



COMMISSIONER
LARGE BUSINESS AND
INTERNATIONAL DIVISION

DEPARTMENT OF THE TREASURY
INTERNAL REVENUE SERVICE
WASHINGTON, DC 20224

January 26, 2022

Control Number: LB&I-04-0122-0002
Expiration Date: 01-25-2024
Affected IRM: 4.30.2 (new)

MEMORANDUM FOR ALL LB&I EMPLOYEES

FROM: Nikole C. Flax /s/ *Nikole C. Flax*
Commissioner, Large Business and International Division

SUBJECT: Obsolescence/Withdrawal of LB&I Field Directives

The purpose of this document is to formally obsolete or withdraw the LB&I directives shown in the attached table (See Attachment 1).

LB&I Directives were issued to provide administrative guidance to LB&I examiners to ensure consistent tax administration, and guidance on matters relating to internal operations. On July 29, 2020, Interim Guidance Memorandum [LB&I-01-0720-0015](#), Publishing Guidance; Signature Authority; Discontinuing Industry Directive Form was issued. In this memo, it was announced that LB&I would no longer use the industry directive format and that Interim Guidance (IG) memoranda would be the format going forward to issue procedural guidance. LB&I Policy has been coordinating a process to evaluate all existing directives and to determine the proper placement for the content included in the directives. The directives included in this memorandum have been determined to be obsolete or should be withdrawn. LB&I Policy will continue to evaluate remaining directives to determine proper placement and applicability.

Effect on Other Documents: This guidance will be incorporated into new IRM 4.30.2, LB&I General Procedures, Other Technical Issues by a date not to exceed two years from the date of this memorandum.

Effective Date: January 26, 2022 unless otherwise specified in the attachment.

Contact: Questions about this memorandum may be directed to the [LB&I Policy Office](#).

This document is not an official pronouncement of law and cannot be used, cited, or relied upon as such. In addition, nothing in this document should be construed as affecting the operation of the Code, regulations, or guidance thereunder.

Distribution:
LB&I Division Counsel
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Attachment

Attachment 1

LB&I Control No.	Date of Publication	Title	Explanation
N/A	04/26/2002	Guidelines for Intangibles Under IRC §263(a)	Regulations supersede this directive which addressed examinations of tax years prior to the implementation of the Final Intangible Property Regulations effective for tax years beginning on or after 12/31/2003.
N/A	10/24/2003	Examination Procedures for Sports Franchise Acquisitions	The American Jobs Creation Act of 2004 (AJCA) repealed IRC §1056. Certain sections of this guidance do not include the statutory revisions of the AJCA and therefore, the compliance measures suggested are no longer applicable.
N/A	10/24/2003	Examination of Sports Franchise Acquisitions	This guidance is obsolete as it is related to the item above.
N/A	01/01/2005	Disposition of Income Forecast Method Issues	The AJCA of 2004 provided a statutory resolution to the gross vs. net method of the treatment of participation and residuals in the basis of film assets using the income forecast method by adding IRC §167(g)(7).
N/A	05/20/2005	Examination of Transaction Costs in the Acquisition of Businesses	The directive does not apply to costs incurred on or after 12/31/2003. The passage of time has made the guidance in this directive no longer relevant.
N/A	01/13/2006	Field Directive on Examination of IRC §847	IRC §847 was repealed by the Tax Cuts and Jobs Act (TCJA) of 2017. The tax effect of the repeal has been incorporated into the IRM.
LMSB-04-0510-015	05/20/2010	Examination of Dividends Received Deduction on Separate Accounts of Life Insurance Companies	This directive provided guidance on examination of the company share used in determining the Dividend Received Deduction for life insurance companies. The TCJA of 2017 set the company share percentage at 70%. After the change, there is no need to examine the company share.

LB&I Control No.	Date of Publication	Title	Explanation
LB&I-04-1110-034	03/28/2011	LB&I Alert – Cases Forwarded to Appeals That Involve a Section 965 Issue and a Transfer Pricing Adjustment under Section 482	This directive is no longer relevant. Section 422 of the AJCA of 2004, added new IRC §965, which provided a one-time dividend received deduction to corporate taxpayers. This election was a one-time event and, for a calendar year taxpayer, could cover either the 2004 or 2005 taxable year.
LB&I-04-0511-012	07/28/2011	Examination of Success-Based Fees in the Acquisition of Businesses	The guidance in this directive applies to examination of transaction costs incurred before 4/8/2011. Due to the passage of time, the opportunity of transaction costs incurred before this date being examined currently or in the future is unlikely to occur.
LB&I-04-0713-006	07/24/2013	Guidance for Examiners on I.R.C §199 Benefits and Burdens of Ownership Analysis in Contract Manufacturing Arrangements	The guidance in this directive was superseded by LB&I-04-1013-008, Updated Guidance for Examiners on I.R.C. §199 Benefits and Burdens of Ownership Analysis in Contract Manufacturing Arrangements, published on 10/29/2013.
LB&I-04-0114-001	01/27/2014	Updated Guidance on the Examination of Milestone Payments in the Acquisition of Businesses	This directive precludes LB&I examiners from challenging taxpayers' treatment of certain milestone payments. Based on experience with the use of the directive and the need for consistent treatment of compliance issues, as well as to address egregious positions, this directive is being withdrawn. LB&I will instead apply a case-by-case risk assessment consistent with the treatment of other compliance issues. The withdrawal is effective for returns filed after the date of this interim guidance memo.