

SUPPLEMENTARY INFORMATION:  
*Background*

The final regulations that are the subject of these corrections are under section 985 of the Internal Revenue Code.

*Need for Correction*

As published, the final regulations (T.D. 8765) contain errors which may prove to be misleading and are in need of clarification.

*Correction of Publication*

Accordingly, the publication of the final regulations (TD 8765), which was the subject of FR Doc. 98-5470, is corrected as follows:

**§1.985-1 [Corrected]**

1. On page 10774, column 2, §1.985-1 (b)(2)(ii)(C) is corrected as follows:

1. The paragraph heading for paragraph (b)(2)(ii)(C)(1) is added.

2. A new paragraph (b)(2)(ii)(C)(2) is added.

The corrections read as follows:

*§1.985-1 Functional currency.*

\* \* \* \* \*

(b) \* \* \*

(2) \* \* \*

(ii) \* \* \*

(C) \* \* \* (1) *In general.* \* \* \*

(2) *Effective date.* This paragraph (b)(2)(ii)(C) applies to taxable years beginning after April 6, 1998. However, a taxpayer may choose to apply this paragraph to all open years after December 31, 1986, provided each person, and each QBU branch of a person, that is related (within the meaning of §1.985-2(d)(3)) also applies to this paragraph (b)(2)(ii)(C).

**§1.985-7 [Corrected]**

2. On page 10775, column 2, §1.985-7 (b)(3), in the last three lines, the language “had translated its assets and liabilities under §1.985-3 during the look-back period.” is corrected to read “had translated its assets and liabilities acquired and incurred during the look-back period under §1.985-3.”

4. On page 10776, column 2,

§1.985-7 (c)(5), line 17, the language “of change.) For purposes of section 960,” is corrected to read “of change). For purposes of section 960.”.

5. On page 10776, column 2, §1.985-7 (c)(5), the last line, the language “section.)” is corrected to read “section).”.

6. On page 10776, column 3, §1.985-7 (d)(5), the last two lines, the language “assets and liabilities under §1.985-3 during the look-back period.” is corrected to read “assets and liabilities acquired and incurred during the look-back period under §1.985-3.”.

Cynthia E. Grigsby,  
*Chief, Regulations Unit,*  
*Assistant Chief Counsel (Corporate).*



Change From Dollar Approximate Separate Transaction Method of Accounting (DASTM) to the Profit and Loss Method of Accounting/Change From the Profit and Loss Method to DASTM; Correction to T.D. 8765

Announcement 98-39

SUMMARY: This announcement contains corrections to final regulations (T.D. 8765 [1998-16 I.R.B. 11] 63 F.R. 10772), relating to adjustments required when a qualified business unit (QBU) that used the profit and loss method of accounting (P&L) in a post-1986 year begins to use the dollar approximate separate transaction method of accounting (DASTM) and adjustments required when a QBU that used DASTM begins using P&L.

DATES: This correction is effective April 6, 1998.

FOR FURTHER INFORMATION CONTACT: Howard Wiener of the Office of Chief Counsel (International), (202) 622-3870 (not a toll-free number).