

DEPARTMENT OF THE TREASURY

Statement of Regulatory Priorities

The primary mission of the Department of the Treasury is to maintain a strong economy and create economic and job opportunities by promoting the conditions that enable economic growth and stability at home and abroad, strengthen national security by combatting threats and protecting the integrity of the financial system, and manage the U.S. Government's finances and resources effectively. Consistent with this mission, regulations of the Department and its constituent bureaus are promulgated to interpret and implement the laws as enacted by Congress and signed by the President. It is the policy of the Department to comply with applicable requirements to issue a Notice of Proposed Rulemaking and carefully consider public comments before adopting a final rule. Also, the Department invites interested parties to submit views on rulemaking projects while a proposed rule is being developed.

To the extent permitted by law, it is the policy of the Department to adhere to the regulatory philosophy and principles set forth in Executive Orders 12866, 13563, and 13609 and to develop regulations that maximize aggregate net benefits to society while minimizing the economic and paperwork burdens imposed on persons and businesses subject to those regulations.

ALCOHOL AND TOBACCO TAX AND TRADE BUREAU

The Alcohol and Tobacco Tax and Trade Bureau (TTB) issues regulations to implement and enforce Federal laws relating to alcohol, tobacco, firearms, and ammunition excise taxes and certain nontax laws relating to alcohol. TTB's mission and regulations are designed to:

- (1) Collect the taxes on alcohol, tobacco products, firearms, and ammunition;
- (2) Protect the consumer by ensuring the integrity of alcohol products;
- (3) Ensure only qualified businesses enter the alcohol and tobacco industries; and

(4) Prevent unfair and unlawful market activity for alcohol and tobacco products.

In FY 2023, TTB will continue its multi-year Regulations Modernization effort by prioritizing projects that reduce regulatory burdens, streamline and simplify requirements, and improve service to regulated businesses. These actions include rulemaking on streamlining permit and qualification requirements for distilled spirits plants, wineries, and breweries, and completing rulemaking to modernize the regulations regarding wine labeling and to authorize additional wine treating materials and processes. TTB will also prioritize rulemaking to implement provisions of the Taxpayer Certainty and Disaster Tax Act of 2020, which made permanent most of the Craft Beverage Modernization and Tax Reform provisions of the Tax Cuts and Jobs Act of 2017, and transferred administration of tax benefits on imported alcohol from U.S. Customs and Border Protection (CBP).

In addition, TTB will also prioritize publishing rulemaking to implement recommendations of the Department of the Treasury's February 2022 report on Competition in the Markets for Beer, Wine, and Spirits, which was issued in response to Executive Order 14036, "Promoting Competition in the American Economy." These actions focus on soliciting public comment on trade practice regulations that prevent anticompetitive practices and maintain a "level playing field" across the alcohol industry, and labeling and advertising regulations that would require alcohol beverage labels to include specific, content-related information on alcohol content, allergens, and other ingredients. They also include finalizing rulemaking on proposed new approved container sizes ("standards of fill") for wine and distilled spirits.

The specific projects TTB plans to prioritize in FY23 are described below:

- ***Streamlining and Modernizing the Permit Application Process (RINs: 1513–AC46, 1513–AC47, and 1513–AC48, Modernization of Permit and Registration Application Requirements for Distilled Spirits Plants, Permit Applications for Wineries, and Qualification Requirements for Brewers, respectively).***

In FY 2022, TTB proposed regulatory changes to eliminate or streamline application and qualification requirements for distilled spirits plants and breweries. In FY 2023, TTB intends to publish

- similar proposals for wineries, and to publish final rules to implement the changes for distilled spirits plants and breweries. These changes are expected to reduce the amount of information industry members must submit to TTB in connection with permit and similar applications to engage in regulated businesses, and reduce the types of operational activities that require prior approval, and overall reduce the regulatory burden on both new and existing businesses.

Modernizing the Alcohol Beverage Labeling and Advertising Requirements (RIN: 1513–AC67, Modernization of Wine Labeling and Advertising Regulations).

The Federal Alcohol Administration Act requires that alcohol beverages introduced in interstate commerce have a label approved under regulations prescribed by the Secretary of the Treasury. TTB conducted an analysis of its alcohol beverage labeling regulations to identify any that might be outmoded, ineffective, insufficient, or excessively burdensome, and to modify, streamline, expand, or repeal them in accordance with that analysis. These regulations were also reviewed to assess their applicability to the modern alcohol beverage marketplace. As a result of this review, in FY 2019, TTB proposed revisions to the regulations concerning the labeling requirements for wine, distilled spirits, and malt beverages. TTB anticipated that these regulatory changes would assist industry in voluntary compliance, decrease industry burden, and result in the regulated industries being able to bring products to market without undue delay. TTB received over 1,100 comments in response to the notice, which included suggestions for further revisions. In FY 2020, TTB published in the Federal Register (85 FR 18704) a final rule amending its regulations to make permanent certain of the proposed liberalizing and clarifying changes, and to provide certainty with regard to certain other proposals that commenters generally opposed and that TTB did not intend to adopt. In FY 2022, TTB published in the Federal Register (87 FR 7526) a final rule that addressed remaining issues related to the labeling of distilled spirits and malt beverages and reorganized those regulations to make them easier to read and understand, for which industry members expressed support. In FY 2023, TTB intends to complete this modernization initiative by publishing a final rule to similarly reorganize the wine labeling regulations, address the remaining labeling issues related to wine, and finalize the regulations related to the advertising of wine, distilled spirits, and malt beverages.

- ***Implementation of the Craft Beverage Modernization Act (RIN: 1513–AC87, Implementing the Craft Beverage Modernization Act Permanent Provisions, and RIN: 1513–AC89, Administering the Craft Beverage Modernization Act Refund Claims for Imported Alcohol).***

TTB intends to propose to amend its regulations for beer, wine, and distilled spirits, including those related to administration of import claims, to implement changes made to the Internal Revenue Code by the Taxpayer Certainty and Disaster Act of 2020, which made permanent most of the Craft Beverage Modernization and Tax Reform (CBMA) provisions of the Tax Cuts and Jobs Act of 2017. The CBMA provisions provided reduced excise taxes on certain quantities of beer, wine, and distilled spirits produced in or imported into the United States. The 2020 provisions also transferred responsibility for administering certain CBMA provisions for imported alcohol from U.S. Customs and Border Protection (CBP) to the Treasury Department after December 31, 2022. In FY 2022, TTB published a temporary rule (87 FR 58021) establishing procedures for foreign producers to assign tax benefits to importers, and for importers to receive and apply the tax benefits applicable to specified limits of imported alcohol products entered for consumption in the United States beginning on January 1, 2023. In a concurrent notice of proposed rulemaking (87 FR 58043), TTB solicited comments on these amendments. In FY 2023, TTB intends to propose amendments to its regulations to address the application of the CBMA tax benefits to domestic beer, wine, and distilled spirits that were previously provided on a temporary basis, as well as provisions on the types of activities that qualify for reduced tax rates for distilled spirits and on permissible transfers of bottled distilled spirits in bond.

- ***Authorizing the Use of Additional Wine Treating Materials and Soliciting Comments on Proposed Changes to the Limits on the Use of Wine Treating Materials to Reflect “Good Manufacturing Practice” (1513–AC75).***

TTB intends to propose to amend its regulations pertaining to the production of wine to authorize additional treatments that may be applied to wine and to juice from which wine is made. These proposed amendments are in response to requests from wine industry members. Although TTB may administratively approve such treatments without amending the regulations, administrative approval does not guarantee acceptance in foreign markets of any wine so treated. Under certain international agreements, authorization of wine treatments through public notice facilitates the acceptance of exported

- wine made using those treatments in foreign markets. TTB also intends to propose for public comment additional changes to the regulations in response to a petition to allow more wine treating materials to be used within the limitations of “good manufacturing practice” rather than within specified numerical limits, thereby providing additional flexibility to winemakers.

Consideration of Updates to Trade Practice Regulations (RIN: 1513–AC92).

TTB is seeking public comment on TTB’s trade practice regulations related to the Federal Alcohol Administration Act’s exclusive outlet, tied house, commercial bribery, and consignment sales prohibitions. Executive Order 14036 (“Promoting Competition in the American Economy”), the Department of the Treasury’s related February 2022 report (“Competition in the Markets for Beer, Wine, and Spirits”), and public comments related to that report have raised questions about whether these regulations could be improved. TTB is publishing in FY 2023 an advance notice of proposed rulemaking and then will be considering the comments to assist the agency in formulating potential proposals to amend the regulations.

- ***Labeling and Advertising of Alcohol Beverages with Alcohol and Nutritional Content,***

Allergens, and Ingredients (RIN: 1513–AC93, Labeling and Advertising of Distilled Spirits, Wines, and Malt Beverages With Statements of Alcohol and Nutritional Content; RIN: 1513–AC94, Major Food Allergen Labeling for Wines, Distilled Spirits, and Malt Beverages; and 1513–AC95, Ingredient Labeling of Distilled Spirits, Wines, and Malt Beverages).

TTB intends to request public comment on possible changes to its labeling and advertising regulations governing alcohol beverage products related to statements of alcohol and nutritional content, allergen labeling, and ingredient labeling. The February 2022 report issued by the Department of the Treasury (“Competition in the Markets for Beer, Wine, and Spirits”) discussed past and potential future proposals related to the labeling of alcohol beverage products with “serving facts” information. The report stated that TTB should revive or initiate rulemaking proposing mandatory information on alcohol content, nutritional content, and

appropriate serving sizes for alcohol beverage products, as well as ingredient labeling. TTB intends to publish two notices of proposed rulemaking (one on alcohol-content and nutrition facts, and another on allergens) and an advance notice of proposed rulemaking on ingredient-labeling.

- ***Standards of Fill for Wine and Distilled Spirits (RIN: 1513–AC86)***

TTB plans to publish a final rule to address its proposal published May 25, 2022 (87 FR 31787) to amend the regulations governing wine and distilled spirits containers. TTB proposed to add 10 additional authorized standards of fill for wine in response to requests it has received for such standards, and to be consistent with a Side Letter included as part of a U.S.–Japan Trade Agreement that addresses issues related to market access and, specifically, to alcohol beverage standards of fill. TTB also solicited comments on an alternative proposal to eliminate all but a minimum standard of fill for wine containers and all but a minimum and maximum for distilled spirits.

- ***Addition of Singani to the Standards of Identity for Distilled Spirits (RIN: 1513–AC61).***

On August 25, 2021, TTB published a proposal (86 FR 47429) to amend the regulations that set forth the standards of identity for distilled spirits to include Singani as a type of brandy that is a distinctive product of Bolivia. This proposal follows a joint petition submitted by the Plurinational State of Bolivia and Singani 63, Inc., and subsequent discussions with the Office of the United States Trade Representative. TTB solicited comments on this proposal, including comments on its proposal to authorize a minimum bottling proof of 35 percent alcohol by volume (or 70° proof) for Singani. TTB expects to publish a final rule in FY23.

OFFICE OF THE COMPTROLLER OF THE CURRENCY

The Office of the Comptroller of the Currency (OCC) charters, regulates, and supervises all national banks and Federal savings associations (FSAs). The agency also supervises the Federal branches and agencies of foreign banks. The OCC's mission is to ensure that national banks and FSAs operate in a safe and sound manner, provide fair access to financial services, treat customers fairly, and comply with applicable laws and regulations.

Regulatory priorities for fiscal year 2023 are described below.

-
- ***Amendments to Bank Secrecy Act Compliance Program Rule (12 CFR part 21).***

The OCC, the Board of Governors of the Federal Reserve System (FRB), and the Federal Deposit Insurance Corporation (FDIC) plan to issue a notice of proposed rulemaking amending their respective Bank Secrecy Act Compliance Program Rules.

- ***Basel III Revisions (12 CFR part 3).***

The OCC, the FRB, and the FDIC plan to issue a notice of proposed rulemaking that would comprehensively revise the agencies' risk-based capital rules, including revisions to the current standardized and advanced approaches capital rules.

Capital Requirements for Market Risk; Fundamental Review of the Trading Book (12 CFR part 3).

The OCC, the FRB, and the FDIC plan to issue a notice of proposed rulemaking to revise their respective capital requirements for market risk, which are generally applied to banking organizations with substantial trading activity. The banking agencies expect the proposal to be generally consistent with the standards set forth in the Fundamental Review of the Trading Book published by the Basel Committee on Bank Supervision.

- ***Community Reinvestment Act Regulations (12 CFR part 25).***

Along with the Federal Deposit Insurance Agency and the Board of Governors of the Federal Reserve, the OCC the OCC is considering whether to issue a joint final rule to modernize the Community Reinvestment Act regulations. A notice of proposed rulemaking was published on June 3, 2022 (87 FR 63884).

CUSTOMS REVENUE FUNCTIONS

The Homeland Security Act of 2002 (the Act) provides that, although many functions of the former United States Customs Service were transferred to the Department of Homeland Security, the Secretary of the Treasury retains sole legal authority over customs revenue functions. The Act also authorizes the Secretary of the Treasury to delegate any of the retained authority over customs revenue functions to the Secretary of Homeland Security. By Treasury Department Order No. 100-16, the Secretary of the Treasury delegated to the Secretary of Homeland Security authority to prescribe regulations pertaining to the customs revenue functions subject to certain exceptions, but further provided that the Secretary of the Treasury retained the sole authority to approve such regulations.

During fiscal year 2021, CBP and Treasury plan to give priority to regulatory matters involving the customs revenue functions which streamline CBP procedures, protect the public, or are required by either statute or Executive Order. Examples of these efforts are described below.

- ***Investigation of Claims of Evasion of Antidumping and Countervailing Duties.***

Treasury and CBP plan to finalize interim regulations (81 FR 56477) which amended CBP regulations implementing section 421 of the Trade Facilitation and Trade Enforcement Act of 2015, which set forth procedures to investigate claims of evasion of antidumping and countervailing duty orders.

- ***Enforcement of Copyrights and the Digital Millennium Copyright Act.***

Treasury and CBP plan to finalize proposed amendments to the CBP regulations pertaining to importations of merchandise that violate or are suspected of violating the copyright laws, including the Digital Millennium Copyright Act (DMCA), in accordance with Title III of the Trade Facilitation and Trade Enforcement Act of 2015 (TFTEA) and Executive Order 13785, “Establishing Enhanced Collection and Enforcement of Anti-dumping and Countervailing Duties and Violations of Trade and Customs Laws.” The proposed amendments are intended to enhance CBP’s enforcement efforts against increasingly sophisticated piratical goods, clarify the definition of piracy, simplify the detention process relative to goods suspected of violating the copyright laws, and prescribe new regulations enforcing the DMCA. •

- ***Merchandise Produced by Convict or Forced Labor or Indentured Labor under Penal***

-

Sanctions.

Treasury and CBP plan to publish a proposed rule to update, modernize, and streamline the process for enforcing the prohibition in 19 U.S.C. 1307 against the importation of merchandise that has been mined, produced, or manufactured, wholly or in part, in any foreign country by convict labor, forced labor, or indentured labor under penal sanctions. The proposed rule would generally bring the forced labor regulations and detention procedures into alignment with other statutes, regulations, and procedures that apply to the enforcement of restrictions against other types of prohibited merchandise.

- ***Non-Preferential Origin Determinations for Merchandise Imported From Canada or Mexico for Implementation of the Agreement Between the United States of America, the United Mexican States, and Canada (USMCA).***

Treasury and CBP plan to finalize a proposed rule to harmonize non-preferential origin determinations for merchandise imported from Canada or Mexico. Such determinations would be made using certain tariff-based rules of origin to determine when a good imported from Canada or Mexico has been substantially transformed resulting in an article with a new name, character, or use. Once finalized, the rule is intended to reduce administrative burdens and inconsistency for non-preferential origin

determinations for merchandise imported from Canada or Mexico for purposes of the implementation of the USMCA.

- ***Automated Commercial Environment (ACE) Required for Electronic Entry/Entry Summary (Cargo Release and Related Entry) Filings.***

Treasury and CBP plan to finalize interim regulations (80 FR 61278) which amended CBP regulations to name the Automated Commercial Environment (ACE) as a CBP-authorized electronic data interchange (EDI) system for the processing of electronic entry and entry summary filings.

- ***Elimination of Paper-Based Bond Applications and the Automated Processing of Bond Applications.***

Treasury and CBP plan to publish a proposed rule to replace the paper-based bond application and approval process with a streamlined electronic process. The proposed rule would implement the successful National Customs Automation Program (NCAP) test of the electronic bond process.

FINANCIAL CRIMES ENFORCEMENT NETWORK

As administrator of the Bank Secrecy Act (BSA), the Financial Crimes Enforcement Network (FinCEN) is responsible for developing and implementing regulations that are the core of the Department's anti-money laundering (AML) and countering the financing of terrorism (CFT) efforts.

FinCEN's responsibilities and objectives are linked to, and flow from, that role. In fulfilling this role, FinCEN seeks to enhance U.S. national security by making the financial system increasingly resistant to abuse by money launderers, terrorists and their financial supporters, and other perpetrators of crime. The Secretary of the Treasury, through FinCEN, is authorized by the BSA to issue regulations requiring financial institutions to file reports and keep records that are highly useful in criminal, tax, or regulatory investigations, risk assessments, or proceedings, or intelligence or counter-intelligence activities, including analysis, to protect against terrorism. The BSA also authorizes FinCEN to require that

designated financial institutions establish AML/CFT programs and compliance procedures. To implement and realize its mission, FinCEN has established regulatory objectives and priorities to safeguard the financial system from the abuses of financial crime, including terrorist financing, proliferation financing, money laundering, and other illicit activity.

These objectives and priorities include: (1) issuing, interpreting, and enforcing compliance with regulations implementing the BSA; (2) supporting, working with, and as appropriate overseeing compliance examination functions delegated by FinCEN to other Federal regulators; (3) managing the collection, processing, storage, and dissemination of data related to the BSA; (4) maintaining a government-wide access service to that same data for authorized users with a range of interests; (5) conducting analysis in support of policymakers, law enforcement, regulatory and intelligence agencies, and (for compliance purposes) the financial sector; and (6) coordinating with and collaborating on AML/CFT initiatives with domestic law enforcement and intelligence agencies, as well as foreign financial intelligence units.

FinCEN's regulatory priorities for fiscal year 2023 include:

- ***Beneficial Ownership Information Reporting Requirements.***

On September 30 2022, FinCEN is issued a final rule entitled "Beneficial Ownership Information Reporting Requirements" (BOI reporting rule), requiring certain entities to file with FinCEN reports that identify two categories of individuals: the beneficial owners of the entity, and individuals who have filed an application with specified governmental authorities to create the entity or register it to do business. These regulations implement Section 6403 of the Corporate Transparency Act (CTA), enacted into law as part of the National Defense Authorization Act for Fiscal Year 2021 (NDAA), and describe who must file a report, what information must be provided, and when a report is due. This final rule is the first of three rulemakings FinCEN is required to issue pursuant to the CTA. The other two required rulemakings which are discussed elsewhere in this regulatory plan are: (i) a regulation focused on establishing protocols to protect the security and confidentiality of beneficial ownership information (BOI) that will be reported to FinCEN, establishing the terms of access by authorized recipients to the BOI reported, and the use of

FinCEN identifiers in making BOI reports; and (ii) revisions to FinCEN's customer due diligence (CDD) requirements for financial institutions. The final BOI reporting rule is effective January 1, 2024.

- ***Beneficial Ownership Information Access and Safeguards, and Use of FinCEN Identifiers for Entities***

FinCEN intends to issue a Notice of Proposed Rulemaking (NPRM) entitled "Beneficial Ownership Information Access and Safeguards, and Use of FinCEN Identifiers for Entities." The proposed regulations will establish protocols to protect the security and confidentiality of the beneficial ownership information (BOI) that will be reported to FinCEN pursuant to Section 6403 of the Corporate Transparency Act (CTA), and will establish the framework for access by authorized recipients to the BOI reported. The proposed regulations will also specify when and how reporting companies can use FinCEN identifiers to report the BOI of entities. The CTA was enacted into law as part of the National Defense Authorization Act for Fiscal Year 2021 (NDAA). This proposed rule is the second of three rulemakings FinCEN is required to issue under the CTA. With regard to the first required rulemaking, FinCEN issued a final rule entitled "Beneficial Ownership Information Reporting Requirements" (BOI reporting rule). The third required rulemaking will revise the customer due diligence (CDD) requirements for financial institutions. FinCEN previously issued an Advance Notice of Proposed Rulemaking (ANPRM) entitled "Beneficial Ownership Information Reporting Requirements" on April 5, 2021, that solicited comments on a wide range of questions that concerned all three rulemakings. FinCEN also previously issued a Notice of Proposed Rulemaking with the same title on December 8, 2021 (BOI Reporting NPRM) that addressed only the first of the three rulemakings, but the comments FinCEN received related to all three subjects. This proposed rule reflects FinCEN's consideration of public comments that have been received in response to the ANPRM and BOI Reporting NPRM. The proposed rule will also re-issue certain provisions of the BOI Reporting NPRM related to the use of FinCEN identifiers.

- ***Section 6314. Updating Whistleblower Incentives and Protection.***

FinCEN intends to issue an NPRM relating to Section 6314 of the AML Act. Section 6314 of AML Act amends Section 5323 of title 31, United States Code. Section 6314 establishes a whistleblower program that requires FinCEN to pay an award, under regulations prescribed by FinCEN and subject to

certain limitations that include availability of funding, to eligible whistleblowers who voluntarily provide FinCEN or the Department of Justice (DOJ) with original information about a violation of the Bank Secrecy Act that leads to the successful enforcement of a covered judicial or administrative action, or related action, and requires that FinCEN preserve the confidentiality of a whistleblower.

Additionally, section 6314 of the AML Act repeals 31 U.S.C. 5328, the previous whistleblower protection provision, and replaces it with a new subsection to 31 U.S.C. 5323: subsection (g) “Protection of Whistleblowers.” The new subsection (g) prohibits retaliation by employers against individuals that provide FinCEN or the DOJ with information about potential Bank Secrecy Act violations; any individual alleging retaliation may seek relief by filing a complaint with the Department of Labor.

- ***Section 6101. Establishment of National Exam and Supervision Priorities.***

FinCEN intends to issue a Notice of Proposed Rulemaking (NPRM) as part of the establishment of national exam and supervision priorities. The proposed rule implements Section 6101(b) of the AntiMoney Laundering Act of 2020 (AML Act), enacted into law as part of the National Defense Authorization Act for Fiscal Year 2021 (NDAA), that requires the Secretary of the Treasury (Secretary) to issue and promulgate rules for financial institutions to carry out the government-wide anti-money laundering and countering the financing of terrorism priorities (AML/CFT Priorities). The proposed rule: (i) incorporates a risk assessment requirement for financial institutions; (ii) requires financial institutions to incorporate AML/CFT Priorities into risk-based programs; and (iii) provides for certain technical changes. Once finalized, this proposed rule will affect all financial institutions subject to regulations under the Bank Secrecy Act and have AML/CFT program obligations.

- ***Section 6212. Pilot Program on Sharing Information Related to Suspicious Activity Reports (SARs) Within a Financial Group.***

FinCEN intends to issue a Final Rule in order to implement Section 6212 of the AML Act. This section amends the Bank Secrecy Act (31 U.S.C. 5318(g)) to establish a pilot program that permits financial institutions to share suspicious activity report (SAR) information with their foreign branches, subsidiaries, and affiliates for the purpose of combating illicit finance risks. The section further requires

the Secretary of the Treasury to issue rules to implement the amendment within one year of enactment of the AML Act.

- ***Real Estate Transaction Reports and Records.***

FinCEN intends to issue an NPRM to address money laundering threats in the U.S. real estate sector.

- ***Clarification of the Requirement to Collect, Retain, and Transmit Information on Transactions Involving Convertible Virtual Currencies and Digital Assets with Legal Tender Status.***

The Board of Governors of the Federal Reserve System and FinCEN (collectively, the “Agencies”) intend to issue a revised proposal to clarify the meaning of “money” as used in the rules implementing the BSA requiring financial institutions to collect, retain, and transmit information on certain funds transfers and transmittals of funds. The Agencies intend that the revised proposal will ensure that the rules apply to domestic and cross-border transactions involving convertible virtual currency, which is a medium of exchange (such as cryptocurrency) that either has an equivalent value as currency, or acts as a substitute for currency, but lacks legal tender status. The Agencies further intend that the revised proposal will clarify that these rules apply to domestic and cross-border transactions involving digital assets that have legal tender status.

- ***Voluntary Information Sharing Among Financial Institutions Under Section 314(b) of the USA PATRIOT Act.***

FinCEN is considering issuing this rulemaking to strengthen the administration of the regulation implementing the statutory safe harbor that allows eligible financial institutions and associations of financial institutions to voluntarily share information regarding activities that may involve terrorist acts or money laundering.

- ***Revisions to Customer Due Diligence Requirements for Financial Institutions***

FinCEN intends to issue an NPRM entitled “Revisions to Customer Due Diligence Requirements for Financial Institutions,” relating to Section 6403(d) of the Corporate Transparency Act (CTA). The CTA

was enacted into law as part of the National Defense Authorization Act for Fiscal Year 2021 (NDAA). Section 6403(d) of the CTA requires FinCEN to revise its customer due diligence (CDD) requirements for financial institutions to account for the changes created by the two other rulemakings FinCEN is required to issue pursuant to the CTA. With regard to the first required rulemaking, FinCEN issued a final rule entitled "Beneficial Ownership Information Reporting Requirements" (BOI reporting rule). The second required rulemaking relates to access by authorized recipients to beneficial ownership information (BOI) that will be reported to FinCEN and the use of FinCEN identifiers. FinCEN previously issued an ANPRM entitled "Beneficial Ownership Information Reporting Requirements" on April 5, 2021, that solicited comments on a wide range of questions that concerned all three rulemakings. FinCEN also previously issued a Notice of Proposed Rulemaking with the same title on December 8, 2021 (BOI Reporting NPRM) that addressed only the first of the three rulemakings, but the comments FinCEN received related to all three subjects. The proposed rule reflects FinCEN's consideration of public comments that have been received in response to the ANPRM and BOI Reporting NPRM. The CTA requires that the revisions to the CDD requirements be finalized within one year after the effective date of the BOI reporting rule. •

Section 6110. BSA Application to Dealers in Antiquities and Assessment of BSA

Application to Dealers in Arts.

FinCEN intends to issue a Notice of Proposed Rulemaking (NPRM) to implement Section 6110 of the Anti-Money Laundering Act of 2020 (the AML Act). This section amends the Bank Secrecy Act (31 U.S.C. 5312(a)(2)) to include as a financial institution a person engaged in the trade of antiquities, including an advisor, consultant, or any other person who engages as a business in the solicitation or the sale of antiquities, subject to regulations prescribed by the Secretary of the Treasury. The section further requires the Secretary of the Treasury to issue proposed rules to implement the amendment within 360 days of enactment of the AML Act.

• ***Section 6305. No Action Letter Program.***

FinCEN intends to issue an NPRM following the implementation of Section 6305 of the AML Act. This section requires FinCEN to conduct an assessment on whether to issue no-action letters in response to specific conduct requests from third parties, and propose rulemaking if appropriate. The assessment

concluded that FinCEN should issue no-action letters, subject to sufficient resources, and proposed rulemaking to follow the issuance of the report. FinCEN issued an Advance Notice of Proposal Rulemaking (ANPRM) on June 6, 2022 with a 60 day comment period closing on August 5, 2022. The ANPRM solicited public comment on questions pertinent to the implementation of a no-action letter process at FinCEN. Given that the addition of a no-action letter process at FinCEN may impact or overlap with other forms of regulatory guidance and relief that FinCEN already offers, including exceptive or exemptive relief and administrative rulings, the ANPRM also sought public input on whether this process should be implemented and, if so, how a no-action letter process should interact with these other tools. FinCEN is reviewing the comments submitted in response to the ANPRM and considering the structure and timing of the issuance of the NPRM.

- ***Requirements for Certain Transactions Involving Convertible Virtual Currency or Digital Assets.***

FinCEN is amending the regulations implementing the BSA to require banks and money service businesses (MSBs) to submit reports, keep records, and verify the identity of customers in relation to transactions involving convertible virtual currency (CVC) or digital assets with legal tender status ("legal tender digital assets" or "LTDA") held in unhosted wallets, or held in wallets hosted in a jurisdiction identified by FinCEN.

- ***Amendment to the Bank Secrecy Act Regulations - Reports of Foreign Bank and Financial Accounts.***

FinCEN is amending the regulations implementing the BSA regarding reports of foreign bank and financial accounts (FBARs). The proposed changes are intended to clarify which persons will be required to file reports of foreign financial accounts and what information is reportable. The proposed changes are intended to amend two provisions of the FBAR regulation: 1) signature or other authority; and 2) special rules. Treasury is considering whether the relevant statutory objectives can be achieved at a lower cost.

- ***Amendments to the Definitions of Broker or Dealer in Securities (Crowdfunding).*** FinCEN is finalizing amendments to the regulatory definitions of "broker or dealer in securities" under the

regulations implementing the BSA. The changes are intended to expand the current scope of the definitions to include funding portals. In addition, these amendments would require funding portals to implement policies and procedures reasonably designed to achieve compliance with all of the BSA requirements that are currently applicable to brokers or dealers in securities. The rule to require these organizations to comply with the BSA regulations is intended to help prevent money laundering, terrorist financing, and other financial crimes.

- ***Withdraw Obsolete Civil Money Penalty Provisions for BSA Violations. (Technical Change)***

FinCEN is amending 31 CFR 1010.820 to withdraw the civil money penalty provisions for BSA violations that are obsolete. Statutory amendments have been made to specific civil BSA penalties since the regulation was last revised. In addition, the Federal Civil Penalties Inflation Adjustment Act of 1990 as amended, 28 U.S.C. 2461 note, requires agencies to issue regulations making annual adjustments reflecting the effect of inflation for civil penalties expressed in terms of a dollar amount. Those inflation adjustments are correctly captured in a separate regulation, and therefore the obsolete and inconsistent provisions will be withdrawn.

- ***Other Requirements.***

FinCEN also will continue to issue proposed and final rules pursuant to section 311 of the USA PATRIOT Act, as appropriate. Finally, FinCEN expects that it may propose various technical and other regulatory amendments in conjunction with ongoing efforts with respect to a comprehensive review of existing regulations to enhance regulatory efficiency required by Section 6216 of the AML Act.

BUREAU OF THE FISCAL SERVICE

The Bureau of the Fiscal Service (Fiscal Service) administers regulations pertaining to the Government's financial activities, including: (1) implementing Treasury's borrowing authority, including regulating the sale and issue of Treasury securities; (2) administering Government revenue and debt collection; (3) administering government-wide accounting programs; (4) managing certain Federal investments; (5) disbursing the majority of Government electronic and check payments; (6) assisting

Federal agencies in reducing the number of improper payments; and (7) providing administrative and operational support to Federal agencies through franchise shared services.

During fiscal year 2023, Fiscal Service will accord priority to the following regulatory projects:

- ***Revision of the Federal Claims Collection Standards***

Fiscal Service is proposing to amend the Federal Claims Collections Standards (FCCS), codified in 31 CFR Parts 900-904, which is jointly administered by Treasury and the Department of Justice. The FCCS set standards for administrative collection, compromise, and suspension or termination of collection activity for federal nontax debts. They also set standards for referring federal nontax debts to DOJ for litigation. The proposed amendments, which have been jointly prepared by Treasury and DOJ, include revisions for equity and updates to conform to developments since the last publication of the regulations in 2000.

- ***Regulations Governing Securities Held in Treasury Electronic Book-Entry Systems***

Fiscal Service is amending its regulations to include the governing of securities held in Treasury Electronic Book-Entry Systems, to be found at 31 CFR part 364. These regulations will inform customers of their rights with regard to marketable Treasury securities held in any system developed by Treasury after the effective date of these regulations. Fiscal Service intends to revise these regulations in the future to include the governing of United States Savings Bonds within these systems.

INTERNAL REVENUE SERVICE

The Internal Revenue Service (IRS), working with Treasury's Office of Tax Policy, promulgates regulations that interpret and implement the Internal Revenue Code (Code), and other internal revenue laws of the United States. The purpose of these regulations is to carry out the tax policy determined by Congress in a fair, impartial, and reasonable manner, taking into account the intent of Congress, the realities of relevant transactions, the need for the Government to administer the rules and monitor compliance, and the overall integrity of the Federal tax system. The goal is to make the regulations

practical and as clear and simple as possible, which reduces the burdens on taxpayers and the IRS. During fiscal year 2023, the priority of the IRS and the Office of Tax Policy is to provide guidance regarding implementation of key provisions of several public laws, including Public Law No. 117-169, known as the Inflation Reduction Act, the Infrastructure Investment and Jobs Act, Public Law No. 117-58, the American Rescue Plan Act of 2021, Public Law No. 117-2, the Taxpayer First Act, Public Law No. 116-25, the Coronavirus Aid, Relief, and Economic Security Act (CARES Act), Public Law No. 116-136, and the Setting Every Community Up for Retirement Enhancement Act of 2019 (SECURE Act), enacted as Division O of the Further Consolidated Appropriations Act, 2020, Public Law No. 116-94. Treasury and the IRS intend to issue guidance, including NPRMs and TDs, with regard to the following key provisions of the Code:

- The energy efficient home improvement credit under § 25C of the Code.
- The residential clean energy credit under § 25D of the Code.
- The credit for alternative fuel refueling property under § 30C of the Code.
- The consumer vehicle credits under §§ 25 and 30D of the Code.
- The credit for sustainable aviation fuel under § 40B of the Code.
- The extension and modification of the production tax credit (PTC) for producing electricity from certain renewable resources under § 45 of the Code.
- The prevailing wage rate and apprenticeship requirements in § 45(b) as applicable for purposes of §§ 30C, 45, 45L, 45Q, 45U, 45V, 45Y, 48, 48C, 48E, and 179D of the Code.
- The domestic content enhancements for purposes of §§ 45, 45Y, 48, 48E. The energy community enhancements for purposes of §§ 45, 45Y, 48, 48E.
- The new energy efficient home credit under § 45L of the Code. The extension and modification of the credit for carbon oxide sequestration under § 45Q of the Code. The zero-emission nuclear power PTC under § 45U of the Code.
- The clean hydrogen PTC under § 45V of the Code.

- The credit for qualified commercial clean vehicles under § 45W of the Code. The advanced manufacturing PTC under § 45X of the Code.
- The clean electricity PTC under § 45Y of the Code.
- The clean fuels production credit under § 45Z of the Code.
- The extension and modification of the investment tax credit (ITC) for energy property under § 48 of the Code.
- The allocation of amounts of environmental justice solar and wind capacity limitation to qualified solar and wind facilities under § 48(e) of the Code.
- The qualifying advanced energy project credit under § 48C of the Code. The advanced manufacturing ITC under § 48D of the Code as enacted by the CHIPS Act of 2022. The clean electricity ITC under § 48E of the Code. The corporate alternative minimum tax under §§ 53, 55, 56, and 56A of the Code.
- The energy efficient commercial buildings deduction under § 179D of the Code.
- The excise tax on the repurchase of corporate stock under § 4501 of the Code.
- The elective payment and transfer of credits for energy property & electricity produced from certain renewable resources under §§ 6417 and 6418 of the Code.

Consistent with the Administration's goals of equity and fairness in tax administration, using new funding provided by the Inflation Reduction Act, the IRS will seek to reduce burdens for taxpayers.

Underpayments by tax evaders shift burdens onto honest, hard-working Americans who follow the law as well as onto future generations. The new funding will be used to help ensure that everyone pays their fair share. Pursuant to the Inflation Reduction Act, billions of dollars will go toward substantial service improvements for taxpayers as they interact with the IRS. The IRS will improve customer service, answer more calls, process returns and refunds faster, update computer systems, and simplify tax filing. The IRS will also expand the customer callback capability, which gives taxpayers an alternative to waiting on hold. This reduces burden and frustration for taxpayers.

The IRS will also transition to digital platforms, with better data tools to make more filings and processes available electronically, reduces audits and retires paper-based processes. IRS employees still need to manually transcribe millions of paper returns. Taxpayers can still choose to use paper, however, in this coming filing season, the IRS will automate the scanning of millions of individual paper returns into a digital copy. For taxpayers, this means faster processing and, ultimately, faster refunds for paper filers.

The IRS will expand the use of issue resolution tools so that taxpayers can access their own online account and get the information they need without the need of an IRS assistor. The new IRS Online Account features will make it easier to communicate with the IRS where most issues can be resolved online. Currently, when taxpayers receive a notice from the IRS, they generally need to respond via mail. The IRS is improving this, and during the 2023 filing season, millions of taxpayers will be able to receive and respond to notices online.

Every year, Treasury and the IRS identify guidance projects that are priorities for allocation of the resources during the year in the Priority Guidance Plan (PGP) (available on [irs.gov](https://www.irs.gov) and [regulations.gov](https://www.regulations.gov)). The plan represents projects that Treasury and the IRS intend to actively work on during the plan year. See, for example, the [2021-2022 Priority Guidance Plan](#) (September 9, 2021). To facilitate and encourage suggestions, Treasury and the IRS have developed an annual process for soliciting public input for guidance projects. The annual solicitation is done through the issuance of a notice inviting recommendations from the public for items to be included on the PGP for the upcoming plan year. See, for example, [Notice 2022-21](#) (May 16, 2022). We also invite the public to provide us with their comments and suggestions for guidance projects throughout the year.

BILLING CODE 4810-25-P