



## DEPARTMENT OF THE TREASURY

### Internal Revenue Service

#### 26 CFR Parts 1, 5, 301, and 602

[REG-134420-10]

RIN 1545-BJ87

### Revising Consolidated Return Regulations to Reflect Statutory Changes, Modernize Language, and Enhance Clarity; Correction

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

**ACTION:** Notice of proposed rulemaking; correction.

**SUMMARY:** This document corrects a notice of proposed rulemaking (REG-134420-10) published in the **Federal Register** on August 7, 2023, modifying regulations applicable to affiliated and controlled groups of corporations in order to reflect statutory changes, update language to remove antiquated or regressive terminology, and enhance clarity. The correction makes parallel amendments to similar regulations applicable to controlled groups of corporations.

**DATES:** The comment period for REG-134420-10 (88 FR 52057, August 7, 2023) is reopened, and additional written or electronic comments and requests for a public hearing must be received by **[INSERT DATE 60 DAYS AFTER DATE OF PUBLICATION IN THE FEDERAL REGISTER]**.

**ADDRESSES:** Commenters are strongly encouraged to submit public comments electronically. Submit electronic submissions via the Federal eRulemaking Portal at <https://www.regulations.gov> (indicate IRS and REG-134420-10). Once submitted to the Federal eRulemaking Portal, comments cannot be edited or withdrawn. The Department of the Treasury (the Treasury Department) and the IRS will publish for public availability

any comment submitted to its public docket. Send paper submissions to: CC:PA:01:PR (REG-134420-10), Room 5203, Internal Revenue Service, P.O. Box 7604, Ben Franklin Station, Washington, DC 20044.

**FOR FURTHER INFORMATION CONTACT:** Concerning the proposed regulations under section 52, Kari DiCecco of the Office of Associate Chief Counsel (Employee Benefits, Exempt Organizations, and Employment Taxes) at (202) 317-5500; concerning the proposed regulations under section 414, Jessica Weinberger of the Office of Associate Chief Counsel (Employee Benefits, Exempt Organizations, and Employment Taxes) at (202) 317-4148 (not toll-free numbers).

**SUPPLEMENTARY INFORMATION:**

**Background**

The notice of proposed rulemaking (REG-134420-10) that is the subject of this correction is under sections 1502, 1503, 1552, and 1563. The regulations under sections 52 and 414 provide rules similar to the rules under section 1563. An amendment to the regulations under section 1563 without parallel amendments to the regulations under sections 52 and 414 would create inconsistencies. This correction would make parallel changes to the regulations under sections 52 and 414.

**Need for Correction**

As published, REG-134420-10 created inconsistencies by revising § 1.1563-1 without revising parallel language in two additional regulations.

**Correction of Publication**

Accordingly, the publication of the proposed regulations (REG-134420-10), which was the subject of FR Doc. 2023-14098, is corrected as follows:

1. On page 52062, the second column, after the first full paragraph, the following language is added:

“Sections 52(a) and 414(b) provide rules for controlled groups of corporations that incorporate section 1563(a), with modifications. Sections 52(b) and 414(c)(1) authorize regulations applying the principles of 52(a) and 414(b) to trades or businesses under common control. The regulations under sections 52(b) and 414(c)(1) include constructive ownership rules that mirror the rules under section 1563. Accordingly, the proposed regulations would revise §§1.52-1(c)(1) and 1.414(c)-2(b)(1) in the same way as they revise §1.1563-1(a)(2).”.

2. In the Proposed Amendments to the Regulations, pages 52069 through 52082, “Par.6. through Par.57.” is redesignated as “Par.8. through Par. 59.” respectively, “Par. 2. through Par.5.” is redesignated as “Par.3. through Par.6.” respectively, and new “Par.2. and Par. 7.” are added in numerical order.

#### **§1.52-1 [Amended]**

3. Newly added Par.2. should read as “**Par. 2.** Section 1.52-1 is amended by removing the text “(directly and with the application of §1.414(c)-4(b)(1), relating to options)” from paragraph (c)(1) wherever it appears and adding the text “(directly and with the application of §1.414(c)-4(b)(1), (2), and (3))” in its place.”.

#### **§1.414(c)-2 [Amended]**

4. Newly added Par.7. should read as “**Par. 7.** Section 1.414(c)-2 is amended by removing the text “(directly and with the application of §1.414(c)-4(b)(1), relating to options)” from paragraph (b)(1) wherever it appears and adding the text “(directly and with the application of §1.414(c)-4(b)(1), (2), and (3))” in its place.”.

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