

sentence and adding, in its place, the word “will”;

- c. Paragraph (c)(3) is removed; and
- d. Paragraphs (c)(4) and (c)(5) are redesignated as paragraphs (c)(3) and (c)(4), respectively.

The revisions read as follows:

#### § 10.16 Assembly abroad.

\* \* \* \* \*

(b) *Operations incidental to the assembly process.* Operations incidental to the assembly process whether performed before, during, or after assembly, do not constitute further fabrication, and will not preclude the application of the exemption. The following are examples of operations which are incidental to the assembly process:

\* \* \* \* \*

(3) Application of paint or preservative coating, including preservative metallic coating, lubricants, or protective encapsulation;

\* \* \* \* \*

Approved: June 6, 2008.

**Jayson P. Ahern,**

*Acting Commissioner, U.S. Customs and Border Protection.*

**Timothy E. Skud,**

*Deputy Assistant Secretary of the Treasury.*  
[FR Doc. E8-13203 Filed 6-11-08; 8:45 am]

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## DEPARTMENT OF THE TREASURY

### Internal Revenue Service

#### 26 CFR Part 1

[TD 9398]

RIN 1545-BD70

#### Partner's Distributive Share; Correction

**AGENCY:** Internal Revenue Service (IRS), Treasury.

**ACTION:** Final regulations; correction.

**SUMMARY:** This document contains a correction to final regulations (TD 9398) that were published in the **Federal Register** on Monday, May 19, 2008 (73 FR 28699) providing rules for testing whether the economic effect of an allocation is substantial within the meaning of section 704(b) where partners are look-through entities or members of a consolidated group. The final regulations clarify the application of section 704(b) to partnerships the interests of which are owned by look-through entities and members of consolidated groups and, through an example, reiterate the effect of other

provisions of the Internal Revenue Code on partnership allocations.

**DATES:** This correction is effective *June 12, 2008*, and is applicable on May 19, 2008.

#### FOR FURTHER INFORMATION CONTACT:

Jonathan E. Cornwell and Kevin I. Babitz at (202) 622-3050 (not a toll-free number).

#### SUPPLEMENTARY INFORMATION:

##### Background

The final regulations that are the subject of this document are under section 704 of the Internal Revenue Code.

##### Need for Correction

As published, final regulations (TD 9398) contain an error that may prove to be misleading and is in need of clarification.

##### Correction of Publication

■ Accordingly, the publication of the final regulations (TD 9398), which were the subject of FR Doc. E8-11176, is corrected as follows:

On page 28701, column 2, in the preamble, under the paragraph heading “*B. The Baseline for Comparison in § 1.704-1(b)(2)(iii)*”, line 2 from the bottom of the second paragraph, the language “and (2) and the conclusions reached by” is corrected to read “and (2) and the conclusions reached by”.

**LaNita Van Dyke,**

*Chief, Publications and Regulations Branch, Legal Processing Division, Associate Chief Counsel, (Procedure and Administration).*

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## DEPARTMENT OF THE TREASURY

### Internal Revenue Service

#### 26 CFR Part 1

[TD 9398]

RIN 1545-BD70

#### Partner's Distributive Share; Correction

**AGENCY:** Internal Revenue Service (IRS), Treasury.

**ACTION:** Correcting amendments.

**SUMMARY:** This document contains corrections to final regulations (TD 9398) that were published in the **Federal Register** on Monday, May 19, 2008 (73 FR 28699) providing rules for testing whether the economic effect of an allocation is substantial within the meaning of section 704(b) where

partners are look-through entities or members of a consolidated group. The final regulations clarify the application of section 704(b) to partnerships the interests of which are owned by look-through entities and members of consolidated groups and, through an example, reiterate the effect of other provisions of the Internal Revenue Code on partnership allocations.

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#### SUPPLEMENTARY INFORMATION:

##### Background

The final regulations that are the subject of this document are under section 704 of the Internal Revenue Code.

##### Need for Correction

As published, final regulations (TD 9398) contain errors that 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, 26 CFR part 1 is corrected by making the following correcting amendments:

### PART 1—INCOME TAXES

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

*Authority:* 26 U.S.C. 7805 \* \* \*

■ **Par. 2.** Section 1.704-1 is amended as follows:

1. In paragraph (b)(2)(iii)(d)(3), the last sentence, the language “In the case of a controlled foreign corporation that is a look-through entity, the tax attributes to be taken into account are those of any person that is a United States shareholder (as defined in paragraph (b)(2)(iii)(d)(5) of this section) of the controlled foreign corporation, or, if the United States shareholder is a look-through entity, a United States person that owns an interest in such shareholder directly or indirectly through one or more look-through entities.” is removed and the language “In the case of a controlled foreign corporation that is a look-through entity, the tax attributes to be taken into account are those of any person that is a United States shareholder (as defined