

Source of Income From Sales of Inventory and Natural Resources Produced In One Jurisdiction and Sold In Another Jurisdiction; correction

Announcement 96-97

AGENCY: Internal Revenue Service (IRS), Treasury.

ACTION: Correction to the notice of proposed rulemaking.

SUMMARY: This document contains corrections to the notice of proposed rulemaking (INTL-0003-95 [1996-6 I.R.B. 29]) which was published in the **Federal Register** on Monday, December 11, 1995 (60 FR 63478). The notice of proposed rulemaking relates to the source of income from sales of natural

resources or other inventory produced in the United States and sold in a foreign country or produced in a foreign country and sold in the United States.

FOR FURTHER INFORMATION CONTACT: Anne Shelburne (202) 622-3880 (not a toll-free number).

SUPPLEMENTARY INFORMATION:

Background

The notice of proposed rulemaking that is subject to these corrections is under section 863 of the Internal Revenue Code.

Need for Correction

As published, the notice of proposed rulemaking (INTL-0003-95) contains errors which may prove to be misleading and are in need of clarification.

Correction of Publication

Accordingly, the publication of proposed rulemaking (INTL-0003-95) which is the subject of FR Doc. 95-30087 is corrected as follows:

1. On page 63480, column 2, in the preamble, under the heading "1. Export Terminal Rule", the second full paragraph, line 12, the language "production activity following export. A" is corrected to read "production activity as defined in § 1.863-1(b)(3)(ii) following export. A".

2. On page 63483, column 3, in the preamble, under the heading "3. Determination of Source of Gross Income", line 3 from the top of the column, the language "are located where the tangible" is corrected to read "are located where the taxpayer's tangible".

3. On page 63483, column 3, in the preamble, under the heading "3. Determination of Source of Gross Income", the fourth full paragraph, line 8, the language "sit us of economic activity. Accordingly," is corrected to read "situs of economic activity. Accordingly,".

§ 1.863-1 [Corrected]

4. On page 63485, column 2, § 1.863-1 (b)(1) introductory text, line 2, the language "Except to the extent provided in" is corrected to read "Notwithstanding any other provision, except to the extent provided in".

§ 1.863-2 [Corrected]

5. On page 63486, column 3, § 1.863-2 (b), lines 15 and 16, the

language "paragraph (a)(2) of this section, see § 1.863-3. However, the principles of" is corrected to read "paragraph (a)(2) of this section, see § 1.863-1 for natural resources and § 1.863-3 for other inventory. However, the principles of".

§ 1.863-3 [Corrected]

6. On page 63487, column 3, § 1.863-3 (b)(2)(iv), paragraph (i) of *Example 1.*, line 4, the language "country X to D, a unrelated foreign clothing" is corrected to read "country X to D, an unrelated foreign clothing".

7. On page 63488, column 2, § 1.863-3 (c)(1)(i)(B), line 4, the language "intangible assets owned by the taxpayer" is corrected to read "intangible assets owned directly by the taxpayer".

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