tax compliance purposes or by taxpayers to report making or revoking elections.

The collection of information in these proposed regulations is for taxpayers to make or revoke an election as detailed in proposed § 1.954–2(g)(3)(ii) and (iii) and (g)(4)(iii) and proposed § 1.988–7(c). Taxpayers must inform the IRS of these elections and revocations by attaching a statement to their tax return. The information is required to be provided by taxpayers that are U.S. shareholders of CFCs and shareholders of certain foreign corporations that make or revoke an election with respect to the treatment of a foreign corporation's foreign currency gains and losses. The likely respondents are individual, business, and trust and estate filers.

For purposes of the PRA, the reporting and recordkeeping burden associated with the collections of information in proposed § 1.954–2(g)(3)(ii) and (iii) and (g)(4)(iii) and proposed § 1.988–7(c) will be accounted for in OMB control number 1545–0074 for individual filers and 1545–0123 for business filers.

The IRS will seek OMB approval under a new OMB Control Number (1545–NEW) for trust and estate filers.

Estimated total annual reporting and recordkeeping burden for trusts and estates filers: 61 hours.

Estimated average annual burden per respondent: 1 hour.

Estimated number of respondents: 61.

Estimated frequency of responses: one-time election or revocation.

The collections of information contained in these proposed regulations have been submitted to OMB for review in accordance with the PRA. Commenters are strongly encouraged to submit public comments electronically. Written comments and recommendations for the proposed information collection should be sent to *www.reginfo.gov/public/do/PRAMain,* with copies to the IRS. Find this particular information collection by selecting ''*Currently under Review—Open for Public Comments,*'' then by using the search function. Submit electronic submissions for the proposed information collection to the IRS via email at *pra.comments@irs.gov* (indicate REG–111629–23 on the Subject line). Comments on the collection of information should be received by September 19, 2024. Comments are specifically requested concerning:

Whether the proposed collection of information is necessary for the proper performance of the functions of the IRS, including whether the information will have practical utility; the accuracy of the estimated burden associated with the proposed collection of information; how the quality, utility, and clarity of the information to be collected may be enhanced; how the burden of complying with the proposed collection of information may be minimized, including through the application of automated collection techniques or other forms of information technology; and estimates of capital or start-up costs and costs of operation, maintenance, and purchase of services to provide information.

III. Regulatory Flexibility Act

Pursuant to the Regulatory Flexibility Act (5 U.S.C. chapter 6) (''RFA''), it is hereby certified that these proposed regulations would not have a significant economic impact on a substantial number of small entities within the meaning of section 601(6) of the RFA (''small entities'').

Generally, the proposed regulations affect certain U.S. taxpayers that have foreign operations. Specifically, the proposed regulations affect U.S. shareholders that make or revoke certain elections with respect to the computation of their CFCs' foreign currency gains and losses. The number of small entities potentially affected by the proposed regulations is unknown and cannot be reliably estimated; however, it is unlikely to be a substantial number because taxpayers with foreign operations are typically larger businesses. Due to the low expected number of potentially affected taxpayers, and the fact that the proposed regulations only amend the timing of these elections and revocations that taxpayers may already be making, the Treasury Department and the IRS believe the proposed regulations should not materially impact a substantial number of small entities within the meaning of the RFA.

Accordingly, the Secretary certifies that the proposed regulations will not have a significant economic impact on a substantial number of small entities, and a regulatory flexibility analysis is not required.

IV. Section 7805(f)

Pursuant to section 7805(f), these proposed regulations have been submitted to the Chief Counsel for Advocacy of the Small Business Administration for comment on their impact on small businesses. The Treasury Department and the IRS also request comments from the public on the analysis in part III of the Special Analyses.

V. Unfunded Mandates Reform Act

Section 202 of the Unfunded Mandates Reform Act of 1995 (UMRA) requires that agencies assess anticipated costs and benefits and take certain other actions before issuing a final rule that includes any Federal mandate that may

result in expenditures in any one year by a State, local, or Tribal government, in the aggregate, or by the private sector, of $100 million in 1995 dollars, updated annually for inflation. This proposed rule does not include any Federal mandate that may result in expenditures by State, local, or Tribal governments, or by the private sector in excess of that threshold.

VI. Executive Order 13132: Federalism

Executive Order 13132 (entitled ''Federalism'') prohibits an agency from publishing any rule that has federalism implications if the rule either imposes substantial, direct compliance costs on State and local governments, and is not required by statute, or preempts State law, unless the agency meets the consultation and funding requirements of section 6 of the Executive order. These proposed regulations do not have federalism implications and do not impose substantial direct compliance costs on State and local governments or preempt State law within the meaning of the Executive order.

Comments and Requests for Public Hearing

Before these proposed regulations are adopted as final regulations, consideration will be given to any comments that are submitted timely to the IRS as prescribed in this preamble under the **ADDRESSES** section. The Treasury Department and the IRS request comments on all aspects of these proposed regulations, including the procedures for making and revoking a proposed § 1.988–7 election. Any comments submitted will be made available at *www.regulations.gov* or upon request.

A public hearing will be scheduled if requested in writing by any person who timely submits written comments. Requests for a public hearing are also encouraged to be made electronically. If a public hearing is scheduled, notice of the date and time for the public hearing will be published in the **Federal Register**.

Drafting Information

The principal authors of these regulations are Edward Tracy and Shane Ward of the Office of Associate Chief Counsel (International). However, other personnel from the Treasury Department and the IRS participated in their development.

Statement of Availability of IRS Documents

IRS Revenue Procedures, Revenue Rulings, Notices, and other guidance cited in this document are published in the Internal Revenue Bulletin or Cumulative Bulletin and are available from the Superintendent of Documents, U.S. Government Publishing Office, Washington, DC 20402, or by visiting the IRS website at *www.irs.gov.*

Partial Withdrawal of Proposed Regulations

Under the authority of 26 U.S.C. 7805, proposed § 1.954–2(g)(3)(iii) and (g)(4)(iii) and proposed § 1.988–7(c) through (e), contained in the notice of proposed rulemaking that was published in the **Federal Register** on December 19, 2017 (82 FR 60135), are withdrawn.

List of Subjects in 26 CFR Part 1

Income taxes, Reporting and recordkeeping requirements.

Proposed Amendments to the Regulations

Accordingly, the Treasury Department and the IRS propose to amend 26 CFR part 1 as follows:

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 1.954–2 is amended by:

■ 1. Revising the first sentence of paragraph (g)(3)(ii) introductory text;
■ 2. Revising paragraphs (g)(3)(iii) and (g)(4)(iii); and
■ 3. Adding two sentences to the end of paragraph (i)(3).

The revisions and additions read as follows:

§ 1.954–2 Foreign personal holding company income.

* * * * *

(g) * * *

(3) * * *

(ii) * * * The controlling United States shareholders, as defined in § 1.964–1(c)(5)(i), make the election on behalf of the controlled foreign corporation by filing a statement with their timely-filed, original Federal income tax returns for the taxable year of the United States shareholders in which or with which the taxable year of the controlled foreign corporation for which the election is made ends, clearly indicating that the election has been made. * * *

(iii) *Revocation of election.* An election under this paragraph (g)(3) is effective for the taxable year of the controlled foreign corporation for which it is made and all subsequent taxable years of such corporation unless revoked by the Commissioner or as provided in this paragraph (g)(3)(iii) by the controlling United States shareholders (as defined in § 1.964–1(c)(5)(i)) of the controlled foreign corporation. Once made, an election under this paragraph (g)(3) cannot be revoked by the controlled foreign corporation's controlling United States shareholders (as defined in § 1.964–1(c)(5)(i)) until the sixth taxable year following the year in which the previous election was made. Further, if an election has been revoked under this paragraph (g)(3)(iii), a new election may not be made until the sixth taxable year following the year in which the previous election was revoked. The controlling United States shareholders revoke an election on behalf of a controlled foreign corporation by filing a statement that clearly indicates such election has been revoked with their original or amended income tax returns for the taxable year of such United States shareholders in which or with which the taxable year of the controlled foreign corporation for which the election is revoked ends.

* * * * *

(4) * * *

(iii) *Revocation of election.* An election under this paragraph (g)(4) is effective for the taxable year of the controlled foreign corporation for which it is made and all subsequent taxable years of such corporation unless revoked by the Commissioner or as provided in this paragraph (g)(4)(iii) by the controlling United States shareholders (as defined in § 1.964–1(c)(5)(i)) of the controlled foreign corporation. Once made, an election under this paragraph (g)(4) cannot be revoked by the controlled foreign corporation's controlling United States shareholders (as defined in § 1.964–1(c)(5)(i)) until the sixth taxable year following the year in which the previous election was made. Further, if an election has been revoked under this paragraph (g)(4)(iii), a new election may not be made until the sixth taxable year following the year in which the previous election was revoked. The controlling United States shareholders revoke an election on behalf of a controlled foreign corporation by filing a statement that clearly indicates such election has been revoked with their original or amended income tax returns for the taxable year of such United States shareholders in which or with which the taxable year of the controlled foreign corporation for which the election is revoked ends.

* * * * *

(i) * * *

(3) * * * Paragraphs (g)(3)(ii) and (iii) and (g)(4)(iii) of this section apply to taxable years of controlled foreign corporations ending on or after [DATE OF PUBLICATION OF FINAL RULE]. For taxable years of controlled foreign corporations ending before [DATE OF PUBLICATION OF FINAL RULE], see § 1.954–2(g)(3)(ii) and (iii) and (g)(4)(iii) as in effect and contained in 26 CFR part 1, as revised April 1, 2024.

Par. 3. Section 1.988–7, as proposed to be added at 82 FR 60143 (December 19, 2017), is amended by adding paragraphs (c) through (e) to read as follows:

§ 1.988–7 Election to mark-to-market foreign currency gain or loss on section 988 transactions.

* * * * *

(c) *Time and manner of election*—(1) *In general.* Except as otherwise provided in this paragraph (c), a taxpayer makes the election under paragraph (a) of this section by filing a statement that clearly indicates that the election has been made with the taxpayer's timely-filed (excluding extensions) original Federal income tax return for the taxable year immediately preceding the year for which the election is made.

(2) *New taxpayers.* In the case of a taxpayer for which no Federal income tax return was required to be filed for the taxable year immediately preceding the year for which the election is made, the taxpayer makes the election under paragraph (a) of this section by preparing a statement that clearly indicates the election has been made and:

(i) Placing the statement in the taxpayer's books and records by no later than 2 months and 15 days after the first day of the year for which the election is made; and

(ii) Filing the statement with the taxpayer's original Federal income tax return for the taxable year for which the election is made.

(3) *Elections on behalf of CFCs.* In the case of a controlled foreign corporation, the controlling United States shareholders (as defined in § 1.964–1(c)(5)(i)) make the election under paragraph (a) of this section on behalf of the controlled foreign corporation by preparing a statement that clearly indicates the election has been made and:

(i) Placing the statement in the controlled foreign corporation's books and records by no later than 2 months and 15 days after the first day of the year of the controlled foreign corporation for which the election is made; and

(ii) Filing the statement with their original Federal income tax returns for the taxable year of the United States shareholders in which or with which the taxable year of the controlled foreign corporation for which the election is made ends.

(d) *Revocation.* An election under paragraph (a) of this section is effective for the taxable year for which it is made and all subsequent taxable years unless the election is revoked with the consent of the Commissioner.

(e) *Applicability dates.* This section applies to taxable years of taxpayers ending on or after [DATE OF PUBLICATION OF FINAL RULE]. Paragraph (c)(3) of this section applies to taxable years of controlled foreign corporations ending on or after [DATE OF PUBLICATION OF FINAL RULE], and to taxable years of United States shareholders in which or with which the taxable years of those controlled foreign corporations end.

Heather C. Maloy,

Acting Deputy Commissioner.

[FR Doc. 2024–18281 Filed 8–19–24; 8:45 am]

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ENVIRONMENTAL PROTECTION AGENCY

40 CFR Part 52

[EPA–R04–OAR–2022–0786; FRL–10405–01–R4]

Air Plan Approval; North Carolina; Second Period Regional Haze Plan

AGENCY: Environmental Protection Agency (EPA).

ACTION: Proposed rule.

SUMMARY: The Environmental Protection Agency (EPA) is proposing to approve in part and conditionally approve in part a regional haze State Implementation Plan (SIP) revision submitted by the North Carolina Department of Environmental Quality, Division of Air Quality (DAQ), dated April 4, 2022 (''Haze Plan'' or ''2022 Plan'') under the Clean Air Act (CAA or Act) and EPA's Regional Haze Rule (RHR) for the regional haze program's second planning period. North Carolina's 2022 SIP submission addresses the requirement that states must periodically revise their long-term strategies for making reasonable progress toward the national goal of preventing any future, and remedying any existing, anthropogenic impairment of visibility, including regional haze, in mandatory Class I Federal areas. The SIP submission also addresses other applicable requirements for the second planning period of the regional haze program. EPA is taking this action pursuant to sections 110 and 169A of the Act.

DATES: Written comments must be received on or before September 19, 2024.

ADDRESSES: Submit your comments, identified by Docket ID No. EPA–R04–OAR–2022–0786, at *http://www.regulations.gov.* Follow the online instructions for submitting comments. Once submitted, comments cannot be edited or removed from *Regulations.gov*. EPA may publish any comment received to its public docket. Do not submit electronically any information you consider to be Confidential Business Information (CBI) or other information whose disclosure is restricted by statute. Multimedia submissions (audio, video, etc.) must be accompanied by a written comment. The written comment is considered the official comment and should include discussion of all points you wish to make. EPA will generally not consider comments or comment contents located outside of the primary submission (*i.e.,* on the web, cloud, or other file sharing system). For additional submission methods, the full EPA public comment policy, information about CBI or multimedia submissions, and general guidance on making effective comments, please visit *http://www.epa.gov/dockets/commenting-epa-dockets.*

FOR FURTHER INFORMATION CONTACT: Michele Notarianni, Multi-Air Pollutant Coordination Section, Air Planning and Implementation Branch, Air and Radiation Division, U.S. Environmental Protection Agency, Region 4, 61 Forsyth Street SW, Atlanta, Georgia 30303–8960. Ms. Notarianni can be reached via telephone at (404) 562–9031 or electronic mail at *notarianni.michele@epa.gov.*

SUPPLEMENTARY INFORMATION:

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