Example 1. In year 1, Taxpayer A makes a payment of $5,000 to an entity described in section 170(c). In return for the payment, A receives a dollar-for-dollar State income tax credit. Prior to application of the credit, A’s State income tax liability for year 1 was more than $5,000. A applies the $5,000 credit to A’s year 1 State income tax liability.

Example 2. In year 1, Taxpayer B makes a payment of $7,000 to an entity described in section 170(c). In return for the payment, B receives a dollar-for-dollar State income tax credit, which under State law may be carried forward for three taxable years. Prior to application of the credit, B’s State income tax liability for year 1 was $5,000; B applies $5,000 of the $7,000 credit to B’s year 1 State income tax liability.

Example 3. In year 1, Taxpayer C makes a payment of $7,000 to an entity described in section 170(c). In return for the payment, C receives a local real property tax credit equal to 25 percent of the amount of this payment ($1,750). Prior to application of the credit, C’s local real property tax liability in year 1 was more than $1,750. C applies the $1,750 credit to C’s year 1 local real property tax liability.

Safe harbor for payments by C corporations and specified passthrough entities. For payments by a C corporation or by a specified passthrough entity to an entity described in section 170(c), where the C corporation or specified passthrough entity receives or expects to receive a State or local tax credit that reduces the Charitable contribution deduction for such payments under paragraph (h)(3) of this section, see §1.162–15(a)(3) (providing safe harbors under section 162(a)(7) to the extent of that reduction).

Safe harbor for individuals. Under certain circumstances, an individual who itemizes deductions and makes a payment to an entity described in section 170(c) in consideration for a State or local tax credit may treat the portion of such payment for which a charitable contribution deduction is disallowed under paragraph (h)(3) of this section as a payment of State or local taxes under section 164.
definition of “applicable schedule amount” in its regulations. In recent years, OFAC has adjusted its civil monetary penalties (CMPs) as required by the Federal Civil Penalties Inflation Adjustment Act, as amended by the Federal Civil Penalties Inflation Adjustment Act Improvements Act of 2015. While OFAC’s “applicable schedule amount” values are not civil monetary penalties that are required to be adjusted pursuant to such statute, OFAC is making technical changes to this definition to ensure the applicable schedule amount values continue to correspond appropriately to OFAC’s CMPs.

DATES: This rule is effective August 11, 2020.


SUPPLEMENTARY INFORMATION:

Electronic Availability

This document and additional information concerning OFAC are available on OFAC’s website (www.treasury.gov/ofac).

Background

On September 8, 2008, OFAC issued as an interim final rule the “Economic Sanctions Enforcement Guidelines” (Enforcement Guidelines) as appendix A to the Reporting, Procedures and Penalties Regulations at 31 CFR part 501 (73 FR 51933, September 8, 2008). On November 9, 2009, OFAC re-issued as a final rule the Enforcement Guidelines (74 FR 57593, November 9, 2009). OFAC’s Enforcement Guidelines provide a general framework for the enforcement of all economic sanctions programs administered by OFAC. Section V.B.2.a.i. of the Enforcement Guidelines states that the base amount of a proposed civil penalty in a Pre-Penalty Notice shall be the “applicable schedule amount,” subject to certain caps noted in that section, where the case is deemed non-egregious and the apparent violation has come to OFAC’s attention by means other than a voluntary self-disclosure. Section I.B. of the Enforcement Guidelines provides a definition of “applicable schedule amount.”

Separately, as required by the Federal Civil Penalties Inflation Adjustment Act (1990 Pub. L. 101–410, 104 Stat. 890; 28 U.S.C. 2461 note), as amended by the Federal Civil Penalties Inflation Adjustment Act Improvements Act of 2015 (Pub. L. 114–74, 129 Stat. 599, 28 U.S.C. 2461 note) (collectively, the FCPIA Act), OFAC has adjusted its CMPs five times since the Federal Civil Penalties Inflation Adjustment Act Improvements Act went into effect on November 2, 2015: An initial catch-up adjustment on August 1, 2016 (81 FR 43070, July 1, 2016), and annual adjustments on February 10, 2017 (82 FR 10434, February 10, 2017), March 19, 2018 (83 FR 11876, March 19, 2018), June 14, 2019 (84 FR 27714, June 14, 2019), and April 9, 2020 (85 FR 19084, April 9, 2020). OFAC’s applicable schedule amount values in the Enforcement Guidelines, while not required to be adjusted pursuant to the FCPIA Act, correspond in certain ways with OFAC’s CMPs. As a result, to correspond with OFAC’s recent CMP adjustments required by the FCPIA Act, OFAC is now amending the definition of “applicable schedule amount” in section I.B. of appendix A to 31 CFR part 501, to adjust applicable schedule amount values for transactions valued at $100,000 or more. Specifically, OFAC is amending sections I.B.6. and I.B.7., such that in the case of transactions valued at $100,000 or more but less than $200,000, the applicable schedule amount is now $200,000, and in the case of transactions valued at $200,000 or more, the applicable schedule amount is now $307,922, which corresponds with the current maximum CMP amount for a violation of the International Emergency Economic Powers Act (50 U.S.C. 1701–1706, at 1705). These changes are not required pursuant to the FCPIA; however, OFAC is making these changes to ensure the applicable schedule amount values continue to correspond appropriately to OFAC’s CMPs as the CMPs are adjusted pursuant to the FCPIA annually. Additionally, OFAC is amending the authorities section of 31 CFR part 501 to shorten citations to conform to Federal Register guidance.

Public Participation

Because this final rule imposes no obligations on any person, but only amends OFAC’s enforcement policy and procedures based on existing substantive rules, provisions of the Administrative Procedure Act (5 U.S.C. 553) requiring notice of proposed rulemaking, opportunity for public participation, and delay in effective date are inapplicable. Further, this final rule is not a significant regulatory action for purposes of Executive Order 12866. Accordingly, the provisions of Executive Order 13771 are inapplicable. Because no notice of proposed rulemaking is required for this rule, the Regulatory Flexibility Act (5 U.S.C. 601–612) does not apply.

Paperwork Reduction Act

The Paperwork Reduction Act does not apply because this rule does not impose information collection requirements that would require the approval of the Office of Management and Budget under 44 U.S.C. 3501 et seq.

List of Subjects in 31 CFR Part 501

Administrative practice and procedure, Banks, banking, Blocking of assets, Exports, Foreign trade, Licensing, Penalties, Sanctions.

For the reasons set forth in the preamble, the Department of the Treasury’s Office of Foreign Assets Control amends 31 CFR part 501 as follows:

PART 501—REPORTING, PROCEDURES AND PENALTIES REGULATIONS

■ 1. The authority citation for part 501 is revised to read as follows:


Appendix A to Part 501 [Amended]

■ 2. Amend appendix A to part 501 as follows:

a. In section I.B.6., remove “$170,000” in both places it appears and add in its place “$200,000” in both places.

b. In section I.B.7., remove “$250,000” and add in its place “$307,922”, and remove “$170,000” and add in its place “$307,922”.


Andrea Gacki,
Director, Office of Foreign Assets Control.
[FR Doc. 2020–17424 Filed 8–10–20; 8:45 am]
BILLING CODE 4810–AL–P

DEPARTMENT OF AGRICULTURE

Forest Service

36 CFR Part 251

RIN 0596–AD36

Land Uses; Special Uses; Procedures for Operating Plans and Agreements for Powerline Facility Maintenance and Vegetation Management Within and Abutting the Linear Boundary of a Special Use Authorization for a Powerline Facility; Correction