

Part III. Administrative, Procedural, and Miscellaneous

Notice 96-14

Disallowance of Deductions for Employee Remuneration in Excess of \$1,000,000; Correction

AGENCY: Internal Revenue Service, Treasury.

ACTION: Correction to final regulations.

SUMMARY: This document contains corrections to final regulations (TD 8650) [1996-10 I.R.B. 5] which were published in the Federal Register on Wednesday, December 20, 1995 (60 FR 65534), and relates to the disallowance of deductions for employee remuneration in excess of \$1,000,000.

EFFECTIVE DATE: December 20, 1995.

FOR FURTHER INFORMATION CONTACT: Robert Misner or Charles T. Deliee at (202) 622-6060 (not a toll-free number).

SUPPLEMENTARY INFORMATION:

Background

The final regulations that are the subject of these corrections are under

section 162(m) of the Internal Revenue Code.

Need for Correction

As published, the final regulations (TD 8650) contain errors that are misleading and in need of clarification.

Correction of Publication

Accordingly, the publication of the final regulations (TD 8650), which was the subject of FR Doc. 95-30869, is corrected as follows:

§ 1.162-27 [Corrected]

1. On page 65538, column 1, § 1.162-27 (c)(3)(ii)(A), line 2, the language “3121(a)(1) through section 3121(a)(5)(D)” is corrected to read “3121(a)(5)(A) through section 3121(a)(5)(D)”.

2. On page 65543, column 2, § 1.162-27 (e)(4)(i), the last sentence is corrected to read as follows:

* * * * *

(e) * * *

(4) * * * (i) * * * The material terms include the employees eligible to receive compensation; a description of the business criteria on which the

performance goal is based; and either the maximum amount of compensation that could be paid to any employee or the formula used to calculate the amount of compensation to be paid to the employee if the performance goal is attained (except that, in the case of a formula based, in whole or in part, on a percentage of salary or base pay, the maximum dollar amount of compensation that could be paid to the employee must be disclosed).

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3. On page 65544, column 3, § 1.162-27 (e)(5), second line from the bottom of the paragraph, the language “to the increase in the stock of the” is corrected to read “to the increase in the value of the stock of the”.

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(Filed by the Office of the Federal Register on January 5, 1996, 8:45 a.m., and published in the issue of the Federal Register for February 6, 1996, 61 F.R. 4349)