

to read "subpart F income under the rules of this paragraph".

6. On page 46513, column 2, § 1.954-1(d)(7)(i), paragraph (ii) of Example 1, line 18, the language "year is 34 percent. Accordingly, the net item" is corrected to read "year is 35 percent. Accordingly, the net item".

7. On page 46513, column 2, § 1.954-1(d)(7)(i), paragraph (ii) of Example 1, the third and fourth lines from the bottom of the paragraph, the language "that is greater than 30.6 percent (90 percent of 34 percent). However, for purposes of" is corrected to read "that is greater than 31.5 percent (90 percent of 35 percent). However, for purposes of".

8. On page 46513, column 2, § 1.954-1(d)(7)(i), paragraph (ii) of Example 2, line 2, the language "greater than 30.6 percent. The net item of" is corrected to read "greater than 31.5 percent. The net item of".

9-11. On page 46513, column 3, § 1.954-1 (d)(7)(i), paragraph (ii) of Example 3, line 3, the language "greater than 30.6 percent, but Item 2 is not." is corrected to read "greater than 31.5 percent, but Item 2 is not.".

12-13. On page 46513, column 3, § 1.954-1 (d)(7)(i), Example 4, line 7, the language "effective rate greater than 30.6 percent. The" is corrected to read "effective rate greater than 31.5 percent. The".

14. On page 46514, column 2, § 1.954-1 (d)(7)(ii), paragraph (iv) of Example 1, the last two lines of the paragraph, the language "States rate of taxation under section 11 is 34 percent." is corrected to read "States rate of taxation under section 11 is 35 percent.".

15. On page 46514, column 3, § 1.954-1 (d)(7)(ii), paragraph (v) of Example 1, the fourteenth line from the bottom of the column, the language "tax rate 30.6%" is corrected to read "tax rate 31.5%".

16. On page 46515, column 1, § 1.954-1 (d)(7)(ii), paragraph (v) of Example 1, in item "(29)", the last line, the language

"line (27) over line (26) 100" is corrected to read

"line (27) over line (26)) 100".

17. On page 46515, column 2, § 1.954-1 (d)(7)(ii), paragraph (iv) of Example 2, the last line, the language "of taxation under section 11 is 34 percent" is corrected to read "of taxation under section 11 is 35 percent".

18. On page 46515, column 3, § 1.954-1 (d)(7)(ii), paragraph (v) of Example 2, in item "(15)", the last line, the language

"tax rate 30.6%" is corrected to read

"tax rate 31.5%".

19. On page 46517, column 1, § 1.954-1 (f)(2)(iv), line 4, the language "the principles of section 958(a) shall be" is corrected to read "the principles of section 958 shall be".

§ 1.954-2 [Corrected]

20. On page 46521, column 3, § 1.954-2 (b)(4)(x), is corrected to read as follows:

§ 1.954-2 Foreign personal holding company income.

* * * * *

(b) * * *

(4) * * *

(x) *Treatment of certain stock interests.* Stock in a controlled foreign corporation (lower-tier corporation) that is incorporated in the same country as the payor and that is more than 50-percent owned, directly or indirectly, by the payor within the meaning of section 958(a) shall be considered located in the payor's country of incorporation and, solely for purposes of section 954(c)(3), used in a trade or business of the payor in proportion to the value of the assets of the lower-tier corporation that are used in a trade or business in the country of incorporation. The location of assets used in a trade or business of the lower-tier corporation shall be determined under the rules of this paragraph (b)(4).

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21. On page 46523, column 2, § 1.954-2 (d)(1)(i), line 6, the language "creation, or production of, or in the" is corrected to read "creation or production of, or in the".

22. On page 46523, column 3, § 1.954-2 (d)(3), Example 1, line 4, the language "country X. At the research facility employees" is corrected to read "country X. At the research facility, employees".

23. On page 46523, column 3, § 1.954-2 (d)(3), Example 1, line 18, the language "creation, or production of, or in the" is corrected to read "creation or production of, or in the".

24. On page 46524, column 3, § 1.954-2 (e)(2)(ii) introductory text, line 2, the language "the sale, exchange, or retirement of a" is corrected to read "the sale, exchange or retirement of a".

25. On page 46525, column 2, § 1.954-2 (f)(2)(iii)(A), line 6, the language "merchant, or handler of commodities if" is corrected to read "merchant or handler of commodities if".

26. On page 46525, column 2, § 1.954-2 (f)(2)(iii)(B) introductory text, line 5, the language "producer,

processor, merchant, or" is corrected to read "producer, processor, merchant or".

27. On page 46525, column 3, § 1.954-2 (f)(2)(iii)(C), line 4, the language "processor, merchant, or handler of" is corrected to read "processor, merchant or handler of".

28. On page 46525, column 3, § 1.954-2 (f)(2)(iii)(E), line 4, the language "producer, processor, merchant, or" is corrected to read "producer, processor, merchant or".

29. On page 46526, column 1, § 1.954-2 (g)(2)(ii)(A), line 1, the language "General Rule. Foreign currency gain or" is corrected to read "General rule. Foreign currency gain or".

30. On page 46527, column 2, § 1.954-2 (g)(3)(iv), paragraph (ii) of the Example, third line from the bottom of the paragraph, the language "transactions generate a net foreign currency" is corrected to read "transactions generate a net foreign base company sales".

31. On page 46528, column 1, § 1.954-2 (h)(2)(i)(A), line 3, the language "payments, cash flows, or return" is corrected to read "payments, cash flows or return".

32. On page 46528, column 1, § 1.954-2 (h)(2)(i)(G), lines 2 and 3, the language "provide financing, whether or not such financing actually is provided;" is corrected to read "provide financing, if any portion of such financing is actually provided;".

33. On page 46528, column 3, § 1.954-2 (h)(4)(iv), Example 1, line 10, the language "receivable is acquired by FS). FS purchases" is corrected to read "receivables are acquired by FS). FS purchases".

34. On page 46528, column 3, § 1.954-2 (h)(4)(iv), Example 1, line 13, the language "obligor under the receivable on Day 40." is corrected to read "obligor under the receivables on Day 40.".

35. On page 46528, column 3, § 1.954-2 (h)(4)(iv), Example 2, lines 4 through 9, the language "under the factored receivable on Day 40, FS sells the receivable to controlled foreign corporation Y on Day 15 for \$97. Both the income derived by FS on the factored receivable and the income derived by Y (other than stated interest) on the receivable" is corrected to read "under the factored receivables on Day 40, FS sells the receivables to controlled foreign corporation Y on Day 15 for \$97. Both the income derived by FS on the factored receivables and the income derived by Y (other than stated interest) on the receivables".