

Proposed Rules

Federal Register

Vol. 87, No. 196

Wednesday, October 12, 2022

This section of the FEDERAL REGISTER contains notices to the public of the proposed issuance of rules and regulations. The purpose of these notices is to give interested persons an opportunity to participate in the rule making prior to the adoption of the final rules.

DEPARTMENT OF THE TREASURY

Internal Revenue Service

26 CFR Part 1

[REG-113068-22]

RIN 1545-BQ47

Section 42, Low-Income Housing Credit Average Income Test Regulations

AGENCY: Internal Revenue Service (IRS), Treasury.

ACTION: Notice of proposed rulemaking.

SUMMARY: This document contains proposed regulations concerning recordkeeping and reporting requirements for the average income test for purposes of the low-income housing credit. If a building is part of a residential rental project that satisfies this test, the building may be eligible to earn low-income housing credits. These proposed regulations affect owners of low-income housing projects and State or local housing credit agencies that monitor compliance with the requirements for low-income housing credits. In the Rules and Regulations section of this issue of the **Federal Register**, the IRS is issuing temporary regulations concerning the recordkeeping and reporting requirements for the average income test. The text of the temporary regulations also serves as the text of these proposed regulations.

DATES: Written (including electronic) comments must be received by December 12, 2022.

ADDRESSES: Commenters are strongly encouraged to submit public comments electronically. Submit electronic submissions via the Federal eRulemaking Portal at www.regulations.gov (indicate IRS and REG-113068-22) 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 Once submitted to the Federal eRulemaking Portal, comments cannot be edited or withdrawn.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 comment submitted electronically, and on paper, to its public docket.

FOR FURTHER INFORMATION CONTACT:

Concerning these proposed regulations, Dillon Taylor at (202) 317-4137; concerning submissions of comments, Regina L. Johnson at (202) 317-6901 (not toll-free numbers).

SUPPLEMENTARY INFORMATION:

Background and Explanation of Provisions

Temporary regulations in the Rules and Regulations section of this issue of the **Federal Register** add § 1.42-19T to the temporary Income Tax Regulations (26 CFR part 1) that relate to the average income test under section 42 of the Internal Revenue Code. These new temporary regulations set forth certain recordkeeping and reporting requirements that relate to the rules in § 1.42-19. The text of the temporary regulations also serves as the text of these proposed regulations. The preamble to the temporary regulations explains the amendments. These proposed regulations would integrate the text of the temporary regulations into portions of § 1.42-19 that are currently reserved.

Special Analyses

These proposed regulations are not subject to review under section 6(b) of Executive Order 12866 pursuant to the Memorandum of Agreement (April 11, 2018) between the Department of the Treasury and the Office of Management and Budget regarding review of tax regulations.

Pursuant to the Regulatory Flexibility Act (5 U.S.C. chapter 6), it is hereby certified that these proposed regulations will not have a significant economic impact on a substantial number of small entities. The basis for this certification can be found in the Special Analyses section of the temporary regulations.

Pursuant to section 7805(f) of the Internal Revenue Code, these proposed regulations will be submitted to the Chief Counsel for Advocacy of the Small Business Administration for comment on their impact on small business.

Comments and a Request for Public Hearing

Before these proposed amendments to the regulations are adopted as final

regulations, consideration will be given to comments that are submitted timely to the IRS as prescribed in the preamble under the **ADDRESSES** section. The Treasury Department and the IRS request comments on all aspects of the proposed regulations. Any electronic comments submitted, and any paper 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 electronic or 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**. Announcement 2020-4, 2020-17 IRB 1, provides that until further notice, public hearings conducted by the IRS will be held telephonically. Any telephonic hearing will be made accessible to people with disabilities.

Drafting Information

The principal author of these proposed regulations is Dillon Taylor, 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, 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 * * *
Section 1.42-19 also issued under 26 U.S.C. 42(n);
* * * * *

■ **Par. 2.** Section 1.42-19 is amended by adding paragraphs (c)(1) and (2), (c)(3)(iv), (c)(4), and (d)(2) and revising paragraph (f) to read as follows:

§ 1.42-19 Average income test.

* * * * *
(c) * * *

(1) [The text of proposed § 1.42–19(c)(1) is the same as the text of § 1.42–19T(c)(1) in the final and temporary rule published elsewhere in this issue of the **Federal Register**].

(2) [The text of proposed § 1.42–19(c)(2) is the same as the text of § 1.42–19T(c)(2) in the final and temporary rule published elsewhere in this issue of the **Federal Register**].

(3) * * *

(iv) [The text of proposed § 1.42–19(c)(3)(iv) is the same as the text of § 1.42–19T(c)(3)(iv) in the final and temporary rule published elsewhere in this issue of the **Federal Register**].

(4) [The text of proposed § 1.42–19(c)(4) is the same as the text of § 1.42–19T(c)(4) in the final and temporary rule published elsewhere in this issue of the **Federal Register**].

(d) * * *

(2) [The text of proposed § 1.42–19(d)(2) is the same as the text of § 1.42–19T(d)(2) in the final and temporary rule published elsewhere in this issue of the **Federal Register**].

* * * * *

(f) [The text of proposed § 1.42–19(f) is the same as the text of § 1.42–19T(f) in the final and temporary rule published elsewhere in this issue of the **Federal Register**].

Douglas W. O'Donnell,
Deputy Commissioner for Services and Enforcement.

[FR Doc. 2022–22100 Filed 10–7–22; 11:15 am]

BILLING CODE 4830–01–P

DEPARTMENT OF THE TREASURY

Internal Revenue Service

26 CFR Part 301

[REG–125693–19]

RIN 1545–BP72

Resolution of Federal Tax Controversies by the Independent Office of Appeals; Correction

AGENCY: Internal Revenue Service (IRS), Treasury.

ACTION: Correction to a notice of proposed rulemaking and notice of public hearing.

SUMMARY: This document contains a correction to a notice of proposed rulemaking and notice of public hearing (REG–125693–19) that were published in the **Federal Register** on Tuesday, September 13, 2022. The proposed regulations are related to the IRS Independent Office of Appeals' resolution of Federal tax controversies without litigation and related to

requests for referral to that office following the issuance of a notice of deficiency to a taxpayer by the IRS.

DATES: Written or electronic comments are still being accepted and must be received by November 14, 2022. Requests to speak and outlines of topics to be discussed at the public hearing scheduled for November 29, 2022, at 10 a.m. EST must be received by November 14, 2022.

ADDRESSES: Commenters are strongly encouraged to submit public comments electronically. Submit electronic submissions via the Federal eRulemaking Portal at www.regulations.gov (indicate IRS and REG–125693–19) 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 comment to its public docket. Send paper submissions to: CC:PA:LPD:PR (REG–125693–19), Room 5203, Internal Revenue Service, P.O. Box 7604, Ben Franklin Station, Washington, DC 20044.

FOR FURTHER INFORMATION CONTACT: Concerning this correction, Keith L. Brau at (202) 317–5437; concerning submissions of comments and outlines of topics for the public hearing, Regina Johnson, (202) 317–6901 (not toll-free numbers) or publichearings@irs.gov.

SUPPLEMENTARY INFORMATION:

Background

The notice of proposed rulemaking and notice of public hearing that are the subject of this document are under section 7803(e) of the Internal Revenue Code.

Correction of Publication

Accordingly, the notice of proposed rulemaking and notice of hearing (REG–125693–19), which were the subject of FR Doc. 2022–19662, published September 13, 2022, at 87 FR 55934, are corrected as follows:

On page 55951, in § 301.7803–2, the third column, the third and fourth lines of paragraph (h) are corrected to read “by Appeals made on or after [Date 30 days after a Treasury Decision finalizing these rules is published in the **Federal Register**].”

Oluwafunmilayo A. Taylor,
Branch Chief, Publications and Regulations Branch, Legal Processing Division, Associate Chief Counsel, (Procedure and Administration).

[FR Doc. 2022–21826 Filed 10–11–22; 8:45 am]

BILLING CODE 4830–01–P

DEPARTMENT OF VETERANS AFFAIRS

38 CFR Part 21

RIN 2900–AR56

85/15 Rule Calculations, Waiver Criteria, and Reports

AGENCY: Department of Veterans Affairs.

ACTION: Proposed rule.

SUMMARY: The Department of Veterans Affairs (VA) is proposing to amend its educational assistance regulations by eliminating the four 85/15 rule calculation exemptions for students in receipt of certain types of institutional aid. Currently, VA regulations provide exceptions that allow certain categories of students to be considered “non-supported” for purposes of the 85/15 rule notwithstanding their receipt of institutional aid. VA is proposing to eliminate these exceptions, thus clarifying the types of scholarships that educational institutions must include in their calculations of “supported” students. Also, VA is proposing to revise the criteria that shall be considered by the Director of Education Service when granting an 85/15 rule compliance waiver. Lastly, VA is proposing to amend the timeline for certain educational institutions' submission of 85/15 compliance reports.

DATES: Comments must be received on or before December 12, 2022.

ADDRESSES: Comments may be submitted through www.Regulations.gov. Comments should indicate that they are submitted in response to “RIN 2900–AR56(P)—Amendments to 85/15 Rule Calculations, Waiver Criteria, and Reports. Comments received will be available at regulations.gov for public viewing, inspection, or copies.

FOR FURTHER INFORMATION CONTACT: Cheryl Amitay, Chief, Policy and Regulation Development Staff (225B), Chief of Policy & Regulations, Education Service, Department of Veterans Affairs, 810 Vermont Avenue NW, Washington, DC 20420, (202) 461–9800. (This is not a toll-free number.)

SUPPLEMENTARY INFORMATION: The 85/15 rule (38 U.S.C. 3680A(d); 38 CFR 21.4201(a)) prohibits the Department of Veterans Affairs (VA) from paying educational assistance benefits to any new students once “more than 85 percent of the students enrolled in the [program of education] are having all or part of their tuition, fees, or other charges paid to or for them by the educational institution or by the Department of Veterans Affairs.” 38