



AGENCY: Internal Revenue Service (IRS), Treasury.

ACTION: Correction of final regulations.

SUMMARY: This document contains corrections to final regulations (T.D. 8865, 2000–7 I.R.B. 589) which were published in the **Federal Register** on Tuesday, January 25, 2000 (65 FR 3820), relating to the amortization of certain intangible property.

DATES: This correction is effective January 25, 2000.

FOR FURTHER INFORMATION CONTACT: John Huffman at (202) 622-3110 (not a toll-free number).

SUPPLEMENTARY INFORMATION:

Background

The final regulations that are subject to these corrections are under sections 167 and 197 of the Internal Revenue Code.

Need for Correction

As published, the final regulations (TD 8865) contain errors that may prove to be misleading and are in need of clarification.

Correction of Publication

Accordingly, the publication of the final regulations (TD 8865), which were the subject of FR Doc. 00–1380, is corrected as follows:

§1.197–2 [Corrected]

1. On page 3834, column 3, §1.197–2(g)(3), line 22, the language, “increase. The provisions of paragraph” is corrected to read “increase, except as provided in §1.743–1(j)(f)(i)(B)(2). The provisions of paragraph”.

2. On page 3834, column 3, §1.197–2(g)(4)(i), lines 10 through 13,

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the language, “either the curative or remedial allocation methods described in the regulations under section 704(c). See §1.704–3(c) and (d)” is corrected to read “any of the permissible methods described in the regulations under section 704(c). See §1.704–3”.

3. On page 3834, column 1, §1.197–2(g)(4)(ii), line 6, the language, “the intangible is not amortizable by the” is corrected to read “the intangible is not amortizable under section 197 by the “.

4. On page 3839, column 3, §1.197–2(k) *Example 6(i)*, third line from the top of the column, the language “consideration paid for all assets acquired in” is corrected to read “consideration paid excluding any amount treated as interest or original issue discount under applicable provisions of the Internal Revenue Code, for all assets acquired in”.

5. On page 3839, column 3, §1.197–2(k) *Example 6(ii)*, lines 15 through 18, the language, “Although the payments under the agreement (\$270,000) exceed the amount allocated to the covenant by \$45,000, all of the remaining consideration (\$50,000) is allocated to Class” is corrected to read “All of the remaining consideration after allocation to the covenant and other Class VI assets, (\$50,000) is allocated to Class”.

6. On page 3839, column 3, §1.197–2(k) *Example 7(ii)*, line 7, the language, “amount because it does not have a term of less than” is corrected to read “amount because it does not have a term of less than”.

7. On page 3843, column 1, §1.197–2(k) *Example 27(i)*, lines 4 and 5, the language, “which A owns a 60-percent, and B owns a 40-percent, interest in profits and capital. A” is corrected to read “which A owns a 40-percent, and B owns a 60-percent, interest in profits and capital. A”

8. On page 3843, column 2, §1.197–2(l)(4)(iii), line 14, the language, “before a federal court, the taxpayer must” is corrected to read “before a Federal court, the taxpayer must”.

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