

**Accounting for Long-Term
Contracts; Correction
Announcement 2001-56**

AGENCY: Internal Revenue Service (IRS), Treasury.

ACTION: Correction to final regulations.

SUMMARY: This document contains corrections to final regulations (T.D. 8929, 2001-10 I.R.B. 756) which were published in the **Federal Register** on Thursday, January 11, 2001 (66 FR 2219). The final regulations provide guidance on methods of accounting for long-term contracts.

DATES: This correction is effective January 11, 2001.

FOR FURTHER INFORMATION CONTACT: Leo F. Nolan II (202) 622-4960 (not a toll-free number).

SUPPLEMENTARY INFORMATION:

Background

The final regulations that are subject to these corrections are under section 460 of the Internal Revenue Code.

Need for Correction

As published, final regulations (T.D. 8929) contain errors that may prove to be misleading and are in need of clarification.

Correction of Publication

Accordingly, the publication of final regulations (T.D. 8929), which were the subject of FR Doc. 01-6, is corrected as follows:

1. On page 2222, column 1, in the preamble under the paragraph heading “*Unique Items*”, first paragraph, last 3 lines of the paragraph, the language “taxpayer must allocate all customization costs to the first unit manufactured under the contract.” is corrected to read “taxpayer must allocate all customization costs necessary to manufacture the first unit manufactured under the contract to that first unit.”.

§1.460-2 [Corrected]

2. On page 2230, column 2, §1.460-2(b)(2)(ii), second line from the bottom of the paragraph, the language “the item must be allocated to the first” is corrected to read “the first unit of the item must be allocated to that first”.

3. On page 2230, column 2, §1.460-2(c)(1), fourth line from the bottom of the column, the language “time required to design and” is corrected to read “time normally required to design and”.

§1.460-4 [Corrected]

4. On page 2232, column 2, §1.460-4(b)(3), line 9, the language “the treatment of post-completion costs,” is corrected to read “the treatment of post-completion-year costs,”.

5. On page 2235, column 2, §1.460-4(g), lines 2 through 5, the language “that uses the PCM, EPCM, CCM, PCCM, or elects the 10-percent method or special AMTI method (or changes to another method of accounting with the Commissioner’s consent) must apply the” is corrected to read “that uses the PCM, EPCM, CCM, or PCCM, or elects the 10-percent method or special AMTI method (or changes to another method of accounting with the Commissioner’s consent) must apply the”.

Cynthia E. Grigsby,
*Chief, Regulations Unit,
Office of Special Counsel
(Modernization & Strategic Planning).*

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