



[4830-01-p]

DEPARTMENT OF THE TREASURY

Internal Revenue Service

26 CFR Part 1

[REG-133489-13]

RIN 1545-BL76

Allocation of Controlled Group Research Credit

AGENCY: Internal Revenue Service (IRS), Treasury.

ACTION: Notice of proposed rulemaking by cross-reference to temporary regulations and notice of public hearing.

SUMMARY: This document contains proposed regulations relating to the allocation of the group credit. The proposed regulations will affect certain taxpayers claiming the credit. In the Rules and Regulations section of this issue of the **Federal Register**, the IRS is issuing temporary regulations providing guidance relating to the allocation of the credit for increasing research activities (research credit) to corporations and trades or businesses under common control (controlled groups). The temporary regulations also contain rules relating to the allocation of the railroad track maintenance credit (RTMC) and the election for a reduced research credit. The text of the temporary regulations also serves as the text of these proposed regulations.

DATES: Comments and requests for a public hearing must be received by **[INSERT DATE 90 DAYS AFTER DATE OF PUBLICATION IN THE FEDERAL REGISTER]**.

ADDRESSES: Send submissions to: CC:PA:LPD:PR (REG-133489-13), room 5203, Internal Revenue Service, P.O. Box 7604, Ben Franklin Station, Washington, DC 20044. Submissions may be hand delivered Monday through Friday between the hours of 8 a.m. and 4 p.m. to: CC:PA:LPD:PR (REG-133489-13), Courier's Desk, Internal Revenue Service, 1111 Constitution Avenue, NW., Washington, DC. Submissions may also be sent electronically via the Federal eRulemaking Portal at [www.regulations.gov](http://www.regulations.gov) (IRS REG-133489-13). The public hearing will be held in the IRS Auditorium, Internal Revenue Building, 1111 Constitution Avenue, NW., Washington, DC.

FOR FURTHER INFORMATION CONTACT: Concerning the regulations, James A. Holmes, (202) 317-4137; concerning submission of comments, the hearing, and/or to be placed on the building access list to attend the hearing, [Oluwafunmilayo \(Funmi\) Taylor](#) at (202) 317-6901 (not toll-free numbers).

SUPPLEMENTARY INFORMATION:

### **Background**

Temporary regulations in the Rules and Regulations section of this issue of the **Federal Register** amend the Income Tax Regulations (26 CFR Part 1) relating to section 41. The temporary regulations amend §§ 1.41-6, 1.45G-1, and 1.280C-4. The regulations are being prescribed to update the regulations in a manner that is consistent with the amendments made to sections 41(f)(1)(A)(ii)

and 41(f)(1)(B)(ii) in Section 301(c) of the Act. The text of the temporary regulations also serves as the text of these proposed regulations. The preamble to those regulations explains the amendments.

### **Special Analyses**

It has been determined that this notice of proposed rulemaking is not a significant regulatory action as defined in Executive Order 12866. Therefore, a regulatory assessment is not required. It also has been determined that section 553(b) of the Administrative Procedure Act (5 U.S.C. chapter 5) does not apply to these regulations, and because the regulations do not impose a collection of information on small entities, the Regulatory Flexibility Act (5 U.S.C. chapter 6) does not apply. Pursuant to section 7805(f) of the Internal Revenue Code, this notice of proposed rulemaking will be submitted to the Chief Counsel for Advocacy of the Small Business Administration for comment on their impact on small business.

### **Comments and 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. The Treasury Department and the IRS request comments on all aspects of the proposed rules. All comments will be available at [www.regulations.gov](http://www.regulations.gov) or upon request.

A public hearing will be scheduled if requested in writing by any person that timely submits written comments. If a public hearing is scheduled, notice of

the date, time, and place for the public hearing will be published in the **Federal Register**.

### **Drafting Information**

The principal author of these regulations is James A. Holmes, Office of Associate Chief Counsel (Passthroughs and Special Industries), IRS. However, other personnel from the IRS and Treasury Department participated in their development.

### **List of Subjects in 26 CFR Part 1**

Income taxes, Reporting and recordkeeping requirements.

### **Proposed Amendments to the Regulations**

Accordingly, 26 CFR part 1 is proposed to be amended 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 \* \* \*

Section 1.41-6 also issued under 26 U.S.C. 41(f)(1) \* \* \*

Section 1.45G-1 also issued under 26 U.S.C. 45G(e)(2) \* \* \*

Section 1.280C-4 also issued under 26 U.S.C. 280C(c)(4) \* \* \*

Par. 2. Section 1.41-6 is amended to read as follows:

#### **§ 1.41-6. Aggregation of expenditures.**

[The text of the amendments to this proposed section is the same as the text of §1.41-6T published elsewhere in this issue of the **Federal Register**].

Par. 3. Section 1.45G-1 is amended to read as follows:

§ 1.45G-1. Railroad track maintenance credit.

[The text of the amendments to this proposed section is the same as the text of §1.45G-1T published elsewhere in this issue of the **Federal Register**].

Par. 4. Section 1.280C-4 is amended to read as follows.

§ 1.280C-4. Credit for increasing research activities.

[The text of the amendments to this proposed section is the same as the text of §1.280C-4T published elsewhere in this issue of the **Federal Register**].

John M. Dalrymple

Deputy Commissioner for Services and Enforcement

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