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[4830-01-p]

## DEPARTMENT OF THE TREASURY

Internal Revenue Service

26 CFR Part 1

[TD 9568]

RIN 1545-BI47

Section 482; Methods to Determine Taxable Income in Connection With a Cost Sharing Arrangement; Correction

AGENCY: Internal Revenue Service (IRS).

ACTION: Correcting amendment.

SUMMARY: This document contains corrections to final regulations (TD 9568), which were published in the **Federal Register** on Thursday, December 22, 2011 (76 FR 80082), relating to section 482 and methods to determine taxable income in connection with a cost sharing arrangement.

DATES: This correction is effective on **[INSERT DATE OF PUBLICATION OF THIS DOCUMENT IN THE FEDERAL REGISTER]** and is applicable beginning December 22, 2011.

FOR FURTHER INFORMATION CONTACT: Joseph L. Tobin at (202) 435-5265 (not a toll-free number).

SUPPLEMENTARY INFORMATION:

### **Background**

The final regulations that is the subject of these corrections are under section 482 of the Internal Revenue Code.

### **Need for Correction**

As published, final regulations (TD 9568), contains errors which may prove to be misleading and are in need of clarification.

**List of Subjects in 26 CFR Part 1**

Income taxes, Reporting and recordkeeping requirements

**Correction of publication**

Accordingly, the final regulations (TD 9568) that was the subject of FR Doc. 2012-895 is corrected to read as follows:

**PART 1-- Income Taxes**

Paragraph 1. The authority citation for part 1 continues to read in part as follows:

Authority: 26 USC 7805 \* \* \*

**PART 1 [Corrected].**

Par. 2. Section 1.482-7 is amended by:

1. Revising the title of the table of paragraph (g)(4)(viii), Example 2 (ii).
2. Revising the fourth sentence of paragraph (g)(4)(viii), Example 3 (ii).

The revisions read as follows:

§1.482-7 Methods to determine taxable income in connection with a cost sharing arrangement.

\* \* \* \* \*

(g) \* \* \*

(4) \* \* \*

(viii) Examples. \* \* \*

Example 2. \* \* \*

(ii) \* \* \*

“INCOME METHOD APPLICATION NUMBER:”

\* \* \* \* \*

Example 3. \* \* \*

(ii) \* \* \* FS determines that the discount rate that would be applied to determine the present value of income and costs attributable to its participation in the licensing alternative would be 12.5% as compared to the 15% discount rate that would be applicable in determining the present value of the net income attributable to its participation in the CSA (reflecting the increased risk borne by FS in bearing a share of the R & D costs in the cost sharing alternative). \* \* \*

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