

DEPARTMENT OF STATE

22 CFR Part 120

[Public Notice 4440]

RIN AB-62

**Bureau of Political-Military Affairs;
Amendment to the International Traffic
in Arms Regulations; Corrections****AGENCY:** Department of State.**ACTION:** Correcting amendments.**SUMMARY:** This document makes corrections to the final regulations (Public Notice 4274), which were published in the **Federal Register** of Friday, February 14, 2003.**EFFECTIVE DATE:** Effective on January 29, 2003.**FOR FURTHER INFORMATION CONTACT:**

Mary Sweeney, Office of Defense Trade Controls Management, Bureau of Political-Military Affairs, Department of State, (202) 663-2700.

SUPPLEMENTARY INFORMATION:**Background**

The Department of State published a final rule (Public Notice 4274) in the **Federal Register** of February 14, 2003, (68 FR 7417), amending § 120.1 General authorities and eligibility, of the International Traffic in Arms Regulations.

Need for Correction

As published, the final regulations contain errors which may prove to be misleading and need to be clarified.

List of Subjects in 22 CFR Part 120

Arms and munitions, Classified information, Exports.

■ Accordingly, 22 CFR part 120 is corrected by making the following correcting amendments:

**PART 120—PURPOSE AND
DEFINITIONS**

■ 1. The authority citation for part 120 continues to read as follows:

Authority: Secs. 2, 38, and 71, Pub. L. 90-629, 90 Stat. 744 (22 U.S.C. 2752, 2778, 2797); 22 U.S.C. 2794; E.O. 11958, 42 FR 4311; 3 CFR, 1977 Comp. p. 79; 22 U.S.C. 2658; Pub. L. 105-261, 112 Stat. 1920.

■ 2. Revise paragraphs (b)(2) and (b)(2)(ii) of § 120.1 to read as follows:

§ 120.1 General authorities and eligibility.

* * * * *

(b) * * *

(1) * * *

(2) In the Bureau of Political-Military Affairs, there will be a Deputy Assistant Secretary for Defense Trade Controls

(DAS—Defense Trade Controls) and a Managing Director of Defense Trade Controls (MD—Defense Trade Controls). Initially, one individual will hold both the DAS—Defense Trade Controls and MD—Defense Trade Controls positions. The position of Director, Office of Defense Trade Controls will be abolished. The DAS—Defense Trade Controls/MD—Defense Trade Controls will assume all duties, responsibilities, and authorities held under the ITAR by that Director. The MD—Defense Trade Controls has responsibility for the Directorate of Defense Trade Controls, which will oversee the subordinate offices described in paragraph (b)(2)(i) of this section.

(i) * * *

(A) * * *

(B) * * *

(C) * * *

(D) * * *

(ii) Further amendments to the ITAR will be promulgated to reflect the specific changes as a result of this realignment.

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Dated: August 21, 2003.

Timothy Egert,

Federal Register Liaison, Department of State.

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DEPARTMENT OF THE TREASURY

Internal Revenue Service

26 CFR Parts 1 and 602

[TD 9088]

RIN 1545-BA57

**Compensatory Stock Options Under
Section 482**

AGENCY: Internal Revenue Service (IRS), Treasury.

ACTION: Final regulations.

SUMMARY: This document contains final regulations that provide guidance regarding the application of the rules of section 482 governing qualified cost sharing arrangements. These regulations provide guidance regarding the treatment of stock-based compensation for purposes of the rules governing qualified cost sharing arrangements and for purposes of the comparability factors to be considered under the comparable profits method.

DATES: *Effective Date:* These regulations are effective August 26, 2003.

Applicability Dates: For dates of applicability of these regulations, see §§ 1.482-1(j)(5) and 1.482-7(k).

FOR FURTHER INFORMATION CONTACT:

Douglas Gible, (202) 435-5265 (not a toll-free number).

SUPPLEMENTARY INFORMATION**Paperwork Reduction Act**

The collections of information contained in these final regulations have been reviewed and approved by the Office of Management and Budget in accordance with the Paperwork Reduction Act of 1995 (44 U.S.C. 3507) under control number 1545-1794. Responses to these collections of information are required by the IRS to monitor compliance with the federal tax rules for determining stock-based compensation costs to be shared among controlled participants in qualified cost sharing arrangements.

An agency may not conduct or sponsor, and a person is not required to respond to, a collection of information unless the collection of information displays a valid control number assigned by the Office of Management and Budget.

The estimated annual burden per respondent or recordkeeper varies from 2 hours to 7 hours, depending on individual circumstances, with an estimated average of 4 hours.

Comments concerning the accuracy of this burden estimate and suggestions for reducing this burden should be sent to the Office of Management and Budget, Attn: Desk Officer for the Department of the Treasury, Office of Information and Regulatory Affairs, Washington, DC 20503, with copies to the Internal Revenue Service, Attn: IRS Reports Clearance Officer, W:CAR:MP:T:T:SP, Washington, DC 20224.

Books or records relating to a collection of information must be retained as long as their contents may become material in the administration of any internal revenue law. Generally, tax returns and tax return information are confidential, as required by 26 U.S.C. 6103.

Background

On July 29, 2002, Treasury and the IRS published in the **Federal Register** (67 FR 48997) proposed amendments to the regulations (REG-106359-02) under section 482 of the Internal Revenue Code (Code). These proposed regulations provide guidance regarding treatment of stock-based compensation for purposes of qualified cost sharing arrangements (QCSAs) and the comparable profits method and clarify the coordination of the rules regarding QCSAs with the arm's length standard. Written comments responding to these proposed regulations were received, and a public hearing was held on November