

# 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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