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HIGHLIGHTS OF THIS ISSUE

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These synopses are intended only as aids to the reader in identifying the subject matter covered. They may not be relied upon as authoritative interpretations.

ADMINISTRATIVE, INCOME TAX

Notice 2025-28, page 316.

This Notice informs taxpayers of the intention of the Department of the Treasury and the Internal Revenue Service to partially withdraw proposed regulations and issue revised proposed regulations regarding the application of the Corporate Alternative Minimum Tax (CAMT) to applicable corporations with financial statement income (FSI) attributable to investments in partnerships. In addition, the notice provides interim guidance primarily on simplified methods to determine an applicable corporation's adjusted financial statement income (AFSI) with respect to an investment in a partnership, reporting by partnerships of information needed to compute ASFI, and rules for partnership contributions and distributions.

EXCISE TAX

Notice 2025-41, page 325.

This Notice of Determinations adds twenty-one chemical substances to the list of taxable substances under § 4672 subject to the tax imposed by § 4671. This Notice also modifies Notice 2021-66, 2021-52 I.R.B. 901, by correcting the spelling of sodium nitrilotriacetate monohydrate and by prescribing a tax rate for sodium nitrilotriacetate monohydrate.

Finding Lists begin on page ii.

The IRS Mission

Provide America's taxpayers top-quality service by helping them understand and meet their tax responsibilities and enforce the law with integrity and fairness to all.

Introduction

The Internal Revenue Bulletin is the authoritative instrument of the Commissioner of Internal Revenue for announcing official rulings and procedures of the Internal Revenue Service and for publishing Treasury Decisions, Executive Orders, Tax Conventions, legislation, court decisions, and other items of general interest. It is published weekly.

It is the policy of the Service to publish in the Bulletin all substantive rulings necessary to promote a uniform application of the tax laws, including all rulings that supersede, revoke, modify, or amend any of those previously published in the Bulletin. All published rulings apply retroactively unless otherwise indicated. Procedures relating solely to matters of internal management are not published; however, statements of internal practices and procedures that affect the rights and duties of taxpayers are published.

Revenue rulings represent the conclusions of the Service on the application of the law to the pivotal facts stated in the revenue ruling. In those based on positions taken in rulings to taxpayers or technical advice to Service field offices, identifying details and information of a confidential nature are deleted to prevent unwarranted invasions of privacy and to comply with statutory requirements.

Rulings and procedures reported in the Bulletin do not have the force and effect of Treasury Department Regulations, but they may be used as precedents. Unpublished rulings will not be relied on, used, or cited as precedents by Service personnel in the disposition of other cases. In applying published rulings and procedures, the effect of subsequent legislation, regulations, court decisions, rulings, and procedures must be considered, and Service personnel and others concerned are cautioned against reaching the same conclusions in other cases unless the facts and circumstances are substantially the same.

The Bulletin is divided into four parts as follows:

Part I.—1986 Code.
This part includes rulings and decisions based on provisions of the Internal Revenue Code of 1986.

Part II.—Treaties and Tax Legislation.
This part is divided into two subparts as follows: Subpart A, Tax Conventions and Other Related Items, and Subpart B, Legislation and Related Committee Reports.

Part III.—Administrative, Procedural, and Miscellaneous.
To the extent practicable, pertinent cross references to these subjects are contained in the other Parts and Subparts. Also included in this part are Bank Secrecy Act Administrative Rulings. Bank Secrecy Act Administrative Rulings are issued by the Department of the Treasury's Office of the Assistant Secretary (Enforcement).

Part IV.—Items of General Interest.
This part includes notices of proposed rulemakings, disbarment and suspension lists, and announcements.

The last Bulletin for each month includes a cumulative index for the matters published during the preceding months. These monthly indexes are cumulated on a semiannual basis, and are published in the last Bulletin of each semiannual period.

Part III

Interim Guidance Simplifying Application of the Corporate Alternative Minimum Tax to Partnerships

Notice 2025-28

SECTION 1. OVERVIEW

This notice provides interim guidance to reduce the compliance burdens and costs associated with applying the corporate alternative minimum tax (CAMT) to partnerships and CAMT entity partners. The Department of the Treasury (Treasury Department) and the Internal Revenue Service (IRS) intend to partially withdraw the CAMT proposed regulations (as defined in section 2.03 of this notice) and to issue revised proposed regulations, in part, to include rules similar to the interim guidance provided in sections 3 through 7 of this notice regarding the application of §§ 56A(c)(2)(D) and 56A(c)(15)(B) of the Internal Revenue Code (Code) to partnership investments (forthcoming proposed regulations).[1] Taxpayers may rely on the interim guidance provided in sections 3 through 7 of this notice as described in section 9 of this notice. Section 8 of this notice modifies the reliance rules provided in the CAMT proposed regulations.

SECTION 2. BACKGROUND

.01 *CAMT under the Inflation Reduction Act*.

(1) *Overview*. Section 10101 of Public Law 117-169, 136 Stat. 1818, 1818-1828 (August 16, 2022), commonly referred to as the Inflation Reduction Act of 2022, amended § 55 to impose the CAMT based on the "adjusted financial statement income" (AFSI) of an applicable corporation for taxable years beginning after December 31, 2022. Section 59(k)(1)(A) provides that, for purposes of §§ 55 through 59, the term "applicable corporation" means, with respect to any taxable year, any corporation (other than an S corporation, a regulated investment company, or a real estate investment trust) that meets an average annual AFSI test for one or more taxable years that (i) are before that taxable year and (ii) end after December 31, 2021.

(2) *AFSI under § 56A*.

(a) *General definition of AFSI*. For purposes of §§ 55 through 59, the term AFSI means, with respect to any corporation for any taxable year, the net income or loss of the taxpayer set forth on the taxpayer's applicable financial statement (AFS) for that taxable year, adjusted as provided in § 56A. *See* § 56A(a). Section 56A(c) provides general adjustments to be made to AFSI. Section 56A(c)(2) provides special rules that take into account the relationship between entities.

(b) *AFSI of partners and partnerships*. Section 56A(c)(2)(D)(i) provides that, except as provided by the Secretary of the Treasury or the Secretary's delegate (Secretary), if the taxpayer is a partner in a partnership, the taxpayer's AFSI with respect to such partnership is adjusted to take into account only the taxpayer's distributive share of such partnership's AFSI. Section 56A(c)(2)(D)(ii) provides that, for purposes of §§ 55 through 59, the AFSI of a partnership is the partnership's net income or loss set forth on that partnership's AFS (adjusted under rules similar to the rules set forth in § 56A).

(3) *Authority of the Secretary to provide necessary adjustments*. Section 56A(c)(15) authorizes the Secretary to issue regulations or other guidance to provide for such adjustments to AFSI as the Secretary determines necessary to carry out the purposes of § 56A, including adjustments to AFSI (i) to prevent the omission or duplication of any item, and (ii) to carry out the principles of part II of subchapter K of chapter 1 of the Code (subchapter K), relating to partnership contributions and distributions.

(4) *General authority of the Secretary*. Section 56A(e) authorizes the Secretary to provide such regulations and other guidance as necessary to carry out the purposes of § 56A, including regulations and other guidance relating to the effect of the rules of § 56A on partnerships with income taken into account by an applicable corporation.

.02 *Notice 2023-7*. On January 17, 2023, the Treasury Department and the IRS published Notice 2023-7, 2023-3 I.R.B. 390, which announced the intention of the Treasury Department and the IRS to issue proposed regulations addressing the application of the CAMT. Notice 2023-7 provides interim guidance on certain issues relating to the CAMT, including issues regarding contributions to, and distributions from, partnerships, referred to as "partnership contributions and distributions" in this notice. Notice 2023-7 stated that taxpayers may rely on the guidance provided in Notice 2023-7 until the issuance of the CAMT proposed regulations.

.03 *CAMT Proposed Regulations*.

(1) *Summary*. On September 13, 2024, the Treasury Department and the IRS published a notice of proposed rulemaking (REG-112129-23) in the *Federal Register* (89 F.R. 75062) referred to as the "CAMT proposed regulations" in this notice. The CAMT proposed regulations addressed the application of the CAMT and permit taxpayers to rely on the proposed regulations subject to certain conditions and limitations. On December 26, 2024, the Treasury Department and the IRS published in the *Federal Register* (89 F.R. 104909) technical corrections to the CAMT proposed regulations. The CAMT proposed regulations generally would provide that the AFSI of a CAMT entity partner[2] with respect to its partnership investment is adjusted as required under the distributive share provisions in proposed § 1.56A-5 and by the rules for partnership contributions and distributions in proposed § 1.56A-20. Numerous comments were submitted in response to the CAMT proposed regula-

[1] Unless otherwise specified, all "section" or "§" references are to sections of the Code or the Income Tax Regulations (26 CFR part 1). Additionally, unless otherwise specified, terms used in this notice have the same meaning as in the CAMT proposed regulations.

[2] Proposed § 1.56A-1(b)(8) would define "CAMT entity" as any entity identified in § 7701 and the regulations under § 7701 other than a disregarded entity. Proposed § 1.56A-5(e)(4) would define "CAMT entity partner" as any CAMT entity that is a partner in a partnership.

tions, which the Treasury Department and the IRS continue to consider and study. Section 2.03(2) of this notice discusses the provisions of proposed § 1.56A-5, section 2.03(3) of this notice discusses the provisions of proposed § 1.56A-20, and section 2.03(4) of this notice provides a brief discussion of comments received on the CAMT proposed regulations.

(2) *AFSI adjustments to partner's distributive share of partnership AFSI in proposed § 1.56A-5*. Proposed § 1.56A-5 would require application of a bottom-up approach to determine a partner's distributive share of partnership AFSI for purposes of § 56A(c)(2)(D). Under the applicable method in proposed § 1.56A-5(c), a CAMT entity partner would generally compute its distributive share of AFSI with respect to a partnership investment by, first, disregarding any amount the CAMT entity partner reflects in its financial statement income as defined in proposed § 1.56A-1(b)(20) (FSI) with respect to that investment for the taxable year and, second, including its "distributive share amount."

Pursuant to proposed § 1.56A-5(e), a CAMT entity partner's distributive share amount for each taxable year would be calculated under a bottom-up method based on the following four steps: (1) the CAMT entity partner determines its "distributive share percentage"; (2) the partnership determines its "modified FSI"; (3) the CAMT entity partner multiplies its distributive share percentage by the modified FSI of the partnership (as reported by the partnership); and (4) the CAMT entity partner adjusts the product of the amount determined in step (3) for certain separately-stated § 56A adjustments.

Proposed § 1.56A-5(e)(2) generally would provide that a CAMT entity partner's distributive share percentage is a fraction, the numerator of which is the FSI amount that is disregarded under the applicable method, and the denominator of which depends on the method of accounting the CAMT entity partner uses for AFS purposes, but in each case, as determined by the CAMT entity partner for AFS purposes.

Proposed § 1.56A-5(e)(3) generally would provide that a partnership's modified FSI is equal to the partnership's FSI for the taxable year, adjusted for all relevant AFSI adjustments provided in the § 56A regulations (that is, those AFSI adjustments that can apply to partnerships), with certain enumerated exceptions.

Proposed § 1.56A-5(e)(4)(iii) generally would require the partnership to separately state certain AFSI items that are *not* taken into account as adjustments to a CAMT entity partner's distributive share amount. Instead, these AFSI items would be directly taken into account by a CAMT entity partner in determining its AFSI. These AFSI items include items described in proposed §§ 1.56A-4(c)(1)(ii) and 1.56A-6(c)(2)(iii) with respect to stock of foreign corporations owned by the partnership and items described in proposed § 1.56A-8(c) with respect to creditable foreign tax expenditures of a partnership.

In a tiered-partnership structure, the CAMT proposed regulations would require each partnership, starting with the lowest-tier partnership and continuing up the chain of ownership, to use the applicable method to determine the distributive share amounts of each CAMT entity partner in the tiered-partnership chain.

Under proposed § 1.56A-5(d), a CAMT entity partner would not be permitted to disregard any FSI amounts attributable to a transfer, sale or exchange, contribution, distribution, dilution, deconsolidation, change in ownership, or any other transaction between any partners (including the CAMT entity partner) and the partnership, or between any partners (including the CAMT entity partner), that are not derived from, and included in, the partnership's FSI. As a result, such amounts would not be excluded from a CAMT entity partner's AFSI under the applicable method. However, these amounts may be subject to adjustment under proposed §§ 1.56A-1(d)(4) (concerning redetermination of FSI gains and losses) and 1.56A-20 (concerning AFSI adjustments to apply certain principles of subchapter K).

(3) *AFSI adjustments to apply certain subchapter K principles in proposed § 1.56A-20*. Proposed § 1.56A-20 would provide rules for computing AFSI resulting from partnership contributions and distributions (except for certain contributions or distributions of stock of a foreign corporation). Proposed § 1.56A-20(b) would provide a general operating rule for transactions between a CAMT entity partner and a partnership in which it holds an investment. Generally, this rule would require each CAMT entity partner and the partnership itself to include in its AFSI any income, expense, gain, or loss reflected in its FSI as a result of the transaction, except as otherwise provided in proposed § 1.56A-20. In certain circumstances, proposed § 1.56A-20 would allow deferred recognition of FSI resulting from partnership contributions and distributions to more closely align with the general principles of subchapter K.

(a) *Contributions of property*. Proposed § 1.56A-20 would adopt an approach under which, if property is contributed by a CAMT entity partner (contributor) to a partnership in a transaction to which § 721(a) applies, any gain or loss reflected in the contributor's FSI from the property transfer would be deferred by the contributor and included in its AFSI ratably, on a monthly basis, over an applicable recovery period that would depend on the type of property contributed (deferred sale approach). The deferred sale approach would not apply to disregard any other FSI amount resulting to the contributor or the partnership from the transaction (for example, FSI gain or loss resulting from a deconsolidation or a dilution) for purposes of determining AFSI.

Under proposed § 1.56A-20(c)(2), a contributor would accelerate a portion of its deferred sale gain or loss into its AFSI upon the occurrence of certain events, including if a contributor's distributive share percentage in the partnership decreases by more than one-third or if the partnership disposes of the deferred sale property.

Proposed § 1.56A-20(c)(3) would also provide guidance on the determination of CAMT basis.[3] The partnership's initial CAMT basis in contributed property would be the partnership's initial AFS basis in the contributed property at the time of contribution, regardless of whether § 721(a) applies, in whole or in part, to the contribution. Upon a contri-

[3] Proposed § 1.56A-1(b)(7) would define "CAMT basis" as the basis of an item for purposes of determining AFSI.

bution of property to the partnership to which § 721(a) applies, the contributor's initial CAMT basis in its partnership investment would be the contributor's AFS basis in the acquired partnership investment, decreased by any deferred sale gain or increased by any deferred sale loss that is required to be included in the contributor's AFSI under the deferred sale approach. The contributor's initial CAMT basis in the acquired partnership investment would be subsequently increased or decreased as the deferred sale gain or loss is included in its AFSI under the deferred sale approach.

(b) *Distributions of property*. Proposed § 1.56A-20(d) would adopt a deferred distribution gain or loss approach, similar to the rules for contributions of property, for any gain or loss reflected in a partnership's FSI (deferred distribution gain or loss) as the result of a distribution of property (deferred distribution property) to which § 731(b) applies. Deferred distribution gain or loss would be (i) allocated among the partners in proportion to their distributive share percentages and (ii) included by the partners in their respective distributive share amounts ratably, on a monthly basis, over an applicable recovery period that would depend on the type of property distributed.

(c) *Treatment of liabilities*. Proposed § 1.56A-20(e) generally would provide that the treatment of partner and partnership liabilities for purposes of determining a CAMT entity partner's or partnership's AFSI is based on the treatment of such liabilities for AFS purposes and not on the treatment of such liabilities under § 752. Regarding the treatment of liabilities upon a contribution or distribution of property to or from a partnership, the CAMT proposed regulations would provide that § 752 is inapplicable in determining the amount of gain or loss to be included in the AFSI of the CAMT entity partner or partnership. Accordingly, any rules relating to liabilities for regular tax purposes, such as those under §§ 1.707-5 and 1.707-6, would not apply for purposes of the CAMT.

(4) *Comments received on the partnership provisions of the CAMT proposed regulations*.

(a) *Comments on the partnership distributive share rules of proposed § 1.56A-5*. Comments submitted in response to proposed § 1.56A-5 have generally requested that alternative methods be provided for computing a CAMT entity partner's distributive share of partnership AFSI, including an elective method based on the amount of FSI a CAMT entity partner reports for AFS purposes with respect to its partnership investment, additional methods to determine a partner's distributive share percentage, and an elective taxable-income exception allowable under certain fact patterns. The comments generally provide that the rules in proposed § 1.56A-5 are unduly complex and burdensome. A number of comments requested that interim guidance be provided regarding the determination of a CAMT entity partner's AFSI with respect to a partnership investment.

(b) *Comments on the partnership contribution and distribution rules of proposed § 1.56A-20*. Comments submitted in response to proposed § 1.56A-20 have generally requested either that changes be made to the deferred sale approach and the deferred distribution gain or loss approach or that different approaches be permitted. Some comments have requested modifications to proposed § 1.56A-20 to account for the inclusion of partnership liabilities when calculating the amount of AFSI resulting from partnership contributions and distributions, to remove AFSI inclusions resulting from certain transactions, and to modify the acceleration events and the applicable recovery periods. Additionally, other comments have requested allowing for the use of additional subchapter K provisions to account for partnership contributions and distributions.

SECTION 3. TOP-DOWN ELECTION

.01 *Purpose*. The Treasury Department and the IRS anticipate that the forthcoming proposed regulations will include modifications to proposed §§ 1.56A-5 and 1.56A-20 consistent with the guidance provided in this section 3 to allow a CAMT entity partner to make a "top-down election" to elect to determine its amount of AFSI from a partnership investment for each taxable year (starting with the first taxable year for which the election is in effect) by reference to the amount the CAMT entity partner reflects in its FSI for the taxable year with respect to the partnership investment.

.02 *Effect of Top-Down Election*.

(1) *General calculation of AFSI for a partnership investment*. If a CAMT entity partner has a top-down election in effect with respect to a partnership investment, the CAMT entity partner's AFSI for such partnership investment is the sum of (i) 80 percent of the top-down amount (as defined in section 3.02(2) of this notice), (ii) amounts included in AFSI from a sale or exchange of the partnership investment as described in section 3.02(3) of this notice, and (iii) the AFSI adjustments described in section 3.02(4) of this notice. Except as provided in this section 3.02, the CAMT entity partner does not adjust its AFSI for such partnership investment by making any other adjustments provided in § 56A and the CAMT proposed regulations (such as the AFSI adjustments in proposed § 1.56A-15 applicable to "property to which section 168 applies," as defined in proposed § 1.56A-15(c)). For purposes of applying the rules of proposed § 1.56A-5, 80 percent of the top-down amount will be treated as the CAMT entity partner's distributive share amount. Thus, under proposed § 1.56A-5(j)(1), if 80 percent of the top-down amount is a negative number, the CAMT entity partner includes such amount in its AFSI for the taxable year only to the extent that such negative amount does not exceed the CAMT entity partner's CAMT basis in its partnership investment. Under proposed § 1.56A-5(j)(3), the CAMT entity partner's CAMT basis in its partnership investment must be increased or decreased (as applicable), but not below zero pursuant to proposed § 1.56A-5(j), by 80 percent of the top-down amount and, to the extent provided by the CAMT proposed regulations, the AFSI adjustments described in section 3.02(4) of this notice.

(2) *Top-down amount*.

(a) *Inclusions*. Except as provided in section 3.02(2)(b) of this notice, the top-down amount equals any amounts reflected in the CAMT entity partner's FSI for the taxable year that are attributable to the partnership investment for which the top-down election is in effect, including FSI amounts attributable to a contribution of property to the partnership by the CAMT entity partner or a distribution of

property by the partnership to the CAMT entity partner. Thus, the CAMT entity partner may not apply § 721, § 731, the rules in section 3 of Notice 2023-7, the rules in proposed § 1.56A-20, or the rules in section 6 of this notice to defer inclusion of FSI amounts attributable to a contribution of property to the partnership by the CAMT entity partner or a distribution of property by the partnership.

(b) *Exclusions*.

(i) The top-down amount excludes any FSI amounts attributable to a sale or exchange of all or a portion of the CAMT entity partner's partnership investment (including a sale or exchange under § 731(a)) in a transaction that is not a nonrecognition transaction for regular tax purposes (recognition transaction). *See* section 3.02(3) of this notice, under which 100 percent of such FSI amounts generally are included in AFSI.

(ii) The top-down amount excludes any FSI or AFSI amounts described in proposed §§ 1.56A-4(c)(1)(i) and (ii), 1.56A-6(c)(2)(iii), or 1.56A-8(b) and (c). *See* section 3.02(4) of this notice, which instructs how such amounts should be taken into account by a CAMT entity partner in computing its AFSI with respect to a partnership investment for which a top-down election is in effect.

(iii) The top-down amount excludes any specified non-realization amounts to the extent excluded under section 7 of this notice.

(3) *AFSI upon sale or exchange of partnership investment*. If a CAMT entity partner sells or exchanges all or a portion of its partnership investment (including a sale or exchange under § 731(a)) in a recognition transaction, the CAMT entity partner determines the attributable AFSI using CAMT basis and includes such amount in its AFSI for the taxable year of the sale or exchange.

(4) *Certain adjustments for foreign stock*. If a CAMT entity partner has a top-down election in effect with respect to a partnership investment, in determining the CAMT entity partner's AFSI for the taxable year with respect to its partnership investment, the FSI items described in proposed §§ 1.56A-4(c)(1)(i) and 1.56A-8(b) are disregarded and the items described in proposed §§ 1.56A-4(c)(1)(ii), 1.56A-6(c)(2)(iii), and 1.56A-8(c) are included in AFSI as provided in proposed § 1.56A-5(e)(4)(iii)(A) through (C).

(5) *Effect on a partnership*. If a CAMT entity partner has a top-down election in effect with respect to a partnership investment, the partnership is not required to report its modified FSI to such CAMT entity partner. However, the partnership is required to compute and report its modified FSI to another CAMT entity partner if notice is provided to the partnership that such other CAMT entity partner requires the partnership to compute and report its modified FSI. If a partnership computes or reports modified FSI (or other CAMT amounts) for a CAMT entity partner for a taxable year in which the CAMT entity partner has a top-down election in effect for such partnership investment, the CAMT entity partner must continue to apply the top-down election with respect to such partnership investment in accordance with section 3.05 of this notice.

.03 *Eligibility to Make Top-Down Election*. Any CAMT entity partner other than a partnership may make a top-down election with respect to one or more partnerships in which it is a direct partner for Federal income tax purposes. If a CAMT entity partner is a direct partner in multiple partnerships, it may make a top-down election with respect to its investments in some partnerships and not its investments in other partnerships. A top-down election may not be made with respect to an investment other than an investment in a partnership.

.04 *Manner of Making Top-Down Election*.

(1) *In general*. Except as provided in section 3.04(2) of this notice, a CAMT entity partner makes a top-down election by attaching a statement to its Federal income tax return for the taxable year. The statement must be titled "Top-Down Election for CAMT" and include the CAMT entity partner's name, address, taxpayer identification number, a statement that the CAMT entity partner is making a top-down election under Notice 2025-28, and the name and taxpayer identification number (if applicable) of each partnership for which the CAMT entity partner is making a top-down election.

(2) *CFCs*. In the case of a CAMT entity partner that is a controlled foreign corporation (as defined in § 957 or, if applicable, § 953(c)(1)(B)) (CFC), the controlling domestic shareholders (as defined in § 1.964-1(c)(5)) of the CFC make a top-down election on behalf of the CFC in accordance with the procedures set forth in § 1.964-1(c)(3). The statement described in § 1.964-1(c)(3)(ii) must be titled "Top-Down Election for CAMT on Behalf of CFC" and, in addition to the information set forth in § 1.964-1(c)(3)(ii), must include a statement that the CFC is making a top-down election under Notice 2025-28 and the names and taxpayer identification number (if applicable) of each partnership for which the CFC is making a top-down election. A top-down election made on behalf of a CFC is binding on all United States shareholders (as defined in § 951(b) or, if applicable, § 953(c)(1)(A)) of the CFC.

.05 *Duration of Top-Down Election*. Once made, a top-down election continues in effect for all subsequent taxable years beginning before the issuance of the forthcoming proposed regulations.

SECTION 4. LIMITED TAXABLE-INCOME ELECTION

.01 *Purpose*. The Treasury Department and the IRS anticipate that the forthcoming proposed regulations will include modifications to proposed §§ 1.56A-5 and 1.56A-20 consistent with the guidance provided in this section 4 to allow certain CAMT entity partners to make a "taxable-income election" to elect to use taxable-income amounts to determine their AFSI from a partnership investment.

.02 *Effect of Taxable-Income Election*.

(1) *Effect of taxable-income election by CAMT entity partner*. If a CAMT entity partner has a taxable-income election in effect with respect to a partnership investment for a taxable year, the CAMT entity partner's AFSI for the partnership investment for such taxable year is equal to the sum of: (i) the CAMT entity partner's taxable-income amount determined under section 4.02(2) of this notice, (ii) AFSI attributable to sales or exchanges described in section 4.02(3) of this notice, and (iii) the inclusions in AFSI attributable to adjustments described in section 4.02(4) of this notice. For purposes of applying the rules of proposed § 1.56A-5, the taxable-income amount will be treated

as the CAMT entity partner's distributive share amount. Thus, under proposed § 1.56A-5(j)(1), if the taxable-income amount is a negative number, the CAMT entity partner includes such amount in its AFSI for the taxable year only to the extent that such negative amount does not exceed the CAMT entity partner's CAMT basis in its partnership investment. Under proposed § 1.56A-5(j)(3), the CAMT entity partner's CAMT basis in its partnership investment must be increased or decreased (as applicable), but not below zero pursuant to proposed § 1.56A-5(j), by the taxable-income amount, and, to the extent provided by the CAMT proposed regulations, the AFSI adjustments described in section 4.02(4) of this notice.

(2) *CAMT entity partner's taxable-income amount*. A CAMT entity partner's taxable-income amount from a partnership investment includes the sum of the CAMT entity partner's distributive share of income, gain, loss, and deduction from the partnership investment for regular tax purposes, based on application of all applicable regular tax rules (for example, § 704(c) and (d)), to the extent included in the CAMT entity partner's taxable income, but excluding any amounts described in proposed §§ 1.56A-4(c)(1)(ii), 1.56A-6(c)(2)(iii), or 1.56A-8(c). Additionally, in lieu of applying the rules of section 3 of Notice 2023-7, proposed § 1.56A-20, or any rules in section 6 of this notice, a CAMT entity partner's taxable-income amount with respect to a partnership investment includes any income, gain, loss, or deduction resulting from partnership contributions and distributions as computed for regular tax purposes. *See* section 7 of this notice regarding the treatment of certain transactions.

(3) *Certain sales or exchanges*. If a CAMT entity partner with a taxable-income election in effect with respect to a partnership receives a distribution of property from the partnership in a transaction that is a nonrecognition transaction for regular tax purposes, the CAMT entity partner's initial CAMT basis upon receipt of the distributed property is its adjusted basis for regular tax purposes. Following the distribution, the CAMT entity partner's CAMT basis in the distributed property must be adjusted in accordance with the rules of the CAMT proposed regulations. Thus, if the CAMT entity partner subsequently disposes of the distributed property, any AFSI attributable to such disposition must be determined using that CAMT basis and included in the CAMT entity partner's AFSI. If a CAMT entity partner with a taxable-income election in effect with respect to a partnership investment sells or exchanges all or a portion of its partnership investment (including a sale or exchange under § 731(a)), any resulting AFSI must be determined using CAMT basis and included in the CAMT entity partner's AFSI. *See* section 7 of this notice regarding the treatment of certain transactions.

(4) *Certain adjustments for foreign stock*. If a CAMT entity partner has a taxable-income election in effect with respect to a partnership investment, in determining the CAMT entity partner's AFSI for the taxable year with respect to its partnership investment, the FSI items described in proposed §§ 1.56A-4(c)(1)(i) and 1.56A-8(b) are disregarded and the items described in proposed §§ 1.56A-4(c)(1)(ii), 1.56A-6(c)(2)(iii), and 1.56A-8(c) are included in AFSI as provided in proposed § 1.56A-5(e)(4)(iii)(A) through (C).

(5) *Effect on a partnership of a CAMT entity partner's taxable-income election*. If a CAMT entity partner has a taxable-income election in effect with respect to a partnership investment, the partnership is not required to report its modified FSI to such CAMT entity partner. However, the partnership is required to compute and report its modified FSI to another CAMT entity partner if notice is provided to the partnership that such other CAMT entity partner requires the partnership to compute and report its modified FSI. If a partnership computes or reports modified FSI (or other CAMT amounts) for a CAMT entity partner for a taxable year for which the CAMT entity partner has a taxable-income election in effect for such partnership investment, the CAMT entity partner must continue to apply the taxable-income election with respect to such partnership investment in accordance with section 4.05 of this notice.

.03 *Eligibility to Make Taxable-Income Election*.

(1) *Type of entity*. Any CAMT entity partner other than a partnership may make a taxable-income election with respect to a partnership in which it is a direct partner for Federal income tax purposes if, as of the last day of the taxable year, (i) the CAMT entity partner's test group does not own more than 20 percent of the interests in capital or profits of the partnership (as determined under section 4.03(2) of this notice), and (ii) the fair market value of such partnership investment held by the CAMT entity partner's test group is $200,000,000 or less (as determined under section 4.03(2) of this notice).

(2) *Test group*. For purposes of this section 4.03, "test group" has the meaning in proposed § 1.59-2(b)(6). The CAMT entity partner desiring to make a taxable-income election with respect to a partnership investment determines its test group as of the last day of the taxable year. Accordingly, such test group is comprised of the CAMT entity partner desiring to make the taxable-income election and the CAMT entities required to be aggregated with such CAMT entity partner under the relevant relationship criteria as defined in proposed § 1.59-2(b)(4) as of the last day of the taxable year. For purposes of section 4.03(1)(i) and (ii) of this notice, the CAMT entity partner's test group's interests in capital or profits of the partnership, or the fair market value of the investments in the partnership held by the CAMT entity partner's test group, as applicable, is the sum of each test group member's interest in the capital or profits of the partnership, or the sum of the fair market value of each investment in the partnership held by each member of the CAMT entity partner's test group, as applicable, as of the last day of the taxable year.

(3) *Investments in multiple partnerships*. If a CAMT entity partner has investments in multiple partnerships that qualify for the taxable-income election, it may make a taxable-income election with respect to its investments in some partnerships and not to its investments in other partnerships. A taxable-income election may not be made with respect to an investment other than an investment in a partnership.

.04 *Manner of Making Taxable-Income Election*.

(1) *In general*. Except as provided in section 4.04(2) of this notice, an eligible CAMT entity partner makes a taxable-income election by attaching a statement to

its Federal income tax return for the taxable year in which the election is made. The statement must be titled "Taxable-Income Election for CAMT" and include the CAMT entity partner's name, address, taxpayer identification number, a statement that the CAMT entity partner is making a taxable-income election under Notice 2025-28, and the name and taxpayer identification number (if applicable) of each partnership for which the CAMT entity partner makes a taxable-income election.

(2) *CFCs*. In the case of an eligible CAMT entity partner that is a CFC, the controlling domestic shareholders of the CFC make a taxable-income election on behalf of the CFC in accordance with the procedures set forth in § 1.964-1(c)(3). The statement described in § 1.964-1(c)(3)(ii) must be titled "Taxable-Income Election for CAMT on Behalf of CFC" and, in addition to the information set forth in § 1.964-1(c)(3)(ii), must include a statement that the CFC is making a taxable-income election under Notice 2025-28 and the name and taxpayer identification number (if applicable) of each partnership for which the CFC is making a taxable-income election. A taxable-income election made on behalf of a CFC is binding on all United States shareholders of the CFC.

.05 *Duration of Taxable-Income Election*. Once made, a taxable-income election continues in effect for all subsequent taxable years beginning before the issuance of the forthcoming proposed regulations unless the CAMT entity partner no longer meets the eligibility requirements for making a taxable-income election under section 4.03 of this notice. If on the last day of the taxable year the CAMT entity partner no longer meets the eligibility requirements for making the taxable-income election, the election will terminate for that taxable year and any subsequent taxable year, and the CAMT entity partner will not be allowed to make a subsequent taxable-income election with respect to the partnership. For the taxable year in which the taxable-income election ceases to be in effect, the CAMT entity partner must attach a statement to its Federal income tax return disclosing the reasons for the termination of the taxable-income election.

SECTION 5. REASONABLE METHOD TO DETERMINE PARTNERS' DISTRIBUTIVE SHARES OF MODIFIED FSI AND REPORTING REQUIREMENT MODIFICATIONS

.01 *Purpose*. The Treasury Department and the IRS anticipate that the forthcoming proposed regulations will modify proposed § 1.56A-5 consistent with the guidance provided in this section 5 to allow partnerships to use any reasonable method to determine a CAMT entity partner's distributive share. In addition, the forthcoming proposed regulations will modify certain reporting requirements in proposed § 1.56A-5.

.02 *Reasonable Method to Determine CAMT Entity Partners' Distributive Shares of Modified FSI.*

(1) *Partnership determination*. Following the determination of modified FSI pursuant to proposed § 1.56A-5(e)(3), a partnership may determine a CAMT entity partner's distributive share of such modified FSI using any reasonable method, provided that it uses the same method for all CAMT entity partners in the partnership. If a partnership determines any CAMT entity partner's distributive share of modified FSI in accordance with the rules of this section 5.02, the partnership must report to each CAMT entity partner its distributive share amount for the taxable year pursuant to section 5.04(2) of this notice; however, the partnership need not report distributive share amounts to a CAMT entity partner that has a top-down election or taxable-income election in effect with respect to the partnership. In the case of a CAMT entity partner that has a top-down or taxable-income election in effect with respect to a partnership investment, if the partnership computes or reports modified FSI (or other CAMT amount) for the CAMT entity partner, the CAMT entity partner must continue to apply the top-down or taxable-income election with respect to such partnership investment in accordance with section 3.05 or 4.05 of this notice.

(2) *Reasonable methods*. A reasonable method must be consistent with the purposes of § 56A. A reasonable method does not include a method that results in the partnership allocating more than, or less than, all of its modified FSI among its partners, or a method undertaken with a principal purpose of avoiding applicable corporation status or reducing or avoiding a CAMT liability under § 55. A reasonable method includes a method that determines a CAMT entity partner's distributive share of modified FSI for a taxable year based on:

(a) The partner's relative share of "net § 704(b) income or loss" (meaning, if the partnership has net income attributable to § 704(b) items, such net income, and if the partnership has overall net loss attributable to § 704(b) items, such net loss) for such taxable year. The determination of the partnership's net § 704(b) income or loss would disregard § 704(c) and its principles, and "regulatory allocations" such as those described in § 1.721(c)-1(b)(10). If the partnership makes a guaranteed payment within the meaning of § 707(c) that is deductible for regular tax purposes, then solely for purposes of this section 5.02(2)(a), such guaranteed payment is treated as a share of net § 704(b) income; or

(b) The provisions in the partnership agreement that the partnership uses to allocate net § 704(b) income or loss for the entire taxable year, provided the partnership's allocations of net § 704(b) income or loss comply with § 704(b). If the partnership makes a guaranteed payment within the meaning of § 707(c) that is deductible for regular tax purposes, solely for purposes of this section 5.02(2)(b), the provisions of the partnership agreement that the partnership uses to allocate net § 704(b) income or loss are considered to include the provisions of the partnership agreement relating to such guaranteed payment.

(3) *Effect of a partnership determination*. A partnership that applies proposed § 1.56A-20, including with any of the modifications described in section 6.03 of this notice, must use the same method to determine a partner's distributive share of deferred distribution gain or loss as it uses to determine a partner's distributive share of modified FSI.

.03 *Selection and Duration of Method*. A partnership chooses a reasonable method under this section 5 by attaching a statement to its Federal income or information return for the taxable year. The statement must be titled "Reasonable Allocation Method for CAMT" and

include the partnership's name, address, taxpayer identification number, a statement that the partnership is applying a reasonable method under section 5 of Notice 2025-28 and a description of the reasonable method. Once a partnership has chosen a reasonable method under this section 5, the partnership must consistently apply the method for all subsequent taxable years beginning before the issuance of the forthcoming proposed regulations.

.04 *Modifications to Certain Reporting Requirements*.

(1) *Permissible modifications*. A CAMT entity, including an upper-tier partnership (UTP), may apply proposed § 1.56A-5(h) and (i) with the following modifications:

(a) Instead of a CAMT entity being required to request information from a partnership by the 30th day after the close of the taxable year of the partnership pursuant to proposed § 1.56A-5(h)(1), a CAMT entity may request information from a partnership up to 60 days before the due date (with extensions) for the filing of the partnership's Federal return of partnership income for such taxable year. In the case of a partnership that is not required to file a return under § 1.6031(a)-1(b), the CAMT entity may request information from the partnership up to the fifteenth day of the seventh month after the close of the taxable year of the partnership (as determined applying § 706(b));

(b) If a partnership fails to furnish the information requested by a CAMT entity as described in proposed § 1.56A-5(h)(2)(i) then, instead of applying the required estimate rules under proposed § 1.56A-5(h)(2)(ii), a CAMT entity may base its estimate on its books and records and is not required to continue to use its best efforts to obtain the requested information from the partnership; and

(c) Instead of a UTP being required to request any necessary information by the later of the 30th day after the close of the taxable year of the partnership to which the information request relates or 14 days after the date the UTP receives a request from another UTP under proposed § 1.56A-5(i)(2)(iii), a UTP can request the information by the later of the 60th day after the close of the taxable year of the partnership to which the information request relates or 30 days after the date the UTP receives a request from another UTP (with corresponding changes to proposed § 1.56A-5(i)(3)(ii) relating to late requests).

(2) *Required modification*. If a partnership determines a CAMT entity partner's distributive share of modified FSI in accordance with this section 5 for a taxable year, instead of applying the rules of proposed § 1.56A-5(i)(1)(i) and (ii), the partnership must report to each CAMT entity partner for the taxable year the CAMT entity partner's distributive share of the partnership's modified FSI.

SECTION 6. ADDITIONAL METHODS TO ACCOUNT FOR PARTNERSHIP CONTRIBUTIONS AND DISTRIBUTIONS

.01 *Purpose*. The Treasury Department and the IRS anticipate that the forthcoming proposed regulations will include modifications to proposed § 1.56A-20 consistent with the guidance provided in this section 6 to allow CAMT entities to choose from two additional methods described in sections 6.02 and 6.03 of this notice to determine AFSI adjustments for partnership contributions and distributions. However, these additional methods do not apply to partnership contributions and distributions involving stock of a foreign corporation. *See* proposed § 1.56A-4(c) for rules that apply to partnership contributions and distributions involving stock of a foreign corporation.

.02 *Modified -20 Method*. A CAMT entity partner may choose to apply proposed § 1.56A-20 with the modifications described in section 6.02(1)(a) through (h) of this notice (modified -20 method) rather than the corresponding rules in proposed § 1.56A-20.

(1) *Effect of choosing modified -20 method*.

(a) In lieu of the liability allocation rules under proposed § 1.56A-20(e)(2), the rules of § 752 and the rules under §§ 1.707-4, 1.707-5 and 1.707-6 apply to determine whether § 721(a) or § 731(b) apply to partnership contributions and distributions of property subject to liabilities;

(b) In lieu of the applicable recovery period rules of proposed § 1.56A-20(c)(2)(i)(B) through (E), the applicable recovery period is 15 years for deferred sale property that is "property to which section 168 applies" (as defined in proposed § 1.56A-15(c)), qualified wireless spectrum (as defined in proposed § 1.56A-16(c)), or subject to depreciation or amortization for AFS purposes;

(c) In lieu of the recovery period rules of proposed § 1.56A-20(c)(2)(i)(F), there is no applicable recovery period for deferred sale property that is not subject to depreciation or amortization for AFS purposes, and no deferred sale gain or loss is required to be included in a contributor's AFSI for such property except in the case of an event described in proposed § 1.56A-20(c)(2)(iii) or (iv) (as modified by this section 6.02);

(d) Proposed § 1.56A-20(c)(2)(ii) does not apply, except to the extent the contributor disposes of its entire investment in the partnership, including through a liquidating distribution by the partnership;

(e) Proposed § 1.56A-20(c)(2)(iii) applies only to the extent the partnership sells, distributes, or otherwise disposes of the deferred sale property, or any property the tax basis of which is determined in whole or in part by reference to the adjusted basis of the deferred sale property, in a recognition transaction;

(f) In lieu of the recovery period rules of proposed § 1.56A-20(d)(1)(ii)(B) through (E), the applicable recovery period is 15 years for deferred distribution property that is "property to which section 168 applies" (as defined in proposed § 1.56A-15(c)), qualified wireless spectrum, or subject to depreciation or amortization for AFS purposes;

(g) In lieu of the recovery period rules of proposed § 1.56A-20(d)(1)(ii)(F), there is no applicable recovery period for deferred distribution property that is not subject to depreciation or amortization for AFS purposes, and no deferred distribution gain or loss would be required to be included in a partner's distributive share amount except in the case of an event described in proposed § 1.56A-20(d)(1)(iii) or (d)(2)(ii) (as modified by this section 6.02); and

(h) Proposed § 1.56A-20(d)(1)(iii)(B) does not apply.

(2) *Method of choosing modified -20 method*.

(a) Except as provided in section 6.02(2)(b) of this notice, a CAMT entity

partner chooses the modified -20 method with respect to a partnership investment by attaching a statement to its Federal income tax return, income return, or information return for the taxable year. The statement must be titled "Modified -20 Method for CAMT" and include the CAMT entity partner's name, address, taxpayer identification number, a statement that the CAMT entity partner is choosing the modified -20 method under section 6.02 of Notice 2025-28, and the name and taxpayer identification number (if applicable) of each partnership for which the CAMT entity partner is choosing the modified -20 method.

(b) *CFCs*. In the case of an eligible CAMT entity partner that is a CFC, the controlling domestic shareholders of the CFC choose the modified -20 method on behalf of the CFC in accordance with the procedures set forth in § 1.964-1(c)(3). The statement described in § 1.964-1(c)(3)(ii) must be titled "Modified -20 Method for CAMT on Behalf of CFC" and, in addition to the information set forth in § 1.964-1(c)(3)(ii), must include a statement that the CFC is choosing the modified -20 method under Notice 2025-28 and the name and taxpayer identification number (if applicable) of each partnership for which the CFC is choosing the modified -20 method. The choice of the modified -20 method made on behalf of a CFC is binding on all United States shareholders of the CFC.

(3) *Duration of modified -20 method*. Once a CAMT entity partner has chosen the modified -20 method, it must consistently apply all of the modifications under section 6.02(1)(a) through (h) of this notice to all contributions and distributions for all subsequent taxable years beginning before the issuance of the forthcoming proposed regulations.

.03 *Full Subchapter K Method*. A partnership (with the written consent of all CAMT entity partners that were partners at any time during the year for which the full subchapter K method is adopted and that do not have a top-down or taxable-income election in effect with respect to the partnership investment) may apply the principles of §§ 721 and 731 to determine its partners' distributive shares of partnership AFSI resulting from partnership contributions and distributions.

(1) *Effect of choosing full subchapter K method*. Under the full subchapter K method, the provisions of subchapter K would apply with the partnership using CAMT inputs (for example, using CAMT basis for an item of property if the CAMT basis is different from the regular tax basis) where appropriate. For example, if a partnership applies the principles of §§ 721 and 731 for partnership contributions and distributions for CAMT purposes, the partnership must also apply the principles of other relevant provisions in subchapter K (for example, §§ 704(c), 732, 734, 737) for CAMT purposes. Additionally, if a partnership adopts the full subchapter K method described in this section 6.03, the partnership must adopt the same relevant methods and elections for CAMT purposes as it does for regular tax purposes. For example, if a partnership adopts the remedial allocation method under § 1.704-3(d) for an item of property for regular tax purposes, it must also adopt the remedial allocation method for such property for CAMT purposes. Similarly, if a partnership makes special basis adjustments under §§ 734(b) or 743(b), it must make corresponding basis adjustments for CAMT purposes.

(2) *Method of choosing full subchapter K method*. A partnership chooses the full subchapter K method by attaching a statement to its Federal income or information return for the taxable year. The statement must be titled "Full Subchapter K Method for CAMT" and include the partnership's name, address, taxpayer identification number, and a statement that the partnership is choosing the full subchapter K method under section 6.03 of Notice 2025-28. The partnership must also maintain in its books and records computations substantiating compliance with the full subchapter K method.

(3) *Duration of full subchapter K method*. Once a partnership has chosen the full subchapter K method, the partnership must consistently apply the method to all contributions and distributions for all subsequent taxable years beginning before the issuance of the forthcoming proposed regulations, regardless of whether a new CAMT entity partner is admitted to the partnership and does not consent to the subchapter K method.

SECTION 7. FSI ATTRIBUTABLE TO CERTAIN TRANSACTIONS

.01 *Purpose*. The Treasury Department and the IRS anticipate that the forthcoming proposed regulations will include modifications to proposed §§ 1.56A-5 and 1.56A-20 consistent with the guidance provided in this section 7 to allow a CAMT entity partner to:

(1) Disregard in computing AFSI with respect to a partnership investment any FSI amounts attributable to a consolidation, remeasurement, deconsolidation, dilution, or change in ownership of a partner other than the CAMT entity partner to the extent that such transactions are non-realization events for regular tax purposes, referred to as "specified non-realization amounts" in this notice,[4] and

(2) Make appropriate adjustments to any relevant CAMT attributes to ensure that the disregarded amounts are not permanently eliminated.

.02 *AFSI Exclusion*. A CAMT entity partner (including a UTP) may disregard in computing AFSI any specified non-realization amounts with respect to a partnership investment for a taxable year.

.03 *Appropriate Adjustments*. If a CAMT entity partner disregards in computing AFSI with respect to a partnership investment any specified non-realization amounts under section 7.02 of this notice, appropriate adjustments must be made to any relevant CAMT attributes (for example, the CAMT basis of the partnership investment) to reflect that the CAMT entity partner did not include the specified non-realization amounts in AFSI with respect to the partnership investment and to ensure that the CAMT entity partner's AFSI from the partnership investment will be properly computed.

[4] Specified non-realization amounts do not include FSI attributable to a change in the fair value of a partnership investment, such as for a CAMT entity partner that uses the fair value method of accounting with respect to its partnership investment.

SECTION 8. RELIANCE ON PROPOSED §§ 1.56A-5 AND 1.56A-20.

.01 The Treasury Department and the IRS anticipate that the forthcoming proposed regulations will provide that, for taxable years beginning before the applicability date of final regulations addressing §§ 56A(c)(2)(D) and 56A(c)(15)(B) as applied to partnership investments, a taxpayer may rely on the rules set forth in proposed § 1.56A-5 (excluding proposed § 1.56A-5(l)(2)(ii) and (iii)), as contained in the CAMT proposed regulations and without any of the modifications described in this notice, including for purposes of filing an amended return or administrative adjustment request, if the taxpayer and each member of its test group determined under proposed § 1.59-2 for that taxable year consistently follow proposed § 1.56A-5 (excluding proposed § 1.56A-5(l)(2)(ii) and (iii)) in its entirety, regardless of whether the taxpayer also relies on proposed § 1.56A-20. Similarly, for such taxable years, a taxpayer may rely on proposed § 1.56A-20, as contained in the CAMT proposed regulations and without any of the modifications contained in this notice, including for purposes of filing an amended return or administrative adjustment request, if the taxpayer and each member of its test group determined under proposed § 1.59-2 for that taxable year consistently follow such section in its entirety, regardless of whether the taxpayer also relies on proposed § 1.56A-5.

.02 In addition, for taxable years beginning before the date the forthcoming proposed regulations are published in the *Federal Register*, a taxpayer may rely on the rules set forth in proposed § 1.56A-5 (excluding proposed § 1.56A-5(l)(2)(ii) and (iii)), as contained in the CAMT proposed regulations and without any of the modifications contained in this notice, including for purposes of filing an amended return or administrative adjustment request, if the taxpayer and each member of its test group determined under proposed § 1.59-2 for that taxable year consistently follow proposed § 1.56A-5 in its entirety, regardless of whether the taxpayer also relies on proposed § 1.56A-20. Similarly, for such taxable years, a taxpayer may rely on proposed § 1.56A-20, as contained in the CAMT proposed regulations and without any of the modifications contained in this notice, including for purposes of filing an amended return or administrative adjustment request, if the taxpayer and each member of its test group determined under proposed § 1.59-2 for that taxable year consistently follow proposed § 1.56A-20 in its entirety, regardless of whether the taxpayer also relies on proposed § 1.56A-5.

SECTION 9. APPLICABILITY DATES

It is anticipated that the forthcoming proposed regulations will provide that rules consistent with the rules described in sections 3 through 7 of this notice apply for taxable years beginning on or after the date final regulations addressing §§ 56A(c)(2)(D) and 56A(c)(15)(B) as applied to partnership investments are published in the *Federal Register*. For taxable years beginning before the date on which forthcoming proposed regulations are published in the *Federal Register* or other guidance modifying this section 9 is published in the Internal Revenue Bulletin, taxpayers may choose to apply the guidance in sections 3 through 7 of this notice, including for purposes of filing amended returns or administrative adjustment requests. Thus, for partnership contributions and distributions in taxable years ending on or before the issuance of the CAMT proposed regulations on September 13, 2024, taxpayers may rely on the guidance in this notice, the guidance in Notice 2023-7, or the CAMT proposed regulations; in each case, any FSI attributable to a partnership contribution or distribution that is deferred must eventually be included in AFSI. A taxpayer's reliance on any of the guidance in sections 3 through 7 of this notice for a taxable year will not cause the taxpayer to become subject to, or to violate, the reliance rules, including the consistency requirements, provided in the preamble of the CAMT proposed regulations,[5] for such taxable year.

SECTION 10. PAPERWORK REDUCTION ACT

The Paperwork Reduction Act of 1995 (44 U.S.C. §§ 3501 - 3520) (PRA) requires that a Federal agency obtain the approval of the Office of Management and Budget (OMB) before collecting information from the public, whether such collection of information is mandatory, voluntary, or required to obtain or retain a benefit. An agency may not conduct or sponsor, and a person is not required to respond to, a collection of information unless the collection of information displays a valid OMB control number.

The collections of information in this notice are in sections 3.04, 4.04, 4.05, 5.03, 5.04, 6.02(2), and 6.03(2) of this notice.

The information requested in sections 3.04, 4.04, 5.03, and 6.02(2) of this notice is required to obtain the benefit of choosing one of the optional simplified methods of determining AFSI with respect to a partnership investment provided in this notice. This information will be used by the IRS to confirm whether such a choice has been made. The likely respondents are partnerships with corporate partners and corporations that are partners in partnerships.

The information requested in section 4.05 of this notice is required if a taxpayer chose to obtain the benefit of making a taxable-income election in section 4.03 of this notice but no longer qualifies for the taxable-income election. This information will be used by the IRS to confirm that the taxpayer no longer qualifies to make a taxable-income election. The likely respondents are corporations that are partners in partnerships.

Section 5.04 of this notice simplifies the partnership reporting requirements contained in the CAMT proposed regulations.

Section 6.03(2) of this notice requires a partnership to file a statement with its Federal income return or information return if it chooses the full subchapter K method and to maintain in its books and records computations substantiating compliance with the full subchapter K method. The information requested in section 6.03(2) of this notice is required to obtain the benefit of using the full subchapter K method. This information

[5] *See* 89 F.R. at 75127.

will be used by the IRS to confirm compliance with the full subchapter K method. The likely respondents are partnerships.

The reporting and third-party disclosure requirements in this notice will be included within OMB control number 1545-0123 in accordance with the PRA procedures under 5 CFR § 1320.10. The recordkeeping requirements are considered general tax records under § 1.6001-1(e). For PRA purposes, general tax records are already approved by OMB under 1545-0123 for business filers.

Books or records relating to a collection of information must be retained as long as their contents may become material in the administration of any internal revenue law. Generally, tax returns and tax return information are confidential, as required by § 6103.

SECTION 11. DRAFTING AND CONTACT INFORMATION

The principal authors of this notice are John Hanebuth, Jeremy Milton, Timothy Steitz, and Benjamin Weaver of the Office of the Associate Chief Counsel (Passthroughs, Trusts, and Estates). Other personnel from the Treasury Department and the IRS participated in its development. For further information regarding this notice, please contact Messrs. Hanebuth, Milton, Steitz, or Weaver at (202) 317-6850.

Superfund Tax on Chemical Substances; Notice of Determinations to Add Substances to List of Taxable Substances; Corrected Name and Tax Rate for Sodium Nitrilotriacetate Monohydrate

Notice 2025-41

SUMMARY: This notice of determinations modifies the list of taxable substances to include the following 21 substances: polyphenylene sulfide, cellulose acetate (degree of substitution = 1.5 - 2.0), 4,4'-isopropylidenediphenol-epichlorohydrin copolymer, nylon 6, caprolactam, methyl ethyl ketoxime, iso-butanol, diethylene glycol monomethyl ether, ethylene glycol phenyl ether, methoxytriglycol, propylene glycol methyl ether acetate, propylene glycol methyl ether, propylene glycol n-propyl ether, propylene glycol phenyl ether, di-isobutyl carbinol, di-isobutyl ketone, methyl isobutyl carbinol, cyanuric acid, potassium bicarbonate, potassium carbonate, and sodium chlorite. This notice also modifies the list included in Notice 2021-66 by correcting a typographical error in the spelling of the name of the taxable substance sodium nitrilotriacetate monohydrate and prescribing a tax rate for sodium nitrilotriacetate monohydrate.

EFFECTIVE DATES: The effective date for purposes of the tax under section 4671 of the Internal Revenue Code (Code) for the taxable substances added to the list is January 1, 2026. For the effective date for purposes of refund claims under section 4662(e) of the Code for the taxable substances added to the list, see the determination for each substance. The tax rate for sodium nitrilotriacetate monohydrate is effective July 1, 2022.

FOR FURTHER INFORMATION CONTACT: Andrew Clark or Jacob Peeples at (202) 317-6855 (not a toll-free number).

SUPPLEMENTARY INFORMATION:

Background

Section 4671(a) of the Code imposes an excise tax on the sale or use of a taxable substance by the importer thereof. Section 4672(a)(1) of the Code defines the term *taxable substance* as any substance which, at the time of sale or use by the importer, is listed as a taxable substance by the Secretary of the Treasury or the Secretary's delegate (Secretary) on the list of taxable substances under section 4672(a) (List).

Under section 4672(a)(2), an importer or exporter of any substance may request that the Secretary determine whether such substance should be added to the List as a taxable substance or should be removed from the List. Under section 4672(a)(2)(B) and (4) and (b)(2), the Secretary is required to add a substance to the List if the Secretary determines that any taxable chemicals that are listed in section 4661(b) of the Code constitute more than 20 percent of the weight, or more than 20 percent of the value, of the materials used to produce such substance, which determination is required under section 4672(a)(2)(B) and (a)(4) to be made based on the predominant method of production (weight or value test). Section 4672(a)(4) authorizes the Secretary to remove a substance from the List only if such substance meets neither the weight nor the value test of section 4672(a)(2)(B).

Section 4672(a)(3) includes an initial list of taxable substances. Section 4 of Notice 2021-66 (2021-52 I.R.B. 901) provides the list of 101 substances that the Secretary added to the List before November 15, 2021. Rev. Proc. 2022-26 (2022-29 I.R.B. 90), *as modified by* Rev. Proc. 2023-20 (2023-15 I.R.B. 636), provides the exclusive procedures by which an importer, exporter, or interested person may request a determination that a particular substance be added to or removed from the List.

Section 4671(b)(3) authorizes the Secretary to prescribe a tax rate for taxable substances in lieu of the tax rate specified in section 4671(b)(2). The tax rate prescribed by the Secretary for a substance added to the List is calculated by multiplying the conversion factor for each taxable chemical used in the production of the substance by the corresponding tax rate for that taxable chemical under section 4661(b), and adding those results together. Conversion factors are determined based on the predominant method of production of the substance. *See* sections 8 and 10.04(8) of Rev. Proc. 2022-26. Importers are not required to use the prescribed tax rate for a taxable substance and may calculate their own rate under section 4671(b)(1).

Pursuant to section 4672(a)(4), this notice of determination modifies the List to include the 21 additional taxable substances listed in the Summary of Determinations section of this notice, as explained in the Requests to Add Substances to the List and General Explanation of Determinations sections of this notice. The determination for each specific substance

added to the List is explained in parts I through XXI of the Modifications to the List of Taxable Substances section of this notice.

In June 2022, the Secretary prescribed rates for some of the substances listed in section 4672(a)(3) and Notice 2021-66.[1] The Correction to the List of Taxable Substances section of this notice modifies Notice 2021-66 by correcting a typographical error in the spelling of sodium nitrilotriacetate monohydrate and prescribing a tax rate for the substance. The updated List and prescribed tax rates for taxable substances will be included in the instructions to Form 6627, *Environmental Taxes*.

Summary of Determinations

On August 1, 2025, the Secretary determined to add the following substances to the List:

I. Polyphenylene sulfide
II. Cellulose acetate (degree of substitution = 1.5 - 2.0)
III. 4,4'-isopropylidenediphenol-epichlorohydrin copolymer
IV. Nylon 6
V. Caprolactam
VI. Methyl ethyl ketoxime
VII. Iso-butanol
VIII. Diethylene glycol monomethyl ether
IX. Ethylene glycol phenyl ether
X. Methoxytriglycol
XI. Propylene glycol methyl ether acetate
XII. Propylene glycol methyl ether
XIII. Propylene glycol n-propyl ether
XIV. Propylene glycol phenyl ether
XV. Di-isobutyl carbinol
XVI. Di-isobutyl ketone
XVII. Methyl isobutyl carbinol
XVIII. Cyanuric acid
XIX. Potassium bicarbonate
XX. Potassium carbonate
XXI. Sodium chlorite

Requests to Add Substances to the List

For each of the substances listed in the Summary of Determinations section of this notice, an importer, an exporter, or an interested person submitted a petition to the IRS in accordance with Rev. Proc. 2022-26 requesting a determination under section 4672(a)(2) to add the substance to the List. For each substance, the petition represented that the taxable chemicals constitute more than 20 percent of the weight of materials used to produce the substance, based on the predominant method of production.

General Explanation of Determinations

After reviewing the petitions for each of the substances listed in the Summary of Determinations section of this notice, the Secretary determined that taxable chemicals constitute more than 20 percent by weight of the materials used to produce the substance, based on the predominant method of production. Therefore, each of the substances is added to the List as required under section 4672(a)(2) and (4). The Secretary made the determinations to add these substances to the List in accordance with the requirements of section 4672(a)(2) and (4), and pursuant to the procedures set forth in Rev. Proc. 2022-26, *as modified by* Rev. Proc. 2023-20.

The relevant information for each taxable substance is provided in the specific determinations included in parts I through XXI of the Modification to the List of Taxable Substances section of this notice. The tax rate for each taxable substance, as prescribed by the Secretary, is provided in paragraph (a)(6) of each specific determination.

Classification numbers proposed by each petitioner are included in paragraph (b) of each part, after each specific determination. The classification numbers provided with respect to a taxable substance are not part of the determination of whether it is added to the List and do not impact whether such substance is a taxable substance. Taxpayers may not rely on classification numbers for any purpose under sections 4661, 4662, 4671, and 4672, including (but not limited to) identification of a substance as a taxable substance on the List. Classification numbers may change over time. The Department of the Treasury (Treasury Department) and the IRS do not anticipate updating this document to reflect any such changes.

For purposes of the section 4671 tax, all the modifications in parts I through XXI of the Modification to the List of Taxable Substances section of this notice are effective on and after January 1, 2026. For purposes of refund claims under section 4662(e), see the effective date for each specific determination in paragraph (a)(5)(ii) of each of parts I through XXI of the Modification to the List of Taxable Substances section of this notice. The tax rate for sodium nitrilotriacetate monohydrate in the Correction to the List of Taxable Substances section of this notice is effective July 1, 2022.

Modifications to the List of Taxable Substances

I. Determination to Add Polyphenylene Sulfide to the List

Celanese Ltd., an exporter of polyphenylene sulfide, submitted a petition in accordance with Rev. Proc. 2022-26 requesting to add polyphenylene sulfide to the List. According to the petition, the taxable chemicals sodium hydroxide, benzene, and chlorine constitute 90.00 percent by weight of the materials used to produce polyphenylene sulfide, based on the predominant method of production.

(a) *Determination*. Polyphenylene sulfide is added to the list of taxable substances under section 4672(a). Other pertinent information is as follows:

(1) *Predominant method of production*: The process involves three separate reactions:

(i) 1,4 dichlorobenzene is made from the reaction of benzene with 2 equivalents of chlorine;

(ii) Sodium hydrogen sulfide is made from the reaction of hydrogen sulfide with sodium hydroxide; and

(iii) 1,4-dichlorobenzene (p-dichlorobenzene, p-DCB), sodium hydrosulfide (NaSH), and sodium hydroxide (NaOH) are reacted at high temperature and high pressure to form polyphenylene sulfide and byproduct sodium chloride.

(2) *Stoichiometric material consumption equation*:

$$n\,[2\,NaOH + C_6H_6 + 2\,Cl_2 + H_2S] \rightarrow [C_6H_4S]_n + 2n\,H_2O + 2n\,NaCl + 2n\,HCl$$

[1] Available at https://www.irs.gov/newsroom/irs-issues-superfund-chemical-excise-tax-rates.

(3) *Reasons for the determination*: The polyphenylene sulfide petition was filed on December 20, 2022. The notice of filing summarizing the petition and requesting comments was published in the ***Federal Register*** (87 FR 80579) on December 30, 2022. A supplemental notice of filing announcing a corrected petition and correction to the stoichiometric material consumption equation in the original notice of filing and requesting comments was published in the ***Federal Register*** (89 FR 11941) on February 15, 2024. The Treasury Department and the IRS received no written comments in response to the original notice of filing or the supplemental notice of filing. A public hearing was neither requested nor held.

The Secretary followed the process in section 4672(a)(2)(B) in making this determination. A review of the stoichiometric material consumption equation in the corrected petition, as provided in the supplemental notice of filing, and other information in the petition shows that the taxable chemicals sodium hydroxide, benzene, and chlorine constitute more than 20 percent by weight of the materials used in the production of polyphenylene sulfide, based on the predominant method of production. Therefore, the test in section 4672(a)(2)(B) is satisfied.

(4) *Date of determination:* August 1, 2025.

(5) *Effective dates for addition of polyphenylene sulfide to the List*:

(i) *Effective date for purposes of the section 4671 tax (see section 11.01 of Rev. Proc. 2022-26)*: January 1, 2026

(ii) *Effective date for purposes of refund claims under section 4662(e) (see sections 11.02 and 11.03 of Rev. Proc. 2022-26, as modified by section 3 of Rev. Proc. 2023-20)*: July 1, 2022

(6) *Tax rate prescribed by the Secretary*: $14.50 per ton. The conversion factors for the taxable chemicals used in the production of polyphenylene sulfide are 0.74 for sodium hydroxide, 0.72 for benzene, and 1.31 for chlorine. The tax rate is calculated by adding the products of the conversion factor for each taxable chemical and the tax rate for that taxable chemical: ((0.74 x $0.56) + (0.72 x $9.74) + (1.31 x $5.40) = $14.50).

(b) *Classification numbers*.

(1) *The Secretary has no basis to object to the following proposed classification numbers*:

(i) *HTSUS number*: 3911.90.2500

(ii) *Schedule B number*: 3911.90.6100

(iii) *CAS numbers*: 25212-74-2, 26125-40-6

(2) *The Secretary is unable to confirm the following proposed classification numbers*: Not applicable.

II. Determination to Add Cellulose Acetate (Degree of Substitution = 1.5 – 2.0) to the List

Celanese Ltd., an exporter of cellulose acetate (degree of substitution = 1.5 – 2.0), submitted a petition in accordance with Rev. Proc. 2022-26 requesting to add cellulose acetate (degree of substitution = 1.5 – 2.0) to the List. According to the petition, the taxable chemical methane constitutes greater than 20 percent[2] by weight, of the materials used to produce cellulose acetate (degree of substitution = 1.5 – 2.0), based on the predominant method of production.

(a) *Determination*. Cellulose acetate (degree of substitution = 1.5 – 2.0) is added to the list of taxable substances under section 4672(a). Other pertinent information is as follows:

(1) *Predominant method of production*: Cellulose acetate is derived from cellulose by deconstructing wood pulp into a purified cellulose. The cellulose is reacted with acetic acid and acetic anhydride in the presence of sulfuric acid. It is subjected to a controlled, partial hydrolysis to remove the sulfate and a sufficient number of acetate groups to give the product the desired degree of substitution. The polymer unit is the fundamental repeating structure of cellulose and has three hydroxyl groups which can react to form acetate esters. The most common form of cellulose acetate fiber has an acetate group on approximately two of every three hydroxyls, referred to as cellulose diacetate. In this petitioner's cellulose acetate, the actual substitution is 1.674 acetate/cellulose, a degree of substitution commonly used in U.S. cellulose acetate production.

(2) *Stoichiometric material consumption equation*:

$$3.5\ CH_4 + 1.75\ O_2 + C_6H_{10}O_5 \rightarrow C_{9.5}H_{13.5}O_{6.75} + 3.50\ H_2 + 1.75\ H_2O$$

(3) *Reasons for the determination*: The cellulose acetate (degree of substitution = 1.5 – 2.0) petition was filed on December 20, 2022. The notice of filing summarizing the petition and requesting comments was published in the ***Federal Register*** (88 FR 16307) on March 16, 2023. The Treasury Department and the IRS received no written comments in response to the notice of filing. A public hearing was neither requested nor held.

The Secretary followed the process in section 4672(a)(2)(B) in making this determination. A review of the stoichiometric material consumption equation and other information in the petition shows that the taxable chemical methane constitutes more than 20 percent by weight of the materials used in the production of cellulose acetate (degree of substitution = 1.5 – 2.0), based on the predominant method of production. Therefore, the test in section 4672(a)(2)(B) is satisfied.

(4) *Date of determination:* August 1, 2025.

(5) *Effective dates for addition of cellulose acetate (degree of substitution = 1.5 – 2.0) to the List*:

(i) *Effective date for purposes of the section 4671 tax (see section 11.01 of Rev. Proc. 2022-26)*: January 1, 2026

(ii) *Effective date for purposes of refund claims under section 4662(e) (see sections 11.02 and 11.03 of Rev. Proc. 2022-26, as modified by section 3 of Rev. Proc. 2023-20)*: July 1, 2022

(6) *Tax rate prescribed by the Secretary*: $1.65 per ton. The conversion factor for the methane used in the production of cellulose acetate (degree of substitution = 1.5 – 2.0) is 0.24. The tax rate is calculated by multiplying the conversion factor by the tax rate for methane: (0.24 x $6.88 = $1.65).

(b) *Classification numbers*.

[2] The petition covers cellulose acetate (degree of substitution = 1.5 – 2.0), commonly referred to as cellulose diacetate. Cellulose acetate in this range generally has similar properties. The petition uses the lowest end of the range cellulose acetate (degree of substitution = 1.5) (21 percent taxable chemicals) to demonstrate that >20% of the substance is made from taxable chemicals, and the midpoint cellulose acetate (degree of substitution = 1.75) (24 percent taxable chemicals) to calculate the tax rate for the entire range.

(1) *The Secretary has no basis to object to the following proposed classification number*: *CAS number*: 9035-69-2

(2) *The Secretary is unable to confirm the following proposed classification numbers*:

(i) *HTSUS numbers*: 5502.10.0000, 5403.33.0020

(ii) *Schedule B numbers*: 5502.10.0000, 5403.33.0000

III. Determination to Add 4,4'-Isopropylidenediphenol-Epichlorohydrin Copolymer to the List

Westlake Epoxy Inc., an exporter of 4,4'-isopropylidenediphenol-epichlorohydrin copolymer, also known as "bisphenol A epoxy resin," submitted a petition in accordance with Rev. Proc. 2022-26 requesting to add 4,4'-isopropylidenediphenol-epichlorohydrin copolymer to the List. According to the petition, the taxable chemicals benzene, propylene, chlorine, and sodium hydroxide constitute 92.98 percent by weight of the materials used to produce 4,4'-isopropylidenediphenol-epichlorohydrin copolymer, based on the predominant method of production.

(a) *Determination*. 4,4'-isopropylidenediphenol-epichlorohydrin copolymer, also known as "bisphenol A epoxy resin," is added to the list of taxable substances under section 4672(a). Other pertinent information is as follows:

(1) *Predominant method of production*: 4,4'-isopropylidenediphenol-epichlorohydrin copolymer is produced from epichlorohydrin and bisphenol-A via a two-step glycidation reaction sequence. Epichlorohydrin is typically produced via an addition reaction of chlorine to propylene that yields allyl chloride and subsequently dichlorohydrin isomers, followed by a dehydrochlorination step in the presence of sodium hydroxide to yield epichlorohydrin. Bisphenol A is typically produced from the reaction of benzene and propylene that yields phenol and acetone. Under acidic conditions and with an appropriate catalyst, two units of phenol can react with one unit of acetone to yield Bisphenol A. With available epichlorohydrin and Bisphenol A, 4,4'-isopropylidenediphenol-epichlorohydrin copolymer can be obtained through a two-step glycidation reaction sequence where epichlorohydrin is added to Bisphenol A (deprotonated with sodium hydroxide) and then water, sodium hydroxide, and sodium chloride are removed in a dehydrochlorination step.

(2) *Stoichiometric material consumption equation*:

$2\ C_6H_6$ (benzene) + $4\ C_3H_6$ (propylene) + $4\ Cl_2$ (chlorine) + 6 NaOH (sodium hydroxide) + $2\ O_2$ (oxygen) → $(CH_3)_2C(C_6H_4OC_3H_5O)_2$ (4,4'-isopropylidenediphenol-epichlorohydrin copolymer) + CH_3COCH_3 (acetone) + 2 HCl (hydrogen chloride) + 6 NaCl (sodium chloride) + $5\ H_2O$ (water)

(3) *Reasons for the determination*: The 4,4'-isopropylidenediphenol-epichlorohydrin copolymer petition was filed on December 20, 2022. The notice of filing summarizing the petition and requesting comments was published in the ***Federal Register*** (88 FR 3478) on January 19, 2023. The Treasury Department and the IRS received no written comments in response to the notice of filing. A public hearing was neither requested nor held.

The Secretary followed the process in section 4672(a)(2)(B) in making this determination. A review of the stoichiometric material consumption equation and other information in the petition shows that the taxable chemicals benzene, propylene, chlorine, and sodium hydroxide constitute more than 20 percent by weight of the materials used in the production of 4,4'-isopropylidenediphenol-epichlorohydrin copolymer, based on the predominant method of production. Therefore, the test in section 4672(a)(2)(B) is satisfied.

(4) *Date of determination:* August 1, 2025.

(5) *Effective dates for addition of 4,4'-isopropylidenediphenol-epichlorohydrin copolymer to the List*:

(i) *Effective date for purposes of the section 4671 tax (see section 11.01 of Rev. Proc. 2022-26)*: January 1, 2026

(ii) *Effective date for purposes of refund claims under section 4662(e) (see sections 11.02 and 11.03 of Rev. Proc. 2022-26, as modified by section 3 of Rev. Proc. 2023-20)*: July 1, 2022

(6) *Tax rate prescribed by the Secretary*: $14.13 per ton. The conversion factors for the taxable chemicals used in the production of 4,4'-isopropylidenediphenol-epichlorohydrin copolymer are 0.46 for benzene, 0.49 for propylene, 0.83 for chlorine, and 0.71 for sodium hydroxide. The tax rate is calculated by adding the products of the conversion factor for each taxable chemical and the tax rate for that taxable chemical: ((0.46 x $9.74) + (0.49 x $9.74) + (0.83 x $5.40) + (0.71 x $0.56) = $14.13).

(b) *Classification numbers*.

(1) *The Secretary has no basis to object to the following proposed classification numbers*:

(i) *HTSUS number*: 3907.30.0000

(ii) *Schedule B number*: 3907.30.0000

(iii) *CAS number*: 25068-38-6

(2) *The Secretary is unable to confirm the following proposed classification numbers*: Not applicable.

IV. Determination to Add Nylon 6 to the List

AdvanSix Inc., an exporter of nylon 6, submitted a petition in accordance with Rev. Proc. 2022-26 requesting to add nylon 6 to the List. According to the petition, nylon 6 is made from the taxable chemicals benzene, propylene, ammonia, methane, and sulfuric acid; however, sulfuric acid is cancelled from the stoichiometric material consumption equation due to no net consumption/production. The petition further represented that the benzene, propylene, ammonia, and methane constitute 46.64 percent by weight of the materials used to produce nylon 6, based on the predominant method of production.

(a) *Determination*. Nylon 6 is added to the list of taxable substances under section 4672(a). Other pertinent information is as follows:

(1) *Predominant method of production*: The predominant method of production of nylon 6 is the "hydrolytically initiated ring-opening polymerization of caprolactam" which is also referred to in industry literature as the "hydrolytic polymerization of nylon 6." This process is termed "hydrolytic" because water plays a key role in the chemical mechanism. Nylon 6 is produced almost exclusively through this method because it is easier to control and better adapted for large-scale operations.

The hydrolytic polymerization of nylon 6 generally entails heating a mixture of caprolactam and water to ~270°C in an inert atmosphere of nitrogen and holding until equilibrium conditions are achieved. The three principal reactions in this process are summarized below:

(i) In the initiation step of the process, the caprolactam ring is hydrolyzed via ring opening with the addition of one water molecule to become amino-caproic acid.

(ii) In the next step of the mechanism, the amino-caproic acid acts as the initiating species to begin the addition polymerization by ring-opening of caprolactam.

(iii) The last major mechanism step of the hydrolytic polymerization of nylon 6 is the condensation of primary amine and carboxylic acid chain-ends to form an amide linkage in the now higher molecular weight polyamide with the simultaneous loss of a water molecule.

(2) *Stoichiometric material consumption equation*:

nC_6H_6 (benzene) + nC_3H_6 (propylene) + $2.5nO_2$ (oxygen) + $0.5nCH_4$ (methane) + $5nNH_3$ (ammonia) + $2nH_2O$ (water) + $2nSO_2$ (sulfur dioxide) → $(C_6H_{11}NO)_n$ (nylon 6) + nC_3H_6O (acetone) + $2n(NH_4)_2SO_4$ (ammonium sulfate) + $0.5nCO_2$ (carbon dioxide)

(3) *Reasons for the determination*: The nylon 6 petition was filed on November 8, 2023. The notice of filing summarizing the petition and requesting comments was published in the ***Federal Register*** on February 22, 2024 (89 FR 13399). A supplemental notice of filing announcing a corrected petition, correction to the stoichiometric material consumption equation in the original notice of filing, and requesting comments was published in the ***Federal Register*** (89 FR 66175) on August 14, 2024. The Treasury Department and the IRS received no written comments in response to the notice of filing and received one written comment in response to the supplemental notice of filing, discussed below. A public hearing was neither requested nor held.

The public comment submitted in response to the supplemental notice of filing generally wrote in support of adding nylon 6 to the list of taxable substances. However, the commenter requested that the Treasury Department and the IRS add to the list of taxable substances the categories 'nylon resins' or 'polyamides' rather than merely the single taxable substance nylon 6. The commenter asserts that nylon 6 is one of the many grades of nylons or polyamides which contain more than 20 percent of taxable chemicals.

At this time, the Treasury Department and the IRS decline to add the additional categories of nylon resins and polyamides to the List, as suggested by the commenter. The filed petition that is the subject of this determination requested only to add the substance nylon 6 to the List, so a comment that the Treasury Department and the IRS should add additional substances to the List is outside the scope of the determination for nylon 6. To request to add nylon resins and polyamides to the List, an importer, exporter, or interested person must follow the determination procedures provided under Rev. Proc. 2022-26, including submitting a petition for each substance with the required information. *See* sections 4 and 6 of Rev. Proc. 2022-26.

The Secretary followed the process in section 4672(a)(2)(B) in making the determination to add nylon 6 to the List. A review of the stoichiometric material consumption equation in the corrected petition, as provided in the supplemental notice of filing, and other information in the petition shows that the taxable chemicals benzene, propylene, ammonia, and methane constitute more than 20 percent by weight of the materials used in the production of nylon 6, based on the predominant method of production. Therefore, the test in section 4672(a)(2)(B) is satisfied.

(4) *Date of determination:* August 1, 2025.

(5) *Effective dates for addition of nylon 6 to the List*:

(i) *Effective date for purposes of the section 4671 tax (see section 11.01 of Rev. Proc. 2022-26)*: January 1, 2026

(ii) *Effective date for purposes of refund claims under section 4662(e) (see sections 11.02 and 11.03 of Rev. Proc. 2022-26, as modified by section 3 of Rev. Proc. 2023-20)*: July 1, 2022

(6) *Tax rate prescribed by the Secretary*: $14.77 per ton. The conversion factors for the taxable chemicals used in the production of nylon 6 are 0.69 for benzene, 0.37 for propylene, 0.75 for ammonia, and 0.07 for methane. The tax rate is calculated by adding the products of the conversion factor for each taxable chemical and the tax rate for that taxable chemical: ((0.69 x $9.74) + (0.37 x $9.74) + (0.75 x $5.28) + (0.07 x $6.88) = $14.77).

(b) *Classification numbers*.

(1) *The Secretary has no basis to object to the following proposed classification numbers*:

(i) *HTSUS number*: 3908.10.00

(ii) *Schedule B number*: 3908.10.0000

(iii) *CAS number*: 25038-54-4

(2) *The Secretary is unable to confirm the following proposed classification numbers*: Not applicable.

V. Determination to Add Caprolactam to the List

AdvanSix Inc., an exporter of caprolactam, submitted a petition in accordance with Rev. Proc. 2022-26 requesting to add caprolactam to the List. According to the petition, caprolactam is made from the taxable chemicals benzene, propylene, ammonia, methane, and sulfuric acid; however, sulfuric acid is cancelled from the stoichiometric material consumption equation due to no net consumption/production. The petition also represented that the benzene, propylene, ammonia, and methane constitute 46.64 percent by weight of the materials used to produce caprolactam, based on the predominant method of production.

(a) *Determination*. Caprolactam is added to the list of taxable substances under section 4672(a). Other pertinent information is as follows:

(1) *Predominant method of production*: Caprolactam is produced by first oxidizing cumene to yield phenol, which is then partially reduced with hydrogen to yield cyclohexanone. Cyclohexanone is then reacted with Raschig hydroxylamine to generate cyclohexanone oxime. The cyclohexanone oxime undergoes Beckmann rearrangement in the presence of fuming sulfuric acid (oleum) to give an intermediate material known as rearrangement mass, which is subsequently hydrolyzed and then neutralized with ammonia to yield ε-caprolactam.

(2) *Stoichiometric material consumption equation*:

C_6H_6 (benzene) + C_3H_6 (propylene) + 2.5 O_2 (oxygen) + 0.5 CH_4 (methane) + 5 NH_3 (ammonia) + 2 H_2O (water) + 2 SO_2 (sulfur dioxide) → $C_6H_{11}ON$ (ε-caprolactam) + C_3H_6O (acetone) + 2$(NH_4)_2SO_4$ (ammonium sulfate) + 0.5 CO_2 (carbon dioxide)

(3) *Reasons for the determination*: The caprolactam petition was filed on November 8, 2023. The notice of filing summarizing the petition and requesting comments was published in the ***Federal Register*** (89 FR 13400) on February 22, 2024. The Treasury Department and the IRS received no written comments in response to the notice of filing. A public hearing was neither requested nor held.

The Secretary followed the process in section 4672(a)(2)(B) in making this determination. A review of the stoichiometric material consumption equation and other information in the petition shows that the taxable chemicals benzene, propylene, ammonia, and methane constitute more than 20 percent by weight of the materials used in the production of caprolactam, based on the predominant method of production. Therefore, the test in section 4672(a)(2)(B) is satisfied.

(4) *Date of determination:* August 1, 2025.

(5) *Effective dates for addition of caprolactam to the List*:

(i) *Effective date for purposes of the section 4671 tax (see section 11.01 of Rev. Proc. 2022-26)*: January 1, 2026

(ii) *Effective date for purposes of refund claims under section 4662(e) (see sections 11.02 and 11.03 of Rev. Proc. 2022-26, as modified by section 3 of Rev. Proc. 2023-20)*: January 1, 2023

(6) *Tax rate prescribed by the Secretary*: $14.77 per ton. The conversion factors for the taxable chemicals used in the production of caprolactam are 0.69 for benzene, 0.37 for propylene, 0.75 for ammonia, and 0.07 for methane. The tax rate is calculated by adding the products of the conversion factor for each taxable chemical and the tax rate for that taxable chemical: ((0.69 x $9.74) + (0.37 x $9.74) + (0.75 x $5.28) + (0.07 x $6.88) = $14.77).

(b) *Classification numbers*.

(1) *The Secretary has no basis to object to the following proposed classification numbers*:

(i) *HTSUS number*: 2933.71.00

(ii) *Schedule B number*: 2933.71.0000

(iii) *CAS number*: 105-60-2

(2) *The Secretary is unable to confirm the following proposed classification numbers*: Not applicable.

VI. Determination to Add Methyl Ethyl Ketoxime to the List

AdvanSix Inc., an exporter of methyl ethyl ketoxime (commonly referred to as MEKO), submitted a petition in accordance with Rev. Proc. 2022-26 requesting to add methyl ethyl ketoxime to the List. According to the petition, methyl ethyl ketoxime is made from the taxable chemicals ammonia, sulfuric acid, and butylene; however, sulfuric acid is cancelled from the stoichiometric material consumption equation due to no net consumption/production. The petition further represented that ammonia and butylene constitute 39.97 percent by weight of the materials used to produce methyl ethyl ketoxime, based on the predominant method of production.

(a) *Determination*. Methyl ethyl ketoxime is added to the list of taxable substances under section 4672(a). Other pertinent information is as follows:

(1) *Predominant method of production*: The conventional method was developed in the late 1960s via a route that involves condensation of methyl ethyl ketone with a hydroxylamine salt in the presence of a base. More specifically, methyl ethyl ketone is oximated with Raschig hydroxylamine to yield methyl ethyl ketoxime.

(2) *Stoichiometric material consumption equation*:

C_4H_8 (butylene) + 5 NH_3 (ammonia) + 2 H_2O (water) + 1.5 O_2 (oxygen) + 2 SO_2 (sulfur dioxide) → C_4H_9ON (methyl ethyl ketoxime) + 2 $(NH_4)_2SO_4$ (ammonium sulfate) + H_2 (hydrogen)

(3) *Reasons for the determination*: The methyl ethyl ketoxime petition was filed on July 10, 2023. The notice of filing summarizing the petition and requesting comments was published in the ***Federal Register*** (88 FR 45454) on July 17, 2023. The Treasury Department and the IRS received no written comments in response to the notice of filing. A public hearing was neither requested nor held.

The Secretary followed the process in section 4672(a)(2)(B) in making this determination. A review of the stoichiometric material consumption equation and other information in the petition shows that the taxable chemicals ammonia and butylene constitute more than 20 percent by weight of the materials used in the production of methyl ethyl ketoxime, based on the predominant method of production. Therefore, the test in section 4672(a)(2)(B) is satisfied.

(4) *Date of determination:* August 1, 2025.

(5) *Effective dates for addition of methyl ethyl ketoxime to the List*:

(i) *Effective date for purposes of the section 4671 tax (see section 11.01 of Rev. Proc. 2022-26)*: January 1, 2026

(ii) *Effective date for purposes of refund claims under section 4662(e) (see sections 11.02 and 11.03 of Rev. Proc. 2022-26, as modified by section 3 of Rev. Proc. 2023-20)*: January 1, 2023

(6) *Tax rate prescribed by the Secretary*: $11.41 per ton. The conversion factors for the taxable chemicals used in the production of methyl ethyl ketoxime are 0.98 for ammonia and 0.64 for butylene. The tax rate is calculated by adding the products of the conversion factor for each taxable chemical and the tax rate for that taxable chemical: ((0.98 x $5.28) + (0.64 x $9.74) = $11.41).

(b) *Classification numbers*.

(1) *The Secretary has no basis to object to the following proposed classification numbers*:

(i) *HTSUS number*: 2928.00.10

(ii) *Schedule B number*: 2928.00.1000

(iii) *CAS number*: 96-29-7

(2) *The Secretary is unable to confirm the following proposed classification numbers*: Not applicable.

VII. Determination to Add Iso-butanol to the List

OQ Chemicals Corporation, an exporter of iso-butanol, submitted a petition in accordance with Rev. Proc. 2022-26 requesting to add iso-butanol to the List. According to the petition, the taxable

chemicals methane and propylene constitute 78.41 percent by weight of the materials used to produce iso-butanol, based on the predominant method of production.

(a) *Determination*. Iso-butanol is added to the list of taxable substances under section 4672(a). Other pertinent information is as follows:

(1) *Predominant method of production*: Iso-butanol is co-produced by hydroformylation of propylene to produce both iso-butyraldehyde and n-butyraldehyde followed by hydrogenation of the aldehyde intermediates to the corresponding iso-butanol and n-butanol. The predominant method of production is as follows:

(i) Partial oxidation of methane with oxygen to produce synthesis gas, a mixture of carbon monoxide and hydrogen. This petitioner uses a Partial Oxidation (POX) process that is non catalytic but operates at >1300 deg C and >40 atm pressure. Thus, synthesis gas is produced from methane and oxygen:

$$CH_4 + ½\ O_2 \rightarrow CO + 2H_2$$

(ii) Oxo process: Hydroformylation of propylene with carbon monoxide and hydrogen over a catalyst to produce iso-butyraldehyde. The reaction also produces normal butyraldehyde simultaneously; the stoichiometry is the same for either the iso or the normal aldehyde. Thus, iso-butyraldehyde is produced from propylene and syngas.

$$CO + H_2 + CH_2 = CH\text{-}CH_3 \rightarrow (CH_3)_2\text{-}CH\text{-}CHO$$

(iii) Iso-butyraldehyde is hydrogenated with hydrogen over a catalyst. Thus, iso-butanol is produced from iso-butyraldehyde and hydrogen.

$$(CH_3)_2\text{-}CH\text{-}CHO + H_2 \rightarrow (CH_3)_2CHCH_2OH$$

(2) *Stoichiometric material consumption equation*:

CH_4 (methane) + ½ O_2 + CH_2 = CH-CH_3 (propylene) → $(CH_3)_2$CH-CH_2OH (iso-butanol)

(3) *Reasons for the determination*: The iso-butanol petition was filed on January 25, 2024. The notice of filing summarizing the petition and requesting comments was published in the ***Federal Register*** (89 FR 14558) on February 27, 2024. The Treasury Department and the IRS received no written comments in response to the notice of filing. A public hearing was neither requested nor held.

The Secretary followed the process in section 4672(a)(2)(B) in making this determination. A review of the stoichiometric material consumption equation and other information in the petition shows that the taxable chemicals methane and propylene constitute more than 20 percent by weight of the materials used in the production of iso-butanol, based on the predominant method of production. Therefore, the test in section 4672(a)(2)(B) is satisfied.

(4) *Date of determination:* August 1, 2025.

(5) *Effective dates for addition of iso-butanol to the List*:

(i) *Effective date for purposes of the section 4671 tax (see section 11.01 of Rev. Proc. 2022-26)*: January 1, 2026

(ii) *Effective date for purposes of refund claims under section 4662(e) (see sections 11.02 and 11.03 of Rev. Proc. 2022-26, as modified by section 3 of Rev. Proc. 2023-20)*: April 1, 2023

(6) *Tax rate prescribed by the Secretary*: $7.07 per ton. The conversion factors for the taxable chemicals used in the production of iso-butanol are 0.22 for methane and 0.57 for propylene. The tax rate is calculated by adding the products of the conversion factor for each taxable chemical and the tax rate for that taxable chemical: ((0.22 x $6.88) + (0.57 x $9.74) = $7.07).

(b) *Classification numbers*.

(1) *The Secretary has no basis to object to the following proposed classification numbers*:

(i) *HTSUS number*: 2905.14.50.10

(ii) *Schedule B number*: 2905.14.5010

(iii) *CAS number*: 78-83-1

(2) *The Secretary is unable to confirm the following proposed classification numbers*: Not applicable.

VIII. Determination to Add Diethylene Glycol Monomethyl Ether to the List

The Dow Chemical Company, an exporter of diethylene glycol monomethyl ether, submitted a petition in accordance with Rev. Proc. 2022-26 requesting to add diethylene glycol monomethyl ether to the List. According to the petition, the taxable chemicals ethylene and methane constitute 59.00 percent by weight of the materials used to produce diethylene glycol monomethyl ether, based on the predominant method of production.

(a) *Determination*. Diethylene glycol monomethyl ether is added to the list of taxable substances under section 4672(a). Other pertinent information is as follows:

(1) *Predominant method of production*: Glycol ethers are predominantly produced by reacting an epoxide (typically ethylene oxide or propylene oxide) with an alcohol; this reaction process is referred to as alkoxylation. Diethylene glycol monomethyl ether ($C_5H_{12}O_3$) is produced by the alkoxylation process using methanol (CH_3OH) and 2 equivalents of ethylene oxide (C_2H_4O). Methanol is made from syngas (carbon monoxide and dihydrogen). Carbon monoxide (CO) and dihydrogen (H_2) are made by steam-methane reforming (CH_4 and H_2O). Ethylene oxide (EO) is made from oxidizing ethylene (C_2H_4). Additional information on the production process is as follows:

(i) The diethylene glycol monomethyl ether reaction (methanol + EO) is base catalyzed, using a small amount of metal hydroxide to produce methoxide. Since the amount of metal hydroxide used to produce diethylene glycol monomethyl ether[3] is very small, the metal hydroxide has been excluded from the stoichiometric material consumption equation; including the metal hydroxide would lead to a distorted conversion factor.

(ii) Once methoxide is made, it is regenerated following conversion to the product in the presence of EO as follows:

(A) Methoxide + 2 EO → diethylene glycol monomethyl ether-alkoxide

[3] The Notice of Filing erroneously stated, "Since the amount of metal hydroxide used to produce propylene glycol methyl ether…" This error is corrected here.

(B) Diethylene glycol monomethyl ether-alkoxide + methanol → diethylene glycol monomethyl ether + methoxide (goes back to participate in the reaction above).

(iii) Regenerated methoxide in the presence of EO will perpetually react until all EO is consumed or the reaction is halted through the use of controls.

(2) *Stoichiometric material consumption equation*:

$2\ C_2H_4$ (ethylene) + O_2 (oxygen) + CH_4 (methane) + H_2O (water) → H_2 (hydrogen) + $C_5H_{12}O_3$ (diethylene glycol monomethyl ether)

(3) *Reasons for the determination*: The diethylene glycol monomethyl ether petition was filed on June 13, 2024. The notice of filing summarizing the petition and requesting comments was published in the ***Federal Register*** (89 FR 71788) on September 3, 2024. The Treasury Department and the IRS received no written comments in response to the notice of filing. A public hearing was neither requested nor held.

The Secretary followed the process in section 4672(a)(2)(B) in making this determination. A review of the stoichiometric material consumption equation and other information in the petition shows that the taxable chemicals ethylene and methane constitute more than 20 percent by weight of the materials used in the production of diethylene glycol monomethyl ether, based on the predominant method of production. Therefore, the test in section 4672(a)(2)(B) is satisfied.

(4) *Date of determination:* August 1, 2025.

(5) *Effective dates for addition of diethylene glycol monomethyl ether to the List*:

(i) *Effective date for purposes of the section 4671 tax (see section 11.01 of Rev. Proc. 2022-26)*: January 1, 2026

(ii) *Effective date for purposes of refund claims under section 4662(e) (see sections 11.02 and 11.03 of Rev. Proc. 2022-26, as modified by section 3 of Rev. Proc. 2023-20)*: July 1, 2022

(6) *Tax rate prescribed by the Secretary*: $5.47 per ton. The conversion factors for the taxable chemicals used in the production of diethylene glycol monomethyl ether are 0.47 for ethylene and 0.13 for methane. The tax rate is calculated by adding the products of the conversion factor for each taxable chemical and the tax rate for that taxable chemical: ((0.47 x $9.74) + (0.13 x $6.88) = $5.47).

(b) *Classification numbers*.

(1) *The Secretary has no basis to object to the following proposed classification numbers*:

(i) *HTSUS number*: 2909.44.01.10

(ii) *Schedule B number*: 2909.49.0000

(iii) *CAS number*: 111-77-3

(2) *The Secretary is unable to confirm the following proposed classification numbers*: Not applicable.

IX. Determination to Add Ethylene Glycol Phenyl Ether to the List

The Dow Chemical Company, an exporter of ethylene glycol phenyl ether, submitted a petition in accordance with Rev. Proc. 2022-26 requesting to add ethylene glycol phenyl ether to the List. According to the petition, the taxable chemicals ethylene, benzene, and propylene constitute 76.00 percent by weight of the materials used to produce ethylene glycol phenyl ether, based on the predominant method of production.

(a) *Determination*. Ethylene glycol phenyl ether is added to the list of taxable substances under section 4672(a). Other pertinent information is as follows:

(1) *Predominant method of production*: Glycol ethers are predominantly produced by reacting an epoxide (typically ethylene oxide or propylene oxide) with an alcohol; this reaction process is referred to as alkoxylation. Ethylene glycol phenyl ether ($C_8H_{10}O_2$) is produced by the alkoxylation process using phenol (CH_3OH) and ethylene oxide (C_2H_4O). Ethylene oxide is made by oxidizing ethylene (C_2H_4). Phenol is made via the Hock process (sometimes called the cumene process). The Hock process has two stages. In stage 1, benzene (C_6H_6) is alkylated with propylene (C_3H_6) to make cumene (isopropyl benzene). In stage 2, cumene ($C_6H_5(C_3H_7)$) is partially oxidized to make phenol (C_6H_5OH) and side product dimethyl ketone ($(CH_3)_2CHO$)).

(2) *Stoichiometric material consumption equation*:

C_2H_4 (ethylene) + 1.5 O_2 (oxygen) + C_6H_6 (benzene) + C_3H_6 (propylene) → C_3H_6O (dimethyl ketone) + $C_8H_{10}O_2$ (ethylene glycol phenyl ether)

(3) *Reasons for the determination*: The ethylene glycol phenyl ether petition was filed on June 13, 2024. The notice of filing summarizing the petition and requesting comments was published in the ***Federal Register*** (89 FR 71785) on September 3, 2024. The Treasury Department and the IRS received no written comments in response to the notice of filing. A public hearing was neither requested nor held.

The Secretary followed the process in section 4672(a)(2)(B) in making this determination. A review of the stoichiometric material consumption equation and other information in the petition shows that the taxable chemicals ethylene, benzene, and propylene constitute more than 20 percent by weight of the materials used in the production of ethylene glycol phenyl ether, based on the predominant method of production. Therefore, the test in section 4672(a)(2)(B) is satisfied.

(4) *Date of determination:* August 1, 2025.

(5) *Effective dates for addition of ethylene glycol phenyl ether to the List*:

(i) *Effective date for purposes of the section 4671 tax (see section 11.01 of Rev. Proc. 2022-26)*: January 1, 2026

(ii) *Effective date for purposes of refund claims under section 4662(e) (see sections 11.02 and 11.03 of Rev. Proc. 2022-26, as modified by section 3 of Rev. Proc. 2023-20)*: July 1, 2022

(6) *Tax rate prescribed by the Secretary*: $10.42 per ton. The conversion factors for the taxable chemicals used in the production of ethylene glycol phenyl ether are 0.20 for ethylene, 0.57 for benzene, and 0.30 for propylene. The tax rate is calculated by adding the products of the conversion factor for each taxable chemical and the tax rate for that taxable chemical: ((0.20 x $9.74) + (0.57 x $9.74) + (0.30 x $9.74) = $10.42).

(b) *Classification numbers*.

(1) *The Secretary has no basis to object to the following proposed classification numbers*:

(i) *Schedule B number*: 2909.49.0000

(ii) *CAS number*: 122-99-6

(2) *The Secretary is unable to confirm the following proposed classification number*:

HTSUS number: 2909.49.60.00

X. Determination to Add Methoxytriglycol to the List

The Dow Chemical Company, an exporter of methoxytriglycol, submitted a petition in accordance with Rev. Proc. 2022-26 requesting to add methoxytriglycol to the List. According to the petition, the taxable chemicals ethylene and methane constitute 60.00 percent by weight of the materials used to produce methoxytriglycol, based on the predominant method of production.

(a) *Determination*. Methoxytriglycol is added to the list of taxable substances under section 4672(a). Other pertinent information is as follows:

(1) *Predominant method of production*: Glycol ethers are predominantly produced by reacting an epoxide (typically ethylene oxide or propylene oxide) with an alcohol; this reaction process is referred to as alkoxylation. Methoxytriglycol ($C_7H_{16}O_4$) is produced by the alkoxylation process using methanol (CH_3OH) and 3 equivalents of ethylene oxide (C_2H_4O). Methanol is made from syngas (carbon monoxide and dihydrogen). Carbon monoxide (CO) and dihydrogen (H_2) are made by steam-methane reforming (CH_4 and H_2O). Ethylene oxide (EO) is made from oxidizing ethylene (C_2H_4). Additional information on the production process is as follows:

(i) The methoxytriglycol reaction (methanol + EO) is base catalyzed, using a small amount of metal hydroxide to produce methoxide. Since the amount of metal hydroxide used to produce methoxytriglycol[4] is very small, the metal hydroxide has been excluded from the stoichiometric material consumption equation; including the metal hydroxide would lead to a distorted conversion factor.

(ii) Once methoxide is made, it is regenerated following conversion to the product in the presence of EO as follows:

(A) Methoxide + 3 EO → methoxytriglycol- alkoxide

(B) Methoxytriglycol-alkoxide + methanol → methoxytriglycol + methoxide (goes back to participate in the reaction above).

(iii) Regenerated methoxide in the presence of EO will perpetually react until all EO is consumed or the reaction is halted through the use of controls.

(2) *Stoichiometric material consumption equation*:

3 C_2H_4 (ethylene) + 1.5 O_2 (oxygen) + CH_4 (methane) + H_2O (water) → H_2 (hydrogen) + $C_7H_{16}O_4$ (methoxytriglycol)

(3) *Reasons for the determination*: The methoxytriglycol petition was filed on June 13, 2024. The notice of filing summarizing the petition and requesting comments was published in the ***Federal Register*** (89 FR 71789) on September 3, 2024. The Treasury Department and the IRS received no written comments in response to the notice of filing. A public hearing was neither requested nor held.

The Secretary followed the process in section 4672(a)(2)(B) in making this determination. A review of the stoichiometric material consumption equation and other information in the petition shows that the taxable chemicals ethylene and methane constitute more than 20 percent by weight of the materials used in the production of methoxytriglycol, based on the predominant method of production. Therefore, the test in section 4672(a)(2)(B) is satisfied.

(4) *Date of determination:* August 1, 2025.

(5) *Effective dates for addition of methoxytriglycol to the List*:

(i) *Effective date for purposes of the section 4671 tax (see section 11.01 of Rev. Proc. 2022-26)*: January 1, 2026

(ii) *Effective date for purposes of refund claims under section 4662(e) (see sections 11.02 and 11.03 of Rev. Proc. 2022-26, as modified by section 3 of Rev. Proc. 2023-20)*: July 1, 2022

(6) *Tax rate prescribed by the Secretary*: $5.66 per ton. The conversion factors for the taxable chemicals used in the production of methoxytriglycol are 0.51 for ethylene and 0.10 for methane. The tax rate is calculated by adding the products of the conversion factor for each taxable chemical and the tax rate for that taxable chemical: ((0.51 x $9.74) + (0.10 x $6.88) = $5.66).

(b) *Classification numbers*.

(1) *The Secretary has no basis to object to the following proposed classification numbers*:

(i) *HTSUS number*: 2909.49.6000

(ii) *Schedule B number*: 2922.17.0000

(iii) CAS number: 112-35-6

(2) *The Secretary is unable to confirm the following proposed classification numbers*: Not applicable.

XI. Determination to Add Propylene Glycol Methyl Ether Acetate to the List

The Dow Chemical Company, an importer and exporter of propylene glycol methyl ether acetate, submitted a petition in accordance with Rev. Proc. 2022-26 requesting to add propylene glycol methyl ether acetate to the List. According to the petition, the taxable chemicals propylene, chlorine, sodium hydroxide, and methane constitute 93.00 percent by weight of the materials used to produce propylene glycol methyl ether acetate, based on the predominant method of production.

(a) *Determination*. Propylene glycol methyl ether acetate is added to the list of taxable substances under section 4672(a). Other pertinent information is as follows:

(1) *Predominant method of production*: Glycol ethers are predominantly produced by reacting an epoxide (typically ethylene oxide or propylene oxide) with an alcohol; this reaction process is referred to as alkoxylation. Propylene glycol methyl ether acetate is made by esterification of propylene glycol methyl ether and acetic acid. Propylene glycol methyl ether is made via the alkoxylation process (also known as ring opening of an epoxide) using methanol and propylene oxide. Methanol is made from syngas (carbon monoxide and dihydrogen). Carbon monoxide (CO) and dihydrogen (H_2) are made by steam-methane reforming (CH_4 and H_2O). Propylene oxide is made by hydrochlorination (chlorine (Cl_2), propylene

[4] The Notice of Filing erroneously stated, "Since the amount of metal hydroxide used to produce propylene glycol methyl ether…" This error is corrected here.

(C_3H_6), and sodium hydroxide (NaOH)). Acetic acid is made via the carbonylation of methanol with carbon monoxide. Additional information on the production process is as follows:

(i) The propylene glycol methyl ether alkoxylation reaction (methanol + propylene oxide) is base catalyzed, using a small amount of metal hydroxide to produce methoxide. Once methoxide is made, it is regenerated following conversion to the product in the presence of propylene oxide. Regenerated methoxide in the presence of propylene oxide will perpetually react until all propylene oxide is consumed or the reaction is halted through the use of controls. Since the amount of metal hydroxide used to produce propylene glycol methyl ether acetate[5] is very small, the metal hydroxide has been excluded from the stoichiometric material consumption equation; including the metal hydroxide would lead to a distorted conversion factor.

(ii) After the production of methanol from syngas, methanol is reacted with CO to produce acetic acid. This process is commonly referred to as carbonylation. The reaction is typically catalyzed by either a rhodium or iridium-based catalyst and involves iodomethane as a key intermediate.

(iii) Acetic acid when combined with propylene glycol methyl under specific conditions (temperature, pressure, pH, etc.) produces propylene glycol methyl ether acetate. This reaction is commonly known as esterification (or Fischer esterification). Esterification typically involves a basic or acid catalytic species and can generate water or an aqueous hydroxide as byproduct depending on the pH. Once the final reaction contents are dehydrated and separated, commercial grade propylene glycol methyl ether acetate is obtained.

(2) *Stoichiometric material consumption equation*:

C_3H_6 (propylene) + Cl_2 (chlorine) + 2 NaOH (sodium hydroxide) + 3 CH_4 (methane) + H_2O (water) → 2 NaCl (sodium chloride) + 5 H_2 (hydrogen) + $C_6H_{12}O_3$ (propylene glycol methyl ether acetate)

(3) *Reasons for the determination*: The propylene glycol methyl ether acetate petition was filed on June 13, 2024. The notice of filing summarizing the petition and requesting comments was published in the ***Federal Register*** (89 FR 71789) on September 3, 2024. The Treasury Department and the IRS received no written comments in response to the notice of filing. A public hearing was neither requested nor held.

The Secretary followed the process in section 4672(a)(2)(B) in making this determination. A review of the stoichiometric material consumption equation and other information in the petition shows that the taxable chemicals propylene, chlorine, sodium hydroxide, and methane constitute more than 20 percent by weight of the materials used in the production of propylene glycol methyl ether acetate, based on the predominant method of production. Therefore, the test in section 4672(a)(2)(B) is satisfied.

(4) *Date of determination:* August 1, 2025.

(5) *Effective dates for addition of propylene glycol methyl ether acetate to the List*:

(i) *Effective date for purposes of the section 4671 tax (see section 11.01 of Rev. Proc. 2022-26)*: January 1, 2026

(ii) *Effective date for purposes of refund claims under section 4662(e) (see sections 11.02 and 11.03 of Rev. Proc. 2022-26, as modified by section 3 of Rev. Proc. 2023-20)*: July 1, 2022

(6) *Tax rate prescribed by the Secretary*: $8.85 per ton. The conversion factors for the taxable chemicals used in the production of propylene glycol methyl ether acetate are 0.32 for propylene, 0.54 for chlorine, 0.61 for sodium hydroxide, and 0.36 for methane. The tax rate is calculated by adding the products of the conversion factor for each taxable chemical and the tax rate for that taxable chemical: ((0.32 x $9.74) + (0.54 x $5.40) + (0.61 x $0.56) + (0.36 x $6.88) = $8.85).

(b) *Classification numbers*.

(1) *The Secretary has no basis to object to the following proposed classification numbers*:

(i) *HTSUS number*: 2915.39.90.00

(ii) *Schedule B number*: 2915.39.9500

(iii) CAS number: 108-65-6

(2) *The Secretary is unable to confirm the following proposed classification numbers*: Not applicable.

XII. Determination to Add Propylene Glycol Methyl Ether to the List

The Dow Chemical Company, an importer and exporter of propylene glycol methyl ether, submitted a petition in accordance with Rev. Proc. 2022-26 requesting to add propylene glycol methyl ether to the List. According to the petition, the taxable chemicals propylene, chlorine, sodium hydroxide, and methane constitute 100.00 percent by weight of the materials used to produce propylene glycol methyl ether, based on the predominant method of production.

(a) *Determination*. Propylene glycol methyl ether is added to the list of taxable substances under section 4672(a). Other pertinent information is as follows:

(1) *Predominant method of production*: Glycol ethers are predominantly produced by reacting an epoxide (typically ethylene oxide or propylene oxide) with an alcohol; this reaction process is referred to as alkoxylation. Propylene glycol methyl ether is made via the alkoxylation process (also known as ring opening of an epoxide) using methanol and propylene oxide. Methanol is made from syngas (carbon monoxide and dihydrogen). Carbon monoxide (CO) and dihydrogen (H_2) are made by steam-methane reforming (CH_4 and H_2O). Propylene oxide is made by hydrochlorination (chlorine (Cl_2), propylene (C_3H_6), and sodium hydroxide (NaOH)). Additional information on the production process is as follows:

(i) The propylene glycol methyl ether alkoxylation reaction (methanol + propylene oxide) is base catalyzed, using a small amount of metal hydroxide to produce methoxide. Once methoxide is made, it is regenerated following conversion to the product in the presence of propylene oxide. Regenerated methoxide in the presence of propylene oxide will perpetually

[5] The Notice of Filing erroneously stated, "Since the amount of metal hydroxide used to produce propylene glycol methyl ether is very small…" This error is corrected here.

react until all propylene oxide is consumed or the reaction is halted through the use of controls.

(ii) Since the amount of metal hydroxide used to produce propylene glycol methyl ether is very small, the metal hydroxide has been excluded from the stoichiometric material consumption equation; including the metal hydroxide would lead to a distorted conversion factor.

(2) *Stoichiometric material consumption equation*:

C_3H_6 (propylene) + Cl_2 (chlorine) + 2 NaOH (sodium hydroxide) + CH_4 (methane) → $C_4H_{10}O_2$ (propylene glycol methyl ether) + 2 NaCl (sodium chloride) + H_2 (hydrogen)

(3) *Reasons for the determination*: The propylene glycol methyl ether petition was filed on June 13, 2024. The notice of filing summarizing the petition and requesting comments was published in the ***Federal Register*** (89 FR 71784) on September 3, 2024. The Treasury Department and the IRS received no written comments in response to the notice of filing. A public hearing was neither requested nor held.

The Secretary followed the process in section 4672(a)(2)(B) in making this determination. A review of the stoichiometric material consumption equation and other information in the petition shows that the taxable chemicals propylene, chlorine, sodium hydroxide, and methane constitute more than 20 percent by weight of the materials used in the production of propylene glycol methyl ether, based on the predominant method of production. Therefore, the test in section 4672(a)(2)(B) is satisfied.

(4) *Date of determination:* August 1, 2025.

(5) *Effective dates for addition of propylene glycol methyl ether to the List*:

(i) *Effective date for purposes of the section 4671 tax (see section 11.01 of Rev. Proc. 2022-26)*: January 1, 2026

(ii) *Effective date for purposes of refund claims under section 4662(e) (see sections 11.02 and 11.03 of Rev. Proc. 2022-26, as modified by section 3 of Rev. Proc. 2023-20)*: July 1, 2022

(6) *Tax rate prescribed by the Secretary*: $10.58 per ton. The conversion factors for the taxable chemicals used in the production of propylene glycol methyl ether are for 0.47 for propylene, 0.79 for chlorine, 0.89 for sodium hydroxide, and 0.18 for methane. The tax rate is calculated by adding the products of the conversion factor for each taxable chemical and the tax rate for that taxable chemical: ((0.47 x $9.74) + (0.79 x $5.40) + (0.89 x $0.56) + (0.18 x $6.88) = $10.58).

(b) *Classification numbers*.

(1) *The Secretary has no basis to object to the following proposed classification numbers*:

(i) *HTSUS number*: 2909.49.6000

(ii) *Schedule B number*: 2909.49.0000

(iii) CAS number: 107-98-2

(2) *The Secretary is unable to confirm the following proposed classification numbers*: Not applicable.

XIII. Determination to Add Propylene Glycol N-Propyl Ether to the List

The Dow Chemical Company, an importer and exporter of propylene glycol n-propyl ether, submitted a petition in accordance with Rev. Proc. 2022-26 requesting to add propylene glycol n-propyl ether to the List. According to the petition, the taxable chemicals propylene, chlorine, sodium hydroxide, ethylene, and methane constitute 100.00 percent by weight of the materials used to produce propylene glycol n-propyl ether, based on the predominant method of production.

(a) *Determination*. Propylene glycol n-propyl ether is added to the list of taxable substances under section 4672(a). Other pertinent information is as follows:

(1) *Predominant method of production*: Glycol ethers are predominantly produced by reacting an epoxide (typically ethylene oxide or propylene oxide) with an alcohol; this reaction process is referred to as alkoxylation. Propylene glycol n-propyl ether is produced via the alkoxylation process (also known as ring opening of an epoxide) using n-propylene and propylene oxide. Propylene oxide is made by hydrochlorination (chlorine, propylene, NaOH). The n-propanol is manufactured by catalytic hydrogenation of propionaldehyde (hydrogen (H_2) + propionaldehyde (CH_3CH_2CHO)). Propionaldehyde is produced by hydroformulation of ethylene (C_2H_4) using carbon monoxide (CO). The n-propanol is made by hydrogenating propionaldehyde in the presence of a catalyst. Additional information on the production process is as follows:

(i) The propylene glycol n-propyl ether alkoxylation reaction (n-propanol + propylene oxide) is base catalyzed, using a small amount of metal hydroxide to produce methoxide. Once propoxide is made, it is regenerated following conversion to the product in the presence of propylene oxide. Regenerated propoxide in the presence of propylene oxide will perpetually react until all propylene oxide is consumed or the reaction is halted through the use of controls.

(ii) Since the amount of metal hydroxide used to produce propylene glycol n-propyl ether is very small, the metal hydroxide has been excluded from the stoichiometric material consumption equation; including the metal hydroxide would lead to a distorted conversion factor.

(2) *Stoichiometric material consumption equation*:

C_3H_6 (propylene) + Cl_2 (chlorine) + 2 NaOH (sodium hydroxide) + C_2H_4 (ethylene) + CH_4 (methane) → 2 NaCl (sodium chloride) + H_2 (hydrogen) + $C_6H_{14}O_2$ (propylene glycol n-propyl ether)

(3) *Reasons for the determination*: The propylene glycol n-propyl ether petition was filed on June 13, 2024. The notice of filing summarizing the petition and requesting comments was published in the ***Federal Register*** (89 FR 71791) on September 3, 2024. The Treasury Department and the IRS received no written comments in response to the notice of filing. A public hearing was neither requested nor held.

The Secretary followed the process in section 4672(a)(2)(B) in making this determination. A review of the stoichiometric material consumption equation and other information in the petition shows that the taxable chemicals propylene, chlorine, sodium hydroxide, ethylene, and methane constitute more than 20 percent by weight of the materials used in the production of propylene glycol n-propyl ether, based on the predominant method of production. Therefore, the test in section 4672(a)(2)(B) is satisfied.

(4) *Date of determination:* August 1, 2025.

(5) *Effective dates for addition of propylene glycol n-propyl ether to the List*:

(i) *Effective date for purposes of the section 4671 tax (see section 11.01 of Rev. Proc. 2022-26)*: January 1, 2026

(ii) *Effective date for purposes of refund claims under section 4662(e) (see sections 11.02 and 11.03 of Rev. Proc. 2022-26, as modified by section 3 of Rev. Proc. 2023-20)*: July 1, 2022

(6) *Tax rate prescribed by the Secretary*: $10.43 per ton. The conversion factors for the taxable chemicals used in the production of propylene glycol n-propyl ether are for 0.36 for propylene, 0.60 for chlorine, 0.68 for sodium hydroxide, 0.24 for ethylene, and 0.14 for methane. The tax rate is calculated by adding the products of the conversion factor for each taxable chemical and the tax rate for that taxable chemical: ((0.36 x $9.74) + (0.60 x $5.40) + (0.68 x $0.56) + (0.24 x $9.74) + (0.14 x $6.88) = $10.43).

(b) *Classification numbers*.

(1) *The Secretary has no basis to object to the following proposed classification numbers*:

(i) *HTSUS number*: 2909.49.60.00

(ii) *Schedule B number*: 2909.49.0000

(iii) CAS number: 1569-01-3

(2) *The Secretary is unable to confirm the following proposed classification numbers*: Not applicable.

XIV. Determination to Add Propylene Glycol Phenyl Ether to the List

The Dow Chemical Company, an importer and exporter of propylene glycol phenyl ether, submitted a petition in accordance with Rev. Proc. 2022-26 requesting to add propylene glycol phenyl ether to the List. According to the petition, the taxable chemicals propylene, chlorine, sodium hydroxide, and benzene constitute 91.00 percent by weight of the materials used to produce propylene glycol phenyl ether, based on the predominant method of production.

(a) *Determination*. Propylene glycol phenyl ether is added to the list of taxable substances under section 4672(a). Other pertinent information is as follows:

(1) *Predominant method of production*: Glycol ethers are predominantly produced by reacting an epoxide (typically ethylene oxide or propylene oxide) with an alcohol; this reaction process is referred to as alkoxylation. Propylene glycol phenyl ether is made via the alkoxylation process (also known as ring opening of an epoxide) using phenol and propylene oxide. Propylene oxide is made by hydrochlorination (chlorine (Cl_2), propylene (C_3H_6), and sodium hydroxide (NaOH)). Phenol is made via the Hock process (sometimes called the cumene process). The Hock process has two stages. In stage 1, benzene (C_6H_6) is alkylated with propylene (C_3H_6) to make cumene (isopropyl benzene). In stage 2, cumene ($C_6H_5(C_3H_7)$) is partially oxidized to make phenol (C_6H_5OH) and side product dimethyl ketone ($(CH_3)_2CHO$). Additional information on the production process is as follows:

(i) The propylene glycol phenyl ether alkoxylation reaction (phenol + propylene oxide) is base catalyzed, using a small amount of metal hydroxide. Once phenoxide is made, it is regenerated following conversion to the product in the presence of propylene oxide. Regenerated phenoxide in the presence of propylene oxide will perpetually react until all propylene oxide is consumed or the reaction is halted through the use of controls.

(ii) Since the amount of metal hydroxide used to produce propylene glycol phenyl ether is very small, the metal hydroxide has been excluded from the stoichiometric material consumption equation; including the metal hydroxide would lead to a distorted conversion factor.

(2) *Stoichiometric material consumption equation*:

$$2\ C_3H_6\ (\text{propylene}) + Cl_2\ (\text{chlorine}) + 2\ NaOH\ (\text{sodium hydroxide}) + C_6H_6\ (\text{benzene}) + O_2\ (\text{oxygen}) \rightarrow 2\ NaCl\ (\text{sodium chloride}) + H_2O\ (\text{water}) + (CH_3)_2CO\ (\text{dimethyl ketone}) + C_9H_{12}O_2\ (\text{propylene glycol phenyl ether})$$

(3) *Reasons for the determination*: The propylene glycol phenyl ether petition was filed on June 13, 2024. The notice of filing summarizing the petition and requesting comments was published in the ***Federal Register*** (89 FR 71786) on September 3, 2024. The Treasury Department and the IRS received no written comments in response to the notice of filing. A public hearing was neither requested nor held.

The Secretary followed the process in section 4672(a)(2)(B) in making this determination. A review of the stoichiometric material consumption equation and other information in the petition shows that the taxable chemicals propylene, chlorine, sodium hydroxide, and benzene constitute more than 20 percent by weight of the materials used in the production of propylene glycol phenyl ether, based on the predominant method of production. Therefore, the test in section 4672(a)(2)(B) is satisfied.

(4) *Date of determination:* August 1, 2025.

(5) *Effective dates for addition of propylene glycol phenyl ether to the List*:

(i) *Effective date for purposes of the section 4671 tax (see section 11.01 of Rev. Proc. 2022-26)*: January 1, 2026

(ii) *Effective date for purposes of refund claims under section 4662(e) (see sections 11.02 and 11.03 of Rev. Proc. 2022-26, as modified by section 3 of Rev. Proc. 2023-20)*: July 1, 2022

(6) *Tax rate prescribed by the Secretary*: $13.16 per ton. The conversion factors for the taxable chemicals used in the production of propylene glycol phenyl ether are 0.55 for propylene, 0.47 for chlorine, 0.53 for sodium hydroxide, and 0.51 for benzene. The tax rate is calculated by adding the products of the conversion factor for each taxable chemical and the tax rate for that taxable chemical: ((0.55 x $9.74) + (0.47 x $5.40) + (0.53 x $0.56) + (0.51 x $9.74) = $13.16).

(b) *Classification numbers*.

(1) *The Secretary has no basis to object to the following proposed classification numbers*:

(i) *HTSUS number*: 2909.49.15.00

(ii) *Schedule B number*: 2909.49.0000

(iii) CAS number: 770-35-4

(2) *The Secretary is unable to confirm the following proposed classification numbers*: Not applicable.

XV. Determination to Add Di-Isobutyl Carbinol to the List

ALTIVIA Ketones & Additives, LLC, an exporter of di-isobutyl carbinol, submitted a petition in accordance with Rev.

Proc. 2022-26 requesting to add di-isobutyl carbinol to the List. According to the petition, the taxable chemical propylene constitutes 87.51 percent by weight of the materials used to produce di-isobutyl carbinol, based on the predominant method of production.

(a) *Determination*. Di-isobutyl carbinol is added to the list of taxable substances under section 4672(a). Other pertinent information is as follows:

(1) *Predominant method of production*: The predominant method of production is aldol condensation of acetone. Aldol condensation is a two-step process in which an aldol reaction forms an aldol product and a dehydration reaction removes water to form the final product. The process uses acetone in condensation, dehydration, and hydrogenation steps. Acetone is passed over a strong base catalyst to form diacetone alcohol, then dehydrated to mesityl oxide, and subsequently hydrogenated to methyl isobutyl ketone. Generally, the process forms co-produced methyl isobutyl ketone, methyl isobutyl carbinol, di-isobutyl ketone and, to a lesser extent, di-isobutyl carbinol.

(2) *Stoichiometric material consumption equation*:

$$3(C_3H_6\ \text{(propylene)}) + H_2O \rightarrow C_9H_{20}O\ \text{(di-isobutyl carbinol)}$$

(3) *Reasons for the determination*: The di-isobutyl carbinol petition was filed on September 23, 2024. The notice of filing summarizing the petition and requesting comments was published in the ***Federal Register*** (89 FR 94878) on November 29, 2024. The Treasury Department and the IRS received no written comments in response to the notice of filing. A public hearing was neither requested nor held.

The Secretary followed the process in section 4672(a)(2)(B) in making this determination. A review of the stoichiometric material consumption equation and other information in the petition shows that the taxable chemical propylene constitutes more than 20 percent by weight of the materials used in the production of di-isobutyl carbinol, based on the predominant method of production. Therefore, the test in section 4672(a)(2)(B) is satisfied.

(4) *Date of determination:* August 1, 2025.

(5) *Effective dates for addition of di-isobutyl carbinol to the List*:

(i) *Effective date for purposes of the section 4671 tax (see section 11.01 of Rev. Proc. 2022-26)*: January 1, 2026

(ii) *Effective date for purposes of refund claims under section 4662(e) (see sections 11.02 and 11.03 of Rev. Proc. 2022-26, as modified by section 3 of Rev. Proc. 2023-20)*: January 1, 2024

(6) *Tax rate prescribed by the Secretary*: $8.57 per ton. The conversion factor for the propylene used in the production of di-isobutyl carbinol is 0.88. The tax rate is calculated by multiplying the conversion factor by the tax rate for propylene (0.88 x $9.74 = $8.57).

(b) *Classification numbers*.

(1) *The Secretary has no basis to object to the following proposed classification numbers*:

(i) *HTSUS number*: 2905.19.9090

(ii) *Schedule B number*: 2905.19.9095

(iii) *CAS number*: 108-82-7

(2) *The Secretary is unable to confirm the following proposed classification numbers*: Not applicable.

XVI. Determination to Add Di-Isobutyl Ketone to the List

ALTIVIA Ketones & Additives, LLC, an exporter of di-isobutyl ketone, submitted a petition in accordance with Rev. Proc. 2022-26 requesting to add di-isobutyl ketone to the List. According to the petition, the taxable chemical propylene constitutes 87.51 percent by weight of the materials used to produce di-isobutyl ketone, based on the predominant method of production.

(a) *Determination*. Di-isobutyl ketone is added to the list of taxable substances under section 4672(a). Other pertinent information is as follows:

(1) *Predominant method of production*: The predominant method of production is aldol condensation of acetone. Aldol condensation is a two-step process in which an aldol reaction forms an aldol product and a dehydration reaction removes water to form the final product. The process uses acetone in condensation, dehydration, and hydrogenation steps. Acetone is passed over a strong base catalyst to form diacetone alcohol, then dehydrated to mesityl oxide, and subsequently hydrogenated to methyl isobutyl ketone. Generally, the process forms co-produced methyl isobutyl ketone, methyl isobutyl carbinol, di-isobutyl ketone and, to a lesser extent, di-isobutyl carbinol.

(2) *Stoichiometric material consumption equation*:

$$3(C_3H_6\ \text{(propylene)}) + H_2O \rightarrow C_9H_{18}O\ \text{(di-isobutyl ketone)} + H_2$$

(3) *Reasons for the determination*: The di-isobutyl ketone petition was filed on September 23, 2024. The notice of filing summarizing the petition and requesting comments was published in the ***Federal Register*** (89 FR 94879) on November 29, 2024. The Treasury Department and the IRS received no written comments in response to the notice of filing. A public hearing was neither requested nor held.

The Secretary followed the process in section 4672(a)(2)(B) in making this determination. A review of the stoichiometric material consumption equation and other information in the petition shows that the taxable chemical propylene constitutes more than 20 percent by weight of the materials used in the production of di-isobutyl ketone, based on the predominant method of production. Therefore, the test in section 4672(a)(2)(B) is satisfied.

(4) *Date of determination:* August 1, 2025.

(5) *Effective dates for addition of di-isobutyl ketone to the List*:

(i) *Effective date for purposes of the section 4671 tax (see section 11.01 of Rev. Proc. 2022-26)*: January 1, 2026

(ii) *Effective date for purposes of refund claims under section 4662(e) (see sections 11.02 and 11.03 of Rev. Proc. 2022-26, as modified by section 3 of Rev. Proc. 2023-20)*: January 1, 2024

(6) *Tax rate prescribed by the Secretary*: $8.67 per ton. The conversion factor for the propylene used in the production of di-isobutyl ketone is 0.89. The tax rate is calculated by multiplying the conversion factor by the tax rate for propylene: (0.89 x $9.74 = $8.67).

(b) *Classification numbers*.

(1) *The Secretary has no basis to object to the following proposed classification numbers*:

(i) *HTSUS number*: 2914.19.0000

(ii) *Schedule B number*: 2914.19.0000

(iii) *CAS number*: 108-83-8

(2) *The Secretary is unable to confirm the following proposed classification numbers*: Not applicable.

XVII. Determination to Add Methyl Isobutyl Carbinol to the List

ALTIVIA Ketones & Additives, LLC, an exporter of methyl isobutyl carbinol, submitted a petition in accordance with Rev. Proc. 2022-26 requesting to add methyl isobutyl carbinol to the List. According to the petition, the taxable chemical propylene constitutes 82.36 percent by weight of the materials used to produce methyl isobutyl carbinol, based on the predominant method of production.

(a) *Determination*. Methyl isobutyl carbinol is added to the list of taxable substances under section 4672(a). Other pertinent information is as follows:

(1) *Predominant method of production*: The predominant method of production is aldol condensation of acetone. Aldol condensation is a two-step process in which an aldol reaction forms an aldol product and a dehydration reaction removes water to form the final product. The process uses acetone in condensation, dehydration, and hydrogenation steps. Acetone is passed over a strong base catalyst to form diacetone alcohol, then dehydrated to mesityl oxide, and subsequently hydrogenated to methyl isobutyl ketone. Generally, the process forms co-produced methyl isobutyl ketone, methyl isobutyl carbinol, di-isobutyl ketone and, to a lesser extent, di-isobutyl carbinol.

(2) *Stoichiometric material consumption equation*:

$2(C_3H_6$ (propylene)) + $H_2O \rightarrow C_6H_{14}O$ (methyl isobutyl carbinol)

(3) *Reasons for the determination*: The methyl isobutyl carbinol petition was filed on September 23, 2024. The notice of filing summarizing the petition and requesting comments was published in the ***Federal Register*** (89 FR 94877) on November 29, 2024. The Treasury Department and the IRS received no written comments in response to the notice of filing. A public hearing was neither requested nor held.

The Secretary followed the process in section 4672(a)(2)(B) in making this determination. A review of the stoichiometric material consumption equation and other information in the petition shows that the taxable chemical propylene constitutes more than 20 percent by weight of the materials used in the production of methyl isobutyl carbinol, based on the predominant method of production. Therefore, the test in section 4672(a)(2)(B) is satisfied.

(4) *Date of determination:* August 1, 2025.

(5) *Effective dates for addition of methyl isobutyl carbinol to the List*:

(i) *Effective date for purposes of the section 4671 tax (see section 11.01 of Rev. Proc. 2022-26)*: January 1, 2026

(ii) *Effective date for purposes of refund claims under section 4662(e) (see sections 11.02 and 11.03 of Rev. Proc. 2022-26, as modified by section 3 of Rev. Proc. 2023-20)*: January 1, 2024

(6) *Tax rate prescribed by the Secretary*: $7.99 per ton. The conversion factor for the propylene used in the production of methyl isobutyl carbinol is 0.82. The tax rate is calculated by multiplying the conversion factor by the tax rate for propylene: (0.82 x $9.74 = $7.99).

(b) *Classification numbers*.

(1) *The Secretary has no basis to object to the following proposed classification numbers*:

(i) *HTSUS number*: 2905.19.9090

(ii) *Schedule B number*: 2905.19.9095

(iii) *CAS number*: 108-11-2

(2) *The Secretary is unable to confirm the following proposed classification numbers*: Not applicable.

XVIII. Determination to Add Cyanuric Acid to the List

Occidental Chemical Corporation, an interested person in cyanuric acid, submitted a petition in accordance with Rev. Proc. 2022-26 requesting to add cyanuric acid to the List. According to the petition, the taxable chemical ammonia constitutes 27.90 percent by weight of the materials used to produce cyanuric acid, based on the predominant method of production.

(a) *Determination*. Cyanuric acid is added to the list of taxable substances under section 4672(a). Other pertinent information is as follows:

(1) *Predominant method of production*: The predominant process for the manufacture of cyanuric acid is using urea thermal decomposition to produce cyanuric acid.

(2) *Stoichiometric material consumption equation*:

$3\ NH_3$ (ammonia) + $3\ CO_2$ (carbon dioxide) $\rightarrow C_3N_3O_3H_3$ (cyanuric acid) +
$3\ H_2O$ (water)

(3) *Reasons for the determination*: The cyanuric acid petition was filed on November 25, 2024. The notice of filing summarizing the petition and requesting comments was published in the ***Federal Register*** (90 FR 7246) on January 21, 2025. The Treasury Department and the IRS received one written comment, discussed below, in response to the notice of filing. A public hearing was neither requested nor held.

The commenter asserts that the notice did not give a reason to add the substance to the List and inquires "[w]hy would a long-term product be added…if it's already in production at a chemical plant for distribution." It is not clear to the Treasury Department and the IRS what is the significance of a "long-term product." Regardless, the commenter did not demonstrate that cyanuric acid does not meet the weight or value test under section 4672(a)(2)(B). Under section 4672(a)(2)(b) and (4) and (b)(2), the Secretary is required to add a substance to the List if the Secretary determines that any taxable chemicals used to produce the substance meet the weight or value test. The petition represented and the Secretary determined that a taxable chemical constitutes more than 20 percent by weight of the materials used in the production of cyanuric acid, based on the predominant method of production. For this reason, the Treasury Department and the IRS decline to adopt any change to this determination based on the public comment.

The Secretary followed the process in section 4672(a)(2)(B) in making this determination. A review of the stoichiometric material consumption equation and other information in the petition shows that the taxable chemical ammo-

nia constitutes more than 20 percent by weight of the materials used in the production of cyanuric acid, based on the predominant method of production. Therefore, the test in section 4672(a)(2)(B) is satisfied.

(4) *Date of determination:* August 1, 2025.

(5) *Effective dates for addition of cyanuric acid to the List*:

(i) *Effective date for purposes of the section 4671 tax (see section 11.01 of Rev. Proc. 2022-26)*: January 1, 2026

(ii) *Effective date for purposes of refund claims under section 4662(e) (see sections 11.02 and 11.03 of Rev. Proc. 2022-26, as modified by section 3 of Rev. Proc. 2023-20)*: October 1, 2024

(6) *Tax rate prescribed by the Secretary*: $2.11 per ton. The conversion factor for the ammonia used in the production of cyanuric acid is 0.40. The tax rate is calculated by multiplying the conversion factor by the tax rate for ammonia: (0.40 x $5.28 = $2.11).

(b) *Classification numbers*.

(1) *The Secretary has no basis to object to the following proposed classification numbers*:

(i) *HTSUS number*: 2933.69.6050

(ii) *Schedule B number*: 2933.69.0000

(iii) *CAS number*: 108-80-5

(2) *The Secretary is unable to confirm the following proposed classification numbers*: Not applicable.

XIX. Determination to Add Potassium Bicarbonate to the List

Occidental Chemical Corporation, an exporter of potassium bicarbonate, submitted a petition in accordance with Rev. Proc. 2022-26 requesting to add potassium bicarbonate to the List. According to the petition, the taxable chemical potassium hydroxide constitutes 56.04 percent by weight of the materials used to produce potassium bicarbonate, based on the predominant method of production.

(a) *Determination*. Potassium bicarbonate is added to the list of taxable substances under section 4672(a). Other pertinent information is as follows:

(1) *Predominant method of production*: The predominant process for the manufacture of potassium bicarbonate is absorption of CO_2 with potassium hydroxide. The predominant process for carbonate manufacture is absorption of CO_2 with alkaline liquid. This substance is produced as a pure component, not a mixture.

(2) *Stoichiometric material consumption equation*:

CO_2 (carbon dioxide) + KOH (potassium hydroxide) → $HKCO_3$ (potassium bicarbonate)

(3) *Reasons for the determination*: The potassium bicarbonate petition was filed on November 25, 2024. The notice of filing summarizing the petition and requesting comments was published in the ***Federal Register*** (90 FR 7245) on January 21, 2025. The Treasury Department and the IRS received no written comments in response to the notice of filing. A public hearing was neither requested nor held.

The Secretary followed the process in section 4672(a)(2)(B) in making this determination. A review of the stoichiometric material consumption equation and other information in the petition shows that the taxable chemical potassium hydroxide constitutes more than 20 percent by weight of the materials used in the production of potassium bicarbonate, based on the predominant method of production. Therefore, the test in section 4672(a)(2)(B) is satisfied.

(4) *Date of determination:* August 1, 2025.

(5) *Effective dates for addition of potassium bicarbonate to the List*:

(i) *Effective date for purposes of the section 4671 tax (see section 11.01 of Rev. Proc. 2022-26)*: January 1, 2026

(ii) *Effective date for purposes of refund claims under section 4662(e) (see sections 11.02 and 11.03 of Rev. Proc. 2022-26, as modified by section 3 of Rev. Proc. 2023-20)*: July 1, 2022

(6) *Tax rate prescribed by the Secretary*: $0.25 per ton. The conversion factor for the potassium hydroxide used in the production of potassium bicarbonate is 0.56. The tax rate is calculated by multiplying the conversion factor by the tax rate for potassium hydroxide: (0.56 x $0.44 = $0.25).

(b) *Classification numbers*.

(1) *The Secretary has no basis to object to the following proposed classification numbers*:

(i) *HTSUS number*: 2836.40.2000

(ii) *Schedule B number*: 2836.40.0000

(iii) *CAS number*: 298-14-6

(2) *The Secretary is unable to confirm the following proposed classification numbers*: Not applicable.

XX. Determination to Add Potassium Carbonate to the List

Occidental Chemical Corporation, an exporter of potassium carbonate, submitted a petition in accordance with Rev. Proc. 2022-26 requesting to add potassium carbonate to the List. According to the petition, the taxable chemical potassium hydroxide constitutes 71.83 percent by weight of the materials used to produce potassium carbonate, based on the predominant method of production.

(a) *Determination*. Potassium carbonate is added to the list of taxable substances under section 4672(a). Other pertinent information is as follows:

(1) *Predominant method of production*: The predominant process for the manufacture of potassium carbonate is absorption of CO_2 with KOH. The predominant process for carbonate manufacture is absorption of CO_2 with alkaline liquid. This substance is produced as a pure component, not a mixture.

(2) *Stoichiometric material consumption equation*:

CO_2 (carbon dioxide) + 2 KOH (potassium hydroxide) → K_2CO_3 (potassium carbonate) + H_2O (water)

(3) *Reasons for the determination*: The potassium carbonate petition was filed on November 25, 2024. The notice of filing summarizing the petition and requesting comments was published in the ***Federal Register*** (90 FR 7247) on January 21, 2025. The Treasury Department and the IRS received two written comments, discussed below, in response to the notice of filing. A public hearing was neither requested nor held.

One public comment asserted that potassium carbonate does "not pose any significant health or environmental risks," objected to the weight or value test of section 4672(a)(2)(B), and urged the Secretary to exercise discretion when determining whether a substance poses a significant danger that warrants imposing the tax under section 4671. Another pub-

lic comment inquired about the effects of potassium carbonate and asserted that "[t]he most important thing is to avoid any type of exposure to the chemical as it can cause severe damage." Neither comment demonstrated whether potassium carbonate meets the weight or value test under section 4672(a)(2)(B). Under section 4672(a)(2)(b) and (4) and (b)(2), the Secretary is required to add a substance to the List if the Secretary determines that any taxable chemicals used to produce the substance meet the weight or value test. Congress did not give the Secretary discretion to determine whether a substance poses significant health or environmental risks or otherwise poses a significant danger. The petition represented and the Secretary determined that a taxable chemical constitutes more than 20 percent by weight of the materials used in the production of potassium carbonate, based on the predominant method of production. For this reason, the Treasury Department and the IRS decline to adopt the suggestions of these public comments.

The Secretary followed the process in section 4672(a)(2)(B) in making this determination. A review of the stoichiometric material consumption equation and other information in the petition shows that the taxable chemical potassium hydroxide constitutes more than 20 percent by weight of the materials used in the production of potassium carbonate, based on the predominant method of production. Therefore, the test in section 4672(a)(2)(B) is satisfied.

(4) *Date of determination:* August 1, 2025.

(5) *Effective dates for addition of potassium carbonate to the List*:

(i) *Effective date for purposes of the section 4671 tax (see section 11.01 of Rev. Proc. 2022-26)*: January 1, 2026

(ii) *Effective date for purposes of refund claims under section 4662(e) (see sections 11.02 and 11.03 of Rev. Proc. 2022-26, as modified by section 3 of Rev. Proc. 2023-20)*: July 1, 2022

(6) *Tax rate prescribed by the Secretary*: $0.36 per ton. The conversion factor for the potassium hydroxide used in the production of potassium carbonate is 0.81. The tax rate is calculated by multiplying the conversion factor by the tax rate for potassium hydroxide: (0.81 x $0.44 = $0.36).

(b) *Classification numbers*.

(1) *The Secretary has no basis to object to the following proposed classification numbers*:

(i) *HTSUS number*: 2836.40.1000

(ii) *Schedule B number*: 2836.40.0000

(iii) *CAS number*: 584-08-7

(2) *The Secretary is unable to confirm the following proposed classification numbers*: Not applicable.

XXI. Determination to Add Sodium Chlorite to the List

Occidental Chemical Corporation, an exporter of sodium chlorite, submitted a petition in accordance with Rev. Proc. 2022-26 requesting to add sodium chlorite to the List. According to the petition, the taxable chemicals chlorine and sodium hydroxide constitute 75.87 percent by weight of the materials used to produce sodium chlorite, based on the predominant method of production.

(a) *Determination*. Sodium chlorite is added to the list of taxable substances under section 4672(a). Other pertinent information is as follows:

(1) *Predominant method of production*: The predominant process for the manufacture of sodium chlorite is electrolytic production of $NaClO_3$ followed by hydrochlorination with wet acid with byproduct chlorine and hydrogen used in the manufacture of acid. This substance is produced as a pure component, not a mixture, though it may be sold as an aqueous liquid.

(2) *Stoichiometric material consumption equation*:

$$2\ Cl_2\ (\text{chlorine}) + 4\ NaOH\ (\text{sodium hydroxide}) + 3\ O_2\ (\text{oxygen}) \rightarrow 4\ NaClO_2\ (\text{sodium chlorite}) + 2\ H_2O\ (\text{water})$$

(3) *Reasons for the determination*: The sodium chlorite petition was filed on November 25, 2024. The notice of filing summarizing the petition and requesting comments was published in the ***Federal Register*** (90 FR 7247) on January 21, 2025. The Treasury Department and the IRS received no written comments in response to the notice of filing. A public hearing was neither requested nor held.

The Secretary followed the process in section 4672(a)(2)(B) in making this determination. A review of the stoichiometric material consumption equation and other information in the petition shows that the taxable chemicals chlorine and sodium hydroxide constitute more than 20 percent by weight of the materials used in the production of sodium chlorite, based on the predominant method of production. Therefore, the test in section 4672(a)(2)(B) is satisfied.

(4) *Date of determination:* August 1, 2025.

(5) *Effective dates for addition of sodium chlorite to the List*:

(i) *Effective date for purposes of the section 4671 tax (see section 11.01 of Rev. Proc. 2022-26)*: January 1, 2026

(ii) *Effective date for purposes of refund claims under section 4662(e) (see sections 11.02 and 11.03 of Rev. Proc. 2022-26, as modified by section 3 of Rev. Proc. 2023-20)*: July 1, 2022

(6) *Tax rate prescribed by the Secretary*: $2.35 per ton. The conversion factors for the taxable chemicals used in the production of sodium chlorite are 0.39 for chlorine and 0.44 for sodium hydroxide. The tax rate is calculated by adding the products of the conversion factor for each taxable chemical and the tax rate for that taxable chemical: (0.39 x $5.40 + 0.44 x $0.56 = $2.35).

(b) *Classification numbers*.

(1) *The Secretary has no basis to object to the following proposed classification numbers*:

(i) *HTSUS number*: 2828.90.0000

(ii) *Schedule B number*: 2828.90.0000

(iii) *CAS number*: 7758-19-2

(2) *The Secretary is unable to confirm the following proposed classification numbers*: Not applicable.

Correction to the List of Taxable Substances

Section 4 of Notice 2021-66 includes in the initial list of taxable substances the taxable substance "sodium nitriolotriacetate monohydrate." There is a typographical error in the spelling of this taxable substance. The correct name of this taxable substance

is "sodium nitrilotriacetate monohydrate." The tax rate for sodium nitrilotriacetate monohydrate was not previously provided by the Secretary. The tax rate prescribed by the Secretary for sodium nitrilotriacetate monohydrate is $3.97 per ton. The conversion factors for the taxable chemicals used in the production of sodium nitrilotriacetate monohydrate are 0.25 for ammonia, 0.35 for methane, and 0.44 for sodium hydroxide. The tax rate is calculated by adding the products of the conversion factor for each taxable chemical and the tax rate for that taxable chemical: ((0.25 x $5.28) + (0.35 x $6.88) + (0.44 x $0.56) = $3.97). This tax rate is effective July 1, 2022.

Effect on Other Documents

Section 4 of Notice 2021-66 is modified by replacing the name "sodium nitriolotriacetate monohydrate" with "sodium nitrilotriacetate monohydrate."

Krishna P. Vallabhaneni,
Tax Legislative Counsel.

Definition of Terms

Revenue rulings and revenue procedures (hereinafter referred to as "rulings") that have an effect on previous rulings use the following defined terms to describe the effect:

Amplified describes a situation where no change is being made in a prior published position, but the prior position is being extended to apply to a variation of the fact situation set forth therein. Thus, if an earlier ruling held that a principle applied to A, and the new ruling holds that the same principle also applies to B, the earlier ruling is amplified. (Compare with *modified*, below).

Clarified is used in those instances where the language in a prior ruling is being made clear because the language has caused, or may cause, some confusion. It is not used where a position in a prior ruling is being changed.

Distinguished describes a situation where a ruling mentions a previously published ruling and points out an essential difference between them.

Modified is used where the substance of a previously published position is being changed. Thus, if a prior ruling held that a principle applied to A but not to B, and the new ruling holds that it applies to both A and B, the prior ruling is modified because it corrects a published position. (Compare with *amplified* and *clarified*, above).

Obsoleted describes a previously published ruling that is not considered determinative with respect to future transactions. This term is most commonly used in a ruling that lists previously published rulings that are obsoleted because of changes in laws or regulations. A ruling may also be obsoleted because the substance has been included in regulations subsequently adopted.

Revoked describes situations where the position in the previously published ruling is not correct and the correct position is being stated in a new ruling.

Superseded describes a situation where the new ruling does nothing more than restate the substance and situation of a previously published ruling (or rulings). Thus, the term is used to republish under the 1986 Code and regulations the same position published under the 1939 Code and regulations. The term is also used when it is desired to republish in a single ruling a series of situations, names, etc., that were previously published over a period of time in separate rulings. If the new ruling does more than restate the substance of a prior ruling, a combination of terms is used. For example, *modified* and *superseded* describes a situation where the substance of a previously published ruling is being changed in part and is continued without change in part and it is desired to restate the valid portion of the previously published ruling in a new ruling that is self contained. In this case, the previously published ruling is first modified and then, as modified, is superseded.

Supplemented is used in situations in which a list, such as a list of the names of countries, is published in a ruling and that list is expanded by adding further names in subsequent rulings. After the original ruling has been supplemented several times, a new ruling may be published that includes the list in the original ruling and the additions, and supersedes all prior rulings in the series.

Suspended is used in rare situations to show that the previous published rulings will not be applied pending some future action such as the issuance of new or amended regulations, the outcome of cases in litigation, or the outcome of a Service study.

Abbreviations

The following abbreviations in current use and formerly used will appear in material published in the Bulletin.

A—Individual.
Acq.—Acquiescence.
B—Individual.
BE—Beneficiary.
BK—Bank.
B.T.A.—Board of Tax Appeals.
C—Individual.
C.B.—Cumulative Bulletin.
CFR—Code of Federal Regulations.
CI—City.
COOP—Cooperative.
Ct.D.—Court Decision.
CY—County.
D—Decedent.
DC—Dummy Corporation.
DE—Donee.
Del. Order—Delegation Order.
DISC—Domestic International Sales Corporation.
DR—Donor.
E—Estate.
EE—Employee.
E.O.—Executive Order.
ER—Employer.
ERISA—Employee Retirement Income Security Act.
EX—Executor.
F—Fiduciary.
FC—Foreign Country.
FICA—Federal Insurance Contributions Act.
FISC—Foreign International Sales Company.
FPH—Foreign Personal Holding Company.
F.R.—Federal Register.
FUTA—Federal Unemployment Tax Act.
FX—Foreign corporation.
G.C.M.—Chief Counsel's Memorandum.
GE—Grantee.
GP—General Partner.
GR—Grantor.
IC—Insurance Company.
I.R.B.—Internal Revenue Bulletin.
LE—Lessee.
LP—Limited Partner.
LR—Lessor.
M—Minor.
Nonacq.—Nonacquiescence.
O—Organization.
P—Parent Corporation.
PHC—Personal Holding Company.
PO—Possession of the U.S.
PR—Partner.
PRS—Partnership.
PTE—Prohibited Transaction Exemption.
Pub. L.—Public Law.
REIT—Real Estate Investment Trust.
Rev. Proc.—Revenue Procedure.
Rev. Rul.—Revenue Ruling.
S—Subsidiary.
S.P.R.—Statement of Procedural Rules.
Stat.—Statutes at Large.
T—Target Corporation.
T.C.—Tax Court.
T.D.—Treasury Decision.
TFE—Transferee.
TFR—Transferor.
T.I.R.—Technical Information Release.
TP—Taxpayer.
TR—Trust.
TT—Trustee.
U.S.C.—United States Code.
X—Corporation.
Y—Corporation.
Z—Corporation.

Numerical Finding List[1]

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Announcements:

Notices:

Proposed Regulations:

Revenue Procedures:

Revenue Rulings:

Treasury Decisions:

[1] A cumulative list of all revenue rulings, revenue procedures, Treasury decisions, etc., published in Internal Revenue Bulletins 2025–27 through 2025–52 is in Internal Revenue Bulletin 2025–52, dated December 22, 2025.

Finding List of Current Actions on Previously Published Items[1]

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[1] A cumulative list of all revenue rulings, revenue procedures, Treasury decisions, etc., published in Internal Revenue Bulletins 2025–27 through 2025–52 is in Internal Revenue Bulletin 2025–52, dated December 22, 2025.

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INTERNAL REVENUE BULLETIN

The Introduction at the beginning of this issue describes the purpose and content of this publication. The weekly Internal Revenue Bulletins are available at *www.irs.gov/irb/.*

We Welcome Comments About the Internal Revenue Bulletin

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