

Notional Principal Contracts; Contingent Nonperiodic Payments; Correction

Announcement 2004-40

AGENCY: Internal Revenue Service (IRS), Treasury.

ACTION: Correction to notice of proposed rulemaking and notice of public hearing.

SUMMARY: This document contains corrections to proposed regulations (REG-166012-02, 2004-13 I.R.B. 655) that were published in the **Federal Register** on February 26, 2004 (69 FR 8886) that relate to the inclusion into income or deduction of a contingent nonperiodic payment provided for under a notional principal contract (NPC).

FOR FURTHER INFORMATION CONTACT: Kate Sleeth, (202) 622-3920 (not toll-free number).

SUPPLEMENTARY INFORMATION:

Background

The notice of proposed rulemaking and notice of public hearing that are the subject

of these corrections are under section 446 of the Internal Revenue Code.

Need for Correction

As published, the notice of proposed rulemaking and notice of public hearing (REG-166012-02) contain errors that may prove to be misleading and are in need of clarification.

Correction of Publication

Accordingly, the publication of the notice of proposed rulemaking and notice of public hearing (REG-166012-02), which were the subject of FR Doc. 04-4151, are corrected as follows:

1. On page 8886, column 1, in the heading, the subject line “National Principle Contracts; Contingent Nonperiodic Payments” is corrected to read “Notional Principle Contracts; Contingent Nonperiodic Payments”.

§1.446-3 [Corrected]

2. On page 8897, column 1, paragraph (v) of §1.446-3(g)(7), *Example 8*, line 7, the language “(\$734,347-363,693), the difference between” is corrected to read “(\$734,347-\$363,693), the difference between”.

3. On page 8897, column 1, paragraph (viii) of §1.446-3(g)(7), *Example 8*, line 3, the language “at 11.0% times \$5,000,000, or \$5,500,000. W” is corrected to read “at 11.0% times \$50,000,000, or \$5,500,000. W”.

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