

credits are claimed on the original return. An election, once made for any taxable year, is irrevocable for that taxable year.

(b) *Controlled groups of corporations; trades or businesses under common control*—(1) *In general.* A member of a controlled group of corporations (within the meaning of section 41(f)(5)), or a trade or business which is treated as being under common control with other trades or businesses (within the meaning of section 41(f)(1)(B)), may make the election under section 280C(c)(3). However, only the common parent (within the meaning of § 1.1502-77(a)(1)(i)) of a consolidated group may make the election on behalf of the members of a consolidated group. A member or trade or business shall make the election on Form 6765 and by the time prescribed in paragraph (a) of this section.

(2) *Example.* The following example illustrates an application of paragraph (b) of this section:

*Example.* A, B, and C, all of which are calendar year taxpayers, are members of a controlled group of corporations (within the meaning of section 41(f)(5)). A, B, and C each attach a statement to the 2009 Form 6765, “Credit for Increasing Research Activities,” showing A and C had stand-alone entity credits (within the meaning of § 1.41-6(c)(2)) that exceeded the group credit (within the meaning of § 1.41-6(a)(3)(iv)). A and C report their allocated portions of the group credit (as determined under § 1.41-6(c)) on the 2009 Form 6765 and B reports no research credit on the 2009 Form 6765. A and B, but not C, each make an election for the reduced credit on the 2009 Form 6765. In December 2010, A determines that it understated its qualified research expenses in 2009 resulting in the group credit exceeding the sum of the stand-alone credits. On an amended 2009 Form 6765, A, B, and C each report their allocated portions of the group credit (including the excess group credit). B reports its credit as a regular credit under section 41(a) and reduces the credit under section 280C(c)(3)(B). C may not reduce its credit under section 280C(c)(3)(B) because C did not make an election for the reduced credit with its original return.

(c) *Effective/applicability date.* This section applies to taxable years ending on or after July 27, 2011.

**Steven T. Miller,**  
*Deputy Commissioner for Services and Enforcement.*  
Approved: July 19, 2011.  
**Emily S. McMahon,**  
*Acting Assistant Secretary of the Treasury (Tax Policy).*  
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**DEPARTMENT OF THE TREASURY**  
**Office of the Secretary**  
**31 CFR Part 1**  
**RIN 1505-AC27**

**Privacy Act of 1974; Implementation**  
**AGENCY:** Departmental Offices, Treasury.  
**ACTION:** Final rule.

**SUMMARY:** In accordance with the requirements of the Privacy Act of 1974, 5 U.S.C. 552a, the Department of the Treasury gives notice of an amendment to update its Privacy Act regulations, and to add an exemption from certain provisions of the Privacy Act for a system of records related to the Office of Financial Stability (OFS).

**DATES:** *Effective Date:* July 27, 2011.  
**FOR FURTHER INFORMATION CONTACT:** Brian Bressman, Department of the Treasury, 1500 Pennsylvania Avenue, NW., Washington, DC 20220, at (202) 927-0419 (fax) or via electronic mail at [Brian.Bressman@Treasury.gov](mailto:Brian.Bressman@Treasury.gov).

**SUPPLEMENTARY INFORMATION:** The Departmental Offices published a system of records notice on February 9, 2011, at 76 FR 7239, establishing a new system of records entitled “Treasury/DO.225—TARP Fraud Investigation Information System.”

On February 9, 2011, the Department also published, at 75 FR 7121, a proposed rule amending 31 CFR 1.36(g)(1)(i). The proposed rule exempted the system of records from provisions of the Privacy Act pursuant to 5 U.S.C. 552a(k)(2).

The proposed rule requested that public comments be submitted to OFS, Department of the Treasury, 1500 Pennsylvania Avenue, NW., Washington, DC 20220. The Department did not receive comments on the proposed rule. Accordingly the Department is hereby giving notice that the system of records entitled “Treasury/DO.225—TARP Fraud Investigation Information System” is exempt from provisions of the Privacy Act, pursuant to 5 U.S.C. 552a(k)(2) as set forth in the proposed rule.

This final rule is not a “significant regulatory action” under Executive Order 12866.

Pursuant to the requirements of the Regulatory Flexibility Act (RFA), 5 U.S.C. 601-612, it is hereby certified that this rule will not have significant economic impact on a substantial number of small entities. This certification is based on the fact that the final rule affects individuals and not small entities. The term “small entity”

is defined to have the same meaning as the terms “small business,” “small organization,” and “small governmental jurisdiction,” as defined in the RFA.

As authorized by 5 U.S.C. 553(d)(3), the Department finds that good cause exists for dispensing with the 30-day delay in the effective date of this rule. These regulations exempt certain investigative records maintained by the Department from notification, access, and amendment of a record. Accordingly, to protect the integrity of the records system, the Department finds that it is in the public interest to make these regulations effective upon publication.

**List of Subjects in 31 CFR Part 1**

Privacy.  
Part 1, Subpart C of title 31 of the Code of Federal Regulations is amended as follows:

**PART 1—[AMENDED]**

- 1. The authority citation for part 1 continues to read as follows:  
**Authority:** 5 U.S.C. 301 and 31 U.S.C. 321. Subpart A also issued under 5 U.S.C. 552 as amended. Subpart C also issued under 5 U.S.C. 552a.
- 2. Section 1.36 paragraph (g)(1)(i) is amended by adding the following text to the table in numerical order.

**§ 1.36 Systems exempt in whole or in part from provisions of 5 U.S.C. 552a and this part.**

	*	*	*	*	*
(g)	*	*	*		
(1)	*	*	*		
(i)	*	*	*		
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Number			System name		
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*		*		*	
DO.225 .... TARP Fraud Investigation Information System.					
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Dated: May 9, 2011.  
**Melissa Hartman,**  
*Deputy Assistant Secretary for Privacy, Transparency and Records.*  
[FR Doc. 2011-18959 Filed 7-26-11; 8:45 am]  
**BILLING CODE 4810-25-P**