

the Paperwork Reduction Act, 44 U.S.C. 3501–3520.

### C. Regulatory Flexibility Act

We have examined the impacts of the proposed rule under the Regulatory Flexibility Act (5 U.S.C. 601–612). The Regulatory Flexibility Act requires agencies to analyze regulatory options that would minimize any significant impact of a rule on small entities. Because the proposed rule would revoke outdated regulatory requirements, the Commission certifies that the proposed rule would not have a significant economic impact on a substantial number of small entities.

### D. Environmental Considerations

This rule falls within the scope of the Commission's environmental review regulation at 16 CFR 1021.5(c)(1), which provides a categorical exclusion from any requirement for the agency to prepare an environmental assessment or an environmental impact statement for rules that revoke product safety standards.

### E. Executive Order 12988

According to Executive Order 12988 (February 5, 1996), agencies must state in clear language the preemptive effect, if any, of new regulations. The preemptive effect of regulations such as this proposal is stated in section 18 of the FHSA. 15 U.S.C. 1261n.

### F. Effective Date

The Commission is proposing that the rule revoking 16 CFR 1500.18(a)(5), 1500.47, and 1500.86(a)(6) would become effective 30 days after publication of the final rule in the **Federal Register**.

### List of Subjects in 16 CFR Part 1500

Consumer protection, Hazardous substances, Imports, Infants and children, Labeling, Law enforcement, Reporting and recordkeeping requirements, Toys.

For the reasons stated in the preamble, and under the authority of 15 U.S.C. 1261–1262 and 5 U.S.C. 553, the Consumer Product Safety Commission proposes to amend 16 CFR part 1500 as follows:

### PART 1500—HAZARDOUS SUBSTANCES AND ARTICLES; ADMINISTRATION AND ENFORCEMENT REGULATIONS

1. The authority citation for 16 CFR part 1500 continues to read as follows:

**Authority:** 15 U.S.C. 1261–1278.

#### § 1500.18 [Amended]

2. Section 1500.18 is amended by removing and reserving paragraph (a)(5).

#### § 1500.47 [Removed]

3. Section 1500.47 is removed entirely.

#### § 1500.86 [Amended]

4. Section 1500.86 is amended by removing and reserving paragraph (a)(6).

Dated: June 20, 2012.

**Todd A. Stevenson,**

*Secretary, U.S. Consumer Product Safety Commission.*

[FR Doc. 2012–15409 Filed 6–22–12; 8:45 am]

**BILLING CODE 6355–01–P**

## CONSUMER PRODUCT SAFETY COMMISSION

### 16 CFR Chapter II

[Docket No. CPSC–2012–0034]

### Petition Requesting Commission Action Regarding Crib Bumpers

**AGENCY:** U.S. Consumer Product Safety Commission.

**ACTION:** Petition for rulemaking.

**SUMMARY:** The U.S. Consumer Product Safety Commission (“Commission”) has received a petition (CPSC–2012–0034), requesting that the Commission initiate rulemaking to distinguish and regulate “hazardous pillow-like” crib bumpers from “non-hazardous traditional” crib bumpers under sections 7 and 9 of the Consumer Product Safety Act (“CPSA”). The Commission invites written comments concerning the petition.

**DATES:** The Office of the Secretary must receive comments on the petition by August 24, 2012.

**ADDRESSES:** You may submit comments, identified by Docket No. CPSC–2012–0034, by any of the following methods:

#### Electronic Submissions

Submit electronic comments in the following way:

*Federal eRulemaking Portal:* <http://www.regulations.gov>. Follow the instructions for submitting comments.

To ensure timely processing of comments, the Commission is no longer accepting comments submitted by electronic mail (email), except through [www.regulations.gov](http://www.regulations.gov).

#### Written Submissions

Submit written submissions in the following way:

Mail/Hand delivery/Courier (for paper, disk, or CD–ROM submissions), preferably in five copies, to: Office of the Secretary, U.S. Consumer Product

Safety Commission, Room 820, 4330 East West Highway, Bethesda, MD 20814; telephone (301) 504–7923.

**Instructions:** All submissions received must include the agency name and docket number for this notice. All comments received may be posted without change, including any personal identifiers, contact information, or other personal information provided, to: <http://www.regulations.gov>. Do not submit confidential business information, trade secret information, or other sensitive or protected information electronically. Such information should be submitted in writing.

**Docket:** For access to the docket to read background documents or comments received, go to: <http://www.regulations.gov>.

#### FOR FURTHER INFORMATION CONTACT:

Rockelle Hammond, Office of the Secretary, U.S. Consumer Product Safety Commission, Room 820, 4330 East West Highway, Bethesda, MD 20814; telephone (301) 504–6833.

**SUPPLEMENTARY INFORMATION:** The Commission has received correspondence from the Juvenile Products Manufacturers Association (JPMA), (“petitioner”), dated May 9, 2012, requesting that the Commission initiate rulemaking to distinguish and regulate “hazardous pillow-like” crib bumpers from “non-hazardous traditional” crib bumpers under sections 7 and 9 of the Consumer Product Safety Act (“CPSA”). The Commission is docketing this request as a petition under the Consumer Product Safety Act. 15 U.S.C. 2056 and 2058. Petitioner states that, despite information to the contrary regarding the safety of traditional crib bumpers, some are advocating banning bumpers altogether from the marketplace. Petitioner believes that banning traditional crib bumpers may lead to caregivers adding unsafe soft bedding to cribs to serve as a protective barrier from the tight dimensions and hard wooden surface of the crib slats. Petitioner includes a third party review of previous studies of crib bumper pads as support of the fact that claims of increased risk to infants from traditional crib bumper use are unfounded. Petitioner also includes a copy of proposed ASTM performance requirements that petitioner believes provide a reasonable basis for a mandatory crib bumper performance standard.

By this notice, the Commission seeks comments concerning this petition. Interested parties may obtain a copy of the petition by writing or calling the Office of the Secretary, U.S. Consumer

Product Safety Commission, Room 820, 4330 East West Highway, Bethesda, MD 20814; telephone (301) 504-7923. A copy of the petition also will be made available for viewing under "Supporting and Related Materials" in [www.regulations.gov](http://www.regulations.gov) under this docket number.

Dated: June 18, 2012.

**Todd A. Stevenson,**

*Secretary, U.S. Consumer Product Safety Commission.*

[FR Doc. 2012-15328 Filed 6-22-12; 8:45 am]

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## DEPARTMENT OF THE TREASURY

### Internal Revenue Service

#### 26 CFR Part 1

[REG-134935-11]

RIN 1545-BK55

#### Overall Foreign Loss Recapture on Property Dispositions

**AGENCY:** Internal Revenue Service (IRS), Treasury.

**ACTION:** Notice of proposed rulemaking.

**SUMMARY:** These proposed regulations provide guidance regarding the coordination of the rules for determining high-taxed income with capital gains adjustments and the allocation and recapture of overall foreign losses and overall domestic losses, as well as the coordination of the recapture of overall foreign losses on certain dispositions of property and other rules concerning overall foreign losses and overall domestic losses. These regulations affect individuals and corporations claiming foreign tax credits.

**DATES:** Written or electronic comments and requests for a public hearing must be received by August 24, 2012.

**ADDRESSES:** Send submissions to CC:PA:LPD:PR (REG-134935-11), room 5203, Internal Revenue Service, PO 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-134935-11), Courier's desk, Internal Revenue Service, 1111 Constitution Avenue NW., Washington, DC 20044, or sent electronically, via the Federal eRulemaking Portal at [www.regulations.gov](http://www.regulations.gov) (IRS REG-134935-11).

**FOR FURTHER INFORMATION CONTACT:** Concerning the regulations, Jeffrey L. Parry, (202) 622-3850; concerning

submissions of comments, Oluwafunmilayo (Funmi) Taylor, (202) 622-7180 (not toll-free numbers).

#### SUPPLEMENTARY INFORMATION:

##### Background and Explanation of Provisions

###### 1. High-Taxed Income

Section 904(d)(2)(F) of the Internal Revenue Code (Code) provides that certain high-taxed income that would otherwise be passive income will be treated as general category income if the foreign taxes paid or accrued, and deemed paid or accrued, with respect to such income exceed the highest rate of tax specified in section 1 or section 11, whichever applies, multiplied by the amount of such income. Section 1.904-4(c) provides detailed rules for determining whether income is high-taxed, including rules for testing income based on subgroups within passive income and allocating expenses, losses and other deductions to that income.

Questions have arisen regarding the coordination of these rules with the capital gains adjustments under section 904(b) and loss allocations and loss account recapture under section 904(f) and (g). The proposed regulations at § 1.904-4(c) clarify that the determination as to whether income is high-taxed is made before taking into account any adjustments under section 904(b) or any allocation of losses or recapture of loss accounts under section 904(f) and (g). The Treasury Department and the IRS believe these ordering rules are consistent with the use in section 904(d)(2)(F) of the highest statutory U.S. tax rate, rather than the taxpayer's pre-credit effective U.S. tax rate, to determine whether income is high-taxed.

###### 2. Dispositions of Property Under Section 904(f)(3)

Section 904(f)(3) provides that if a taxpayer disposes of certain property used or held for use predominantly without the United States in a trade or business, gain is recognized on that disposition and treated as foreign source income, regardless of whether the gain would otherwise be recognized, to the extent of any overall foreign loss account in the separate category of foreign source taxable income generated by the property. Section 1.904(f)-2(d) provides separate rules for dispositions in which gain is recognized irrespective of section 904(f)(3) and dispositions in which the gain would not otherwise be recognized.

Questions have arisen regarding the coordination of overall foreign loss recapture under section 904(f)(3) with

other provisions of section 904(f) and (g). Accordingly, these proposed regulations revise the ordering rules under § 1.904(g)-3 that generally provide for the coordination of section 904(f) and (g) to include specific references for taking into account overall foreign loss recapture under section 904(f)(3).

In the case of dispositions in which gain is recognized irrespective of section 904(f)(3), the overall foreign loss recapture is included in Step Five along with other general overall foreign loss recapture.

Dispositions in which the gain would not otherwise be recognized are addressed separately. Section 1.904(f)-2(d)(4)(i) provides, in part, that where gain would not otherwise be recognized on a disposition, the amount of gain that will be recognized under section 904(f)(3) is equal to the balance in the applicable foreign loss account after taking into account any amounts recaptured from the account from other recognized income for the year (as well as certain other adjustments). In other words, the additional amount of income to be recognized can only be determined after the first seven steps of the ordering rules in § 1.904(g)-3 have been completed. Accordingly, a new Step Eight is added to those ordering rules to address the recognition of the additional income under section 904(f)(3) and the corresponding recapture of the applicable overall foreign loss account. New Step Eight also provides that if the additional recognition of gain increases the allowable amount of the net operating loss deduction, then the recapture of the overall foreign loss account occurs first before the additional net operating loss carryover is taken into account to offset all or a portion of that gain. The Treasury Department and the IRS believe priority should be given to the additional recapture of the overall foreign loss account pursuant to section 904(f)(3) before any net operating loss carryover reduces that gain. This is because the primary reason for recognizing the otherwise unrecognized gain is to recapture the overall foreign loss account.

#### Proposed Effective Date

The regulations, as proposed, will apply to any taxable year ending on or after the date of publication of a Treasury decision adopting these rules as final regulations in the **Federal Register**.

#### Special Analyses

It has been determined that this notice of proposed rulemaking is not a