

§ 1.482-0

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- (B) Example.
- (iii) Multiple year data.
- (A) In general.
- (B) Circumstances warranting consideration of multiple year data.
- (C) Comparable effect over comparable period.
- (D) Applications of methods using multiple year averages.
- (E) Examples.
- (iv) Product lines and statistical techniques.
- (v) Allocations apply to results, not methods.
- (A) In general.
- (B) Example.
- (g) Collateral adjustments with respect to allocations under section 482.
- (1) In general.
- (2) Correlative allocations.
- (i) In general.
- (ii) Manner of carrying out correlative allocation.
- (iii) Events triggering correlative allocation.
- (iv) Examples.
- (3) Adjustments to conform accounts to reflect section 482 allocations.
- (i) In general.
- (ii) Example.
- (4) Setoffs.
- (i) In general.
- (ii) Requirements.
- (iii) Examples.
- (h) Special rules.
- (1) Small taxpayer safe harbor. [Reserved]
- (2) Effect of foreign legal restrictions.
- (i) In general.
- (ii) Applicable legal restrictions.
- (iii) Requirement for electing the deferred income method of accounting.
- (iv) Deferred income method of accounting.
- (v) Examples.
- (3) Coordination with section 936.
- (i) Cost sharing under section 936.
- (ii) Use of terms.
- (i) Definitions.
- (j) Effective dates.

§ 1.482-2 Determination of taxable income in specific situations.

- (a) Loans or advances.
- (1) Interest on bona fide indebtedness.
- (i) In general.
- (ii) Application of paragraph (a) of this section.
- (A) Interest on bona fide indebtedness.
- (B) Alleged indebtedness.
- (iii) Period for which interest shall be charged.
- (A) General rule.
- (B) Exception for certain intercompany transactions in the ordinary course of business.
- (C) Exception for trade or business of debtor member located outside the United States.

- (D) Exception for regular trade practice of creditor member or others in creditor's industry.
- (E) Exception for property purchased for resale in a foreign country.
- (1) General rule.
- (2) Interest-free period.
- (3) Average collection period.
- (4) Illustration.
- (iv) Payment; book entries.
- (2) Arm's length interest rate.
- (i) In general.
- (ii) Funds obtained at situs of borrower.
- (iii) Safe haven interest rates for certain loans and advances made after May 8, 1986.
- (A) Applicability.
- (1) General rule.
- (2) Grandfather rule for existing loans.
- (B) Safe haven interest rate based on applicable Federal rate.
- (C) Applicable Federal rate.
- (D) Lender in business of making loans.
- (E) Foreign currency loans.
- (3) Coordination with interest adjustments required under certain other Internal Revenue Code sections.
- (4) Examples.
- (b) Performance of services for another.
- (1) General rule.
- (2) Benefit test.
- (3) Arm's length charge.
- (4) Costs or deductions to be taken into account.
- (5) Costs and deductions not to be taken into account.
- (6) Methods.
- (7) Certain services.
- (8) Services rendered in connection with the transfer of property.
- (c) Use of tangible property.
- (1) General rule.
- (2) Arm's length charge.
- (i) In general.
- (ii) Safe haven rental charge.
- (iii) Subleases.
- (d) Transfer of property.

§ 1.482-3 Methods to determine taxable income in connection with a transfer of tangible property.

- (a) In general.
- (b) Comparable uncontrolled price method.
- (1) In general.
- (2) Comparability and reliability considerations.
- (i) In general.
- (ii) Comparability.
- (A) In general.
- (B) Adjustments for differences between controlled and uncontrolled transactions.
- (iii) Data and assumptions.
- (3) Arm's length range.
- (4) Examples.
- (5) Indirect evidence of comparable uncontrolled transactions.
- (i) In general.
- (ii) Limitations.

- (iii) Examples.
- (c) Resale price method.
 - (1) In general.
 - (2) Determination of arm's length price.
 - (i) In general.
 - (ii) Applicable resale price.
 - (iii) Appropriate gross profit.
 - (iv) Arm's length range.
 - (3) Comparability and reliability considerations.
 - (i) In general.
 - (ii) Comparability.
 - (A) Functional comparability.
 - (B) Other comparability factors.
 - (C) Adjustments for differences between controlled and uncontrolled transactions.
 - (D) Sales agent.
 - (iii) Data and assumptions.
 - (A) In general.
 - (B) Consistency in accounting.
 - (4) Examples.
 - (d) Cost plus method.
 - (1) In general.
 - (2) Determination of arm's length price.
 - (i) In general.
 - (ii) Appropriate gross profit.
 - (iii) Arm's length range.
 - (3) Comparability and reliability considerations.
 - (i) In general.
 - (ii) Comparability.
 - (A) Functional comparability.
 - (B) Other comparability factors.
 - (C) Adjustments for differences between controlled and uncontrolled transactions.
 - (D) Purchasing agent.
 - (iii) Data and assumptions.
 - (A) In general.
 - (B) Consistency in accounting.
 - (4) Examples.
 - (e) Unspecified methods.
 - (1) In general.
 - (2) Example.
 - (f) Coordination with intangible property rules.

§1.482-4 Methods to determine taxable income in connection with a transfer of intangible property.

- (a) In general.
- (b) Definition of intangible.
- (c) Comparable uncontrolled transaction method.
 - (1) In general.
 - (2) Comparability and reliability considerations.
 - (i) In general.
 - (ii) Reliability.
 - (iii) Comparability.
 - (A) In general.
 - (B) Factors to be considered in determining comparability.
 - (1) Comparable intangible property.
 - (2) Comparable circumstances.
 - (iv) Data and assumptions.
 - (3) Arm's length range.
 - (4) Examples.

- (d) Unspecified methods.
 - (1) In general.
 - (2) Example.
- (e) Coordination with tangible property rules.
- (f) Special rules for transfers of intangible property.
 - (1) Form of consideration.
 - (2) Periodic adjustments.
 - (i) General rule.
 - (ii) Exceptions.
 - (A) Transactions involving the same intangible.
 - (B) Transactions involving comparable intangible.
 - (C) Methods other than comparable uncontrolled transaction.
 - (3) Extraordinary events.
 - (E) Five-year period.
 - (iii) Examples.
 - (3) Ownership of intangible property.
 - (i) In general.
 - (ii) Identification of the owner.
 - (A) Legally protected intangible property.
 - (B) Intangible property that is not legally protected.
 - (iii) Allocations with respect to assistance provided to the owner.
 - (iv) Examples.
 - (4) Consideration not artificially limited.
 - (5) Lump sum payments.
 - (ii) Exceptions.
 - (iii) Example.

§1.482-5 Comparable profits method.

- (a) In general.
- (b) Determination of arm's length result.
 - (1) In general.
 - (2) Tested party.
 - (i) In general.
 - (ii) Adjustments for tested party.
 - (3) Arm's length range.
 - (4) Profit level indicators.
 - (i) Rate of return on capital employed.
 - (ii) Financial ratios.
 - (iii) Other profit level indicators.
 - (c) Comparability and reliability considerations.
 - (1) In general.
 - (2) Comparability.
 - (i) In general.
 - (ii) Functional, risk and resource comparability.
 - (iii) Other comparability factors.
 - (iv) Adjustments for differences between tested party and the uncontrolled taxpayers.
 - (3) Data and assumptions.
 - (i) In general.
 - (ii) Consistency in accounting.
 - (iii) Allocations between the relevant business activity and other activities.
 - (d) Definitions.
 - (e) Examples.

§1.482-6 Profit split method.

- (a) In general.

