



News Release

Media Relations Office**Washington, D.C.****Tel. 202.622.4000****For Release: 11/29/01****Release No: IR-2001-111**

IRS PROVIDES FIRST ROUND OF ISSUE RESOLUTION GUIDANCE

WASHINGTON – Using the innovative Industry Issue Resolution Program, the Internal Revenue Service and Department of Treasury today announced tax guidance on three issues involving demonstration vehicles used by auto dealership employees, the bad debt conformity election for banks, and golf course construction costs.

The guidance on these issues marks the first use of a new Industry Issue Resolution (IIR) Program aimed at establishing consistent IRS positions on complex or contentious tax issues. The three issues are part of an IRS pilot program involving seven different issues submitted by taxpayer groups representing various industries. IRS expects to announce resolution on the remaining four issues early in 2002.

“This milestone in the IIR process represents a significant step toward providing timely published guidance on issues affecting a large number of taxpayers,” said Larry Langdon, Commissioner, Large and Mid-Size Business Operating Division. The anticipated benefits of the IIR Program include reducing costs and burdens for both taxpayers and the IRS and eliminating uncertainty involving tax treatment.

The first of the three issue resolutions announced by IRS today is covered in Revenue Procedure 2001-56, which provides simplified methods that auto dealerships can use to determine what dollar amount should be included in, or excluded from, the income of employees provided vehicles by dealerships.

The second issue resolution, covered in Revenue Ruling 2001-59, provides clarification of the necessary steps to record a loan as a “loss asset” under the bad debt conformity method of accounting for banks.

The third issue resolution announced today, covered in Revenue Ruling 2001-60, allows certain golf course land improvement costs to be depreciated.

Teams of IRS, Chief Counsel, Appeals, and Treasury Department representatives developed the resolutions to these issues with input from taxpayer groups that submitted them.

The new guidance documents can be found on the www.irs.gov web site. Information on the IIR Pilot Program, Notice 2000-65 is available in Internal Revenue Bulletin 2000-52 at www.irs.gov/prod/ind_info/bullet.html.

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