



[4830-01-p]

DEPARTMENT OF THE TREASURY

Internal Revenue Service

26 CFR Part 1

[TD 9814]

RIN 1545-BM95

Transfers of Certain Property by U.S. Persons to Partnerships with Related Foreign Partners; Correction

AGENCY: Internal Revenue Service (IRS), Treasury.

ACTION: Final and temporary regulations; correcting amendment.

SUMMARY: This document contains corrections to the temporary regulations (T.D. 9814) that were published in the **Federal Register** on Thursday, January 19, 2017 (82 FR 7582). The regulations address transfers of appreciated property by United States persons to partnerships with foreign partners related to the transferor. The regulations override the rules providing for nonrecognition of gain on a contribution of property to a partnership in exchange for an interest in the partnership under section 721(a) of the Internal Revenue Code (Code) pursuant to section 721(c) unless the partnership adopts the remedial method and certain other requirements are satisfied.

DATES: These corrections are effective on **[INSERT DATE OF PUBLICATION IN FEDERAL REGISTER]** and applicable on January 18, 2017.

FOR FURTHER INFORMATION CONTACT: Ronald M. Gootzeit, (202) 317-6937 (not a toll-free number).

SUPPLEMENTARY INFORMATION:

Background

The temporary regulations that are the subject of this correction are under section 721(c) of the Code.

Need for Correction

As published, the temporary regulations contain errors that may prove to be misleading and need to be clarified.

List of Subjects in 26 CFR Part 1

Income taxes, Reporting and recordkeeping requirements.

Correction of Publication

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 1.721(c)-1T is amended by revising paragraph (b)(10)(vi) to read as follows:

§1.721(c)-1T Overview, definitions, and rules of general application (temporary).

* * * * *

(b) * * *

(10) * * *

(vi) An allocation of partnership level ordinary income or loss described in §1.751-1(b)(3).

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Par. 3. Section 1.721(c)-6T is amended by revising the last sentence of paragraph (d)(2) to read as follows:

§1.721(c)-6T Procedural and reporting requirements (temporary).

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(d) * * *

(2) * * * The partnership must also attach to its Form 1065 a Schedule K-1 (Form 1065) for each direct or indirect partner that is a related foreign person with respect to the U.S. transferor.

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