

26 CFR 601.201: Rulings and determination letters
Also: (Part 1, §851)

Rev. Proc. 2016-50

SECTION 1. PURPOSE

This revenue procedure supplements Rev. Proc. 2016-3, 2016-1 I.R.B. 126, which sets forth areas of the Internal Revenue Code (Code) on which the Internal Revenue Service (Service) will not issue letter rulings or determination letters (no-rule areas).

SECTION 2. BACKGROUND

In the interest of sound tax administration, the Service answers inquiries from individuals and organizations regarding their status for tax purposes and the tax effects of their acts or transactions before the filing of returns or reports that are required by the Code. See Rev. Proc. 2016-1, 2016-1 I.R.B. 1. There are, however, areas in which the Service will not issue letter rulings or determination letters because the issues are inherently factual or for other reasons. The Service publishes guidance setting forth these no-rule areas throughout the year and incorporates them annually into the third revenue procedure of the year, currently Rev. Proc. 2016-3.

Section 4 of Rev. Proc. 2016-3 sets forth areas in which the Service ordinarily will not issue letter rulings or determination letters. “Not ordinarily” means that unique and

compelling reasons must be demonstrated to justify the issuance of a letter ruling or determination letter. Section 2.01 of Rev. Proc. 2016-3.

SECTION 3. PROCEDURE

Rev. Proc. 2016-3 is supplemented by adding a new paragraph (63) to section 4.01 to read as follows:

(63) Section 851.—Definition of Regulated Investment Company.—Any issue relating to the treatment of a corporation as a regulated investment company under section 851 and related provisions that requires a determination whether a financial instrument or position is a security as defined in the Investment Company Act of 1940.

SECTION 4. EFFECTIVE DATE

This revenue procedure applies to all requests for letter rulings, including any requests pending in the national office and any requests submitted on or after September 27, 2016.

SECTION 5. EFFECT ON OTHER DOCUMENTS

Rev. Proc. 2016-3 is supplemented.

SECTION 6. DRAFTING INFORMATION

The principal author of this revenue procedure is Matthew P. Howard of the Office of Associate Chief Counsel (Financial Institutions & Products). For further information regarding this revenue procedure contact Mr. Howard at (202) 317-7053 (not a toll-free call).