

**Determination of Interest Expense
Deduction of Foreign Corporations;
Correction**

Announcement 96-58

AGENCY: Internal Revenue Service
(IRS), Treasury.

ACTION: Correction to final
regulations.

SUMMARY: This document contain
corrections to final regulations [TD
8658 [1996-14 I.R.B. 13]] which were
published in the **Federal Register** for
Friday, March 8, 1996 (61 FR 9326).
The final regulations relate to the

determination of the interest expense
deduction of foreign corporations and
apply to foreign corporations engaged
in a trade or business within the United
States.

EFFECTIVE DATE: June 6, 1996.

FOR FURTHER INFORMATION
CONTACT: Ahmad Pirasteh or
Richard Hoge (202) 622-3870 (not a
toll-free number).

SUPPLEMENTARY INFORMATION:

Background

The final regulations that are subject
to these corrections are under sections

882, 864(e), 988(d), and 7701(l) of the
Internal Revenue Code.

Need for Correction

As published, the final regulations
[TD 8658] contain errors that are in
need of clarification.

Correction of Publication

Accordingly, the publication of final
regulations which are the subject of FR
Doc. 96-5262 is corrected as follows:

§ 1.882-0 [Corrected]

1. On page 9329, column 1,
§ 1.882-0, the section heading entry

for § 1.882-1, “§ 1.882-1 Taxation of foreign corporations engaged in U.S. business or of foreign corporations treated as having effectively connected income.” is corrected to read “§ 1.882-1 Taxation of foreign corporations engaged in U.S. business or of foreign corporations treated as having effectively connected income.”.

§ 1.882-5 [Corrected]

2. On page 9330, column 3, § 1.882-5, paragraph (a)(6), line 7 from the bottom of the paragraph, the language “respect to U.S.-booked liabilities that” is corrected to read “respect to U.S. booked liabilities that”.

3. On page 9331, column 1, § 1.882-5, paragraph (a)(8), paragraph (ii) of *Example 1*, line 12, the language “(c)(2)(vi), and (d)(2)(vii) or (e)(1)(ii) this” is corrected to read “(c)(2)(vi), and (d)(2)(vii) or (e)(1)(ii) of this”.

4. On page 9332, column 2, § 1.882-5, paragraph (b)(3), last four lines of the paragraph, the language “less frequently than monthly by a large bank (as defined in section 585(c)(2)) and semi-annually by any other taxpayer” is corrected to read “less frequently than monthly (beginning of taxable year and monthly thereafter) by a large bank (as defined in section 585(c)(2)) and semi-annually (beginning, middle and end of taxable year) by any other taxpayer”.

5. On page 9332, column 2, § 1.882-5, paragraph (c)(2)(i), lines 3 and 2 from the bottom of the paragraph, the language “annually by a large bank (as defined in section 585(c)(2)) and annually by any” is corrected to read “annually (beginning, middle and end of taxable year) by a large bank (as defined in section 585(c)(2)) and annually (beginning and end of taxable year) by any”.

6. On page 9334, column 3, § 1.882-5, paragraph (d)(6), paragraph (i) of *Example 1*, the table

is corrected to read

	Value	
Asset 1	\$2,000	
Asset 2	2,500	
Asset 3	5,500	
	Amount	Interest Expense
Liability 1	\$800	56
Liability 2	3,200	256
Capital	6,000	0

Michael L. Slaughter,
Acting Chief, Regulations Unit,
Assistant Chief Counsel (Corporate).

(Filed by the Office of the Federal Register on April 9, 1996, 8:45 a.m., and published in the issue of the Federal Register for April 10, 1996, 61 F.R. 15891)

	Value	
Asset 1	\$2,000	
Asset 2	2,500	
Asset 3	5,500	
	Amount	Interest
Liability 1	\$800	56
Liability 2	3,200	256
Capital	6,000	0