

Part III

Administrative, Procedural, and Miscellaneous

26 CFR 601.201: Rulings and determination letters.

Rev. Proc. 2023-26

SECTION 1. PURPOSE

This revenue procedure describes a program that provides an opportunity for fast-track processing of certain requests for letter rulings solely or primarily under the jurisdiction of the Associate Chief Counsel (Corporate). This new program replaces the pilot program established by Rev. Proc. 2022-10, 2022-6 I.R.B. 473.

SECTION 2. NOTABLE CHANGES TO REV. PROC. 2022-10

The new program reflects two notable changes to the program set forth in Rev. Proc. 2022-10:

.01 Sections 4.02(2) and 5.08(2) of this revenue procedure provide that fast-track processing will not be granted if the letter ruling includes a closing agreement with respect to an issue under the jurisdiction of the Associate Chief Counsel (Corporate) or another Associate office. If the inclusion of a closing agreement arises during the fast-

track processing of a letter ruling request, the fast-track processing will be terminated, and the Internal Revenue Service (IRS) will continue to process the letter ruling request under the procedures of section 7 of Rev. Proc. 2023-1. Expedited handling under section 7.02(4) of Rev. Proc. 2023-1 remains available for such requests.

.02 Section 5.03(3) of this revenue procedure clarifies that while a statement providing one or more of the taxpayer's reasons for requesting fast-track processing is required, the taxpayer is not required to demonstrate a business need unless the taxpayer is requesting a ruling in less than 12 weeks. The stated reason(s) will be used as one factor to be considered in making the determination of whether a request for fast-track processing is granted, and, if so, the length of the specified period defined in section 4.03 of this revenue procedure.

SECTION 3. BACKGROUND

.01 Letter Rulings.

(1) In general. The IRS publishes annually a revenue procedure to explain how the IRS provides advice to taxpayers on issues under the jurisdiction of each Associate office. For example, Rev. Proc. 2023-1, 2023-1 I.R.B. 1, explains the forms of advice and the manner in which advice is requested by taxpayers and provided by the IRS. References in this revenue procedure to Rev. Proc. 2023-1 include references to successor revenue procedures as appropriate.

(2) General instructions for requesting letter rulings. Section 7 of Rev. Proc. 2023-1 provides general instructions and procedures for requesting letter rulings and determination letters.

(a) Expedited handling of letter ruling requests. The IRS ordinarily processes requests for letter rulings and determination letters in order of the date received.

However, section 7.02(4) of Rev. Proc. 2023-1 sets forth the procedures for requesting expedited handling of letter ruling requests (expedited handling). That section requires a request for expedited handling to be made in writing, preferably in a separate letter included with the request for the letter ruling or provided soon after its filing, and to explain in detail the need for expedited handling. That section also sets forth the circumstances in which the IRS will grant expedited handling of a letter ruling request. Specifically, that section provides that a request for expedited handling is granted only in rare and unusual cases, out of fairness to other taxpayers and because the IRS seeks to process all requests as expeditiously as possible and to give appropriate deference to normal business exigencies in all cases. Nevertheless, the IRS may grant a request for expedited handling when a factor outside a taxpayer's control creates a real business need to obtain a letter ruling or determination letter before a certain date to avoid serious business consequences.

(b) Processing of letter ruling requests. Section 8 of Rev. Proc. 2023-1 describes the processing of letter ruling requests by the Associate offices. Section 8.05(1) of Rev. Proc. 2023-1 provides that, if a letter ruling request lacks essential information, the branch representative will request such information, and that, unless an extension of time is granted, the request will be closed if the Associate office does not receive the requested information within 21 calendar days from the date of the request. Section 8.05(2) of Rev. Proc. 2023-1 provides that the IRS will grant an extension of the 21-day period if the extension is justified in writing by the taxpayer and approved by the branch reviewer. Section 8.05(3) of Rev. Proc. 2023-1 provides procedures for closing a request if the taxpayer does not submit the information requested within the specified

time.

(3) Conferences for letter rulings. Section 10 of Rev. Proc. 2023-1 provides procedures and rules regarding conferences between the taxpayer or the taxpayer's authorized representative (taxpayer) and IRS representatives to discuss a letter ruling request. A taxpayer generally is entitled, as a matter of right, to only one conference (conference of right). See Rev. Proc. 2023-1, section 10.02.

.02 Pilot Program. In response to comments requesting faster processing of letter rulings, the Department of the Treasury (Treasury Department) and the IRS issued Rev. Proc. 2022-10 on January 14, 2022, announcing an 18-month pilot program to provide an opportunity for fast-track processing of certain requests for letter rulings solely or primarily under the jurisdiction of the Associate Chief Counsel (Corporate). The Treasury Department and the IRS have received favorable informal comments from practitioners regarding the pilot program. After considering those comments and the results of the pilot program, the Treasury Department and the IRS have determined that it is in the best interests of sound tax administration to adopt the program set forth in this revenue procedure.

SECTION 4. SCOPE

.01 Availability of Fast-Track Processing. Except as provided in section 4.02 of this revenue procedure, a taxpayer requesting a letter ruling solely or primarily under the jurisdiction of the Associate Chief Counsel (Corporate) may request fast-track processing but may not request expedited handling of such request under section 7.02(4) of Rev. Proc. 2023-1. A request for fast-track processing generally will be granted if the letter ruling request is solely under the jurisdiction of the Associate Chief Counsel (Corporate), and the requirements described in section 5 of this revenue

procedure are met. However, if the letter ruling request is primarily under the jurisdiction of the Associate Chief Counsel (Corporate) but also includes a request for a ruling on an issue under the jurisdiction of another Associate office, fast-track processing will be granted only if the other Associate office with jurisdiction over the issue agrees to process the request in accordance with this revenue procedure. If the letter ruling request is primarily under the jurisdiction of the Associate Chief Counsel (Corporate) but also involves an issue under the jurisdiction of another Associate office, but no ruling with respect to such issue is requested, fast-track processing will be granted only if no other Associate office with jurisdiction over the issue objects to the request being processed in accordance with this revenue procedure.

.02 Expedited Handling Available but Not Fast-Track Processing. Expedited handling under section 7.02(4) of Rev. Proc. 2023-1, but not fast-track processing under this revenue procedure, may be available for a letter ruling request described in the following circumstances:

(1) A § 301.9100 request within the meaning of section 5.03 of Rev. Proc. 2023-1 for extension of time for making an election or for other applications for relief under §§ 301.9100-1 through 301.9100-3 of the Procedure and Administration Regulations (26 CFR part 301).

(2) Letter rulings that include a closing agreement with respect to an issue under the jurisdiction of the Associate Chief Counsel (Corporate) or another Associate office.

.03 Effect of Fast-Track Processing. If a request for fast-track processing is granted, the IRS will endeavor to complete processing of the letter ruling request and, if appropriate, to issue the letter ruling within the time period specified by the branch

representative or branch reviewer (specified period). The specified period will be 12 weeks unless a shorter or longer period is designated by the branch reviewer pursuant to section 5.06 of this revenue procedure. The specified period begins on the following dates:

(1) If the letter ruling request involves issues solely under the jurisdiction of the Associate Chief Counsel (Corporate), the specified period will begin on the date the letter ruling request is assigned to and received by the branch representative and branch reviewer processing the letter ruling request.

(2) If the letter ruling request also involves issues under the jurisdiction of an Associate office other than the Associate Chief Counsel (Corporate), the specified period will begin on the first date on which all other Associate offices having jurisdiction have informed the branch representative or branch reviewer of their agreement to fast-track processing (or, if applicable, have indicated non-objection to such processing).

SECTION 5. PROCEDURES FOR FAST-TRACK PROCESSING

.01 Qualification. The IRS will provide fast-track processing of a letter ruling request only if--

(1) the taxpayer satisfies each of the requirements described in sections 5.02 through 5.04 of this revenue procedure and agrees to satisfy the requirement described in section 5.07 of this revenue procedure; and

(2) after considering the factors listed in section 5.05(2) of this revenue procedure, the branch reviewer determines that fast-track processing is feasible.

.02 Pre-submission Conference.

(1) Request by taxpayer. The taxpayer must request a pre-submission conference with respect to the letter ruling request, in accordance with the procedures described in

sections 10.07, 10.08, and 10.09 (as added by section 6.02(3) of this revenue procedure) of Rev. Proc. 2023-1. In the pre-submission conference, the taxpayer should address both the substantive issues and the taxpayer's request for fast-track processing.

(2) Required information before pre-submission conference. Before the pre-submission conference, the taxpayer must provide the information required pursuant to section 10.07(3) of Rev. Proc. 2023-1. Such information should include a clear and concise description of the transaction and issues to be discussed during the pre-submission conference. Additionally, the taxpayer must provide a statement setting forth the reason(s) for requesting fast-track processing, the length of the specified period the taxpayer requests (if other than 12 weeks), any matters that could affect the feasibility of fast-track processing, and any issues under the jurisdiction of an Associate office other than the Associate Chief Counsel (Corporate) relevant to the transaction(s) (including whether a ruling will be requested as to each such issue).

.03 Letter Ruling Request. A letter ruling request as to which fast-track processing is requested must satisfy all applicable requirements of Rev. Proc. 2023-1 and any other applicable revenue procedures and, in addition, must include the items in sections 5.03(1) through (5) of this revenue procedure.

(1) Required statement. The letter ruling request must state, at the top of the first page: "Fast-Track Processing Is Requested under Revenue Procedure 2023-26."

(2) Required information. The letter ruling request must include information on the taxpayer's reason(s) for requesting fast-track processing, the length of the specified period the taxpayer requests (if other than 12 weeks), any information required by

section 5.06 of this revenue procedure if the specified period is less than 12 weeks, any matters that could affect the feasibility of fast-track processing, and any issues under the jurisdiction of an Associate office other than the Associate Chief Counsel (Corporate) relevant to the transaction(s) (including any rulings requested on any such issues).

(3) Rationale for fast-track processing. The taxpayer must submit a statement providing one or more of the taxpayer's reasons for requesting fast-track processing. However, unless the taxpayer is requesting a specified period less than 12 weeks, there is no requirement that the taxpayer demonstrate a business need for requesting fast-track processing.

(4) Agreement regarding additional information. The letter ruling request must state that the taxpayer agrees to provide any additional information requested by the branch representative or branch reviewer within the seven business days that begin on the next business day after the day the request for information is made (seven-day period). See section 5.07 of this revenue procedure.

(5) Draft letter ruling. The letter ruling request must include a draft letter ruling in a form that includes a legend of defined terms, a description of relevant facts, representations, requested rulings, and administrative matters.

.04 Submitting Request for Letter Ruling.

(1) Suggested submission by encrypted email attachment. To avoid delay in processing of letter ruling requests submitted by mail or delivered in physical form, it is strongly recommended that a letter ruling request for which fast-track processing is requested be submitted by encrypted email attachment, in accordance with section

7.04(3) of Rev. Proc. 2023-1.

(2) Submission other than by encrypted email attachment. If a letter ruling request for which fast-track processing is requested is submitted other than by encrypted email attachment, the draft letter ruling required by section 5.03(5) of this revenue procedure must be submitted separately by encrypted email attachment in accordance with section 7.04(3) of Rev. Proc. 2023-1.

.05 Notification of Receipt and Granting of Request for Fast-Track Processing.

(1) Notification. No later than seven business days after the day the letter ruling request is assigned to and received by the branch representative and branch reviewer, the branch representative or branch reviewer will contact the taxpayer to acknowledge receipt of the letter ruling request, to provide contact information for the branch representative and branch reviewer, and to notify the taxpayer that the request for fast-track processing is granted, denied, or still pending. If the request is granted, the branch representative or branch reviewer will inform the taxpayer of the length of the specified period and the date the specified period will end. If the request is denied, the branch representative or branch reviewer will explain the reasons for the denial. If the request is under consideration by another Associate office at that time, the branch representative or branch reviewer will so inform the taxpayer.

(2) Factors in determining whether a request for fast-track processing will be granted. In making the determination whether to grant a request for fast-track processing, and, if so, the length of the specified period, the branch reviewer will consider--

(a) All the facts, representations, and circumstances, including the complexity of

the proposed transactions, and the issues presented;

(b) Whether the letter ruling request fully, clearly, and concisely describes and analyzes the relevant facts and issues;

(c) Whether the draft letter ruling satisfies the requirements set forth in section 5.03 of this revenue procedure;

(d) The taxpayer's reason(s) for requesting fast-track processing as set forth in a statement provided under section 5.03(3) of this revenue procedure;

(e) Any concerns communicated by another Associate office; and

(f) Any resource constraints or other obligations of the Associate Chief Counsel (Corporate), including responsibilities with respect to examination matters, litigation matters, guidance projects, assistances provided to other Associate offices, and other letter ruling requests.

(3) Opportunity for discussion and reconsideration; tolling. If the branch representative or the branch reviewer informs the taxpayer that the request for fast-track processing is denied, the taxpayer may address that determination in writing, discuss that determination with the branch reviewer, or both. If the branch reviewer continues to determine that the request for fast-track processing should be denied, there is no right of appeal. See section 10.02 of Rev. Proc. 2023-1. If, after reconsideration, the branch reviewer determines that the request for fast-track processing should be granted, the specified period will be tolled for the period beginning on the date the taxpayer was informed that the request for fast-track-processing was denied and ending on the date the taxpayer is informed of the determination that such request is granted. The branch representative or the branch reviewer will inform the taxpayer that a favorable or

unfavorable determination has been made as soon as possible after the determination has been made and, in the event of a favorable determination, the period of tolling of the specified period.

.06 Specified Period Shorter or Longer than 12 Weeks.

(1) Request for specified period shorter than 12 weeks.

(a) In general. Upon request, the IRS will agree to a specified period shorter than 12 weeks if the branch reviewer determines that the taxpayer has a business need to obtain a letter ruling within that specified period, and that processing is feasible.

(b) Business need. In a request for a specified period shorter than 12 weeks, the taxpayer must demonstrate a need for such processing by submitting information to support the following conclusions, no later than the date on which the letter ruling request is submitted:

(i) There is a business exigency outside the taxpayer's control.

(ii) There will be adverse consequences to the taxpayer or other persons if the IRS does not issue the requested letter ruling within the specified period.

(iii) The taxpayer submitted the request as promptly as possible after becoming aware of the circumstances described in paragraphs (i) and (ii) of this section

5.06(1)(b).

(c) Insufficient reasons. The following facts alone do not demonstrate a need for a specified period shorter than 12 weeks:

(i) The scheduling of a closing date for a transaction, a meeting of a board of directors or shareholders of a corporation, or any other corporate action within the control of the taxpayer or other parties to the transaction.

(ii) The possible effect of fluctuation in the market price of stocks on a transaction.

(2) Specified period longer than 12 weeks.

(a) Taxpayer request. Upon request by the taxpayer, the branch reviewer may agree to a specified period longer than 12 weeks.

(b) Branch reviewer determination. The branch reviewer may decide to designate a specified period longer than 12 weeks, if he or she determines (based on the factors described in section 5.05(2) of this revenue procedure) that fast-track processing is not feasible within 12 weeks (or other specified period requested by the taxpayer) but is feasible during the longer period. In such a case, the branch representative or branch reviewer will inform the taxpayer of the decision and the reasons therefor and will provide the taxpayer an opportunity to address the decision. The branch representative or the branch reviewer will inform the taxpayer of any subsequent favorable or unfavorable determination.

(3) Same procedures apply. The procedures described in this revenue procedure apply to all requests for fast-track processing, regardless of whether the specified period is 12 weeks or is shorter or longer than 12 weeks.

.07 Requested Additional Information Not Received Within Seven-Day Period. If the branch representative or branch reviewer requests additional information, but all the requested information is not received within the seven-day period, then, unless the taxpayer requests an extension before the end of the seven-day period, and the branch reviewer grants the extension, fast-track processing will be terminated. A request for an extension of the seven-day period may be made orally, in writing, or both. However, the

seven-day period will not be tolled after an extension is requested unless agreed to by the branch reviewer. The branch reviewer will grant an extension only if the taxpayer provides good cause therefor. If an extension of time to submit information is granted, and the requested information is not provided within the extended time, fast-track processing will also be terminated unless a further extension is requested and granted. If fast-track processing is terminated under this section, the request will be subject to the procedures described in section 5.08 of this revenue procedure.

.08 Termination or Delay of Fast-Track Processing.

(1) In general. If the branch reviewer determines that fast-track processing within the specified period is no longer feasible, the branch reviewer may terminate fast-track processing or determine that fast-track processing will be completed within a newly designated specified period.

(2) Rationale for determination. In determining whether fast-track processing is no longer feasible within the specified period, the branch reviewer will consider any event or situation that affects the IRS's ability to provide fast-track processing within the specified period, including--

(a) Any material change to the proposed transaction(s) since submission of the letter ruling request;

(b) Any Federal income tax issue not addressed in the original letter ruling request and subsequently identified;

(c) The accuracy or completeness of any additional information submitted;

(d) Any pending legislation, regulations, or other guidance that may affect the proposed transaction(s);

(e) Any resource constraints or other obligations of the Associate Chief Counsel (Corporate), including responsibilities with respect to examination matters, litigation matters, guidance projects, assistances provided to other Associate offices, and other letter ruling requests;

(f) The subsequent inclusion of a closing agreement in the letter ruling request;
and

(g) The scheduling of a conference of right described in section 10.02 of Rev. Proc. 2023-1 or a similar conference.

(3) Notification and opportunity for discussion and reconsideration; tolling. If the branch representative or the branch reviewer informs the taxpayer that fast-track processing has been terminated, the specified period has been extended, or the completion of fast-track processing has otherwise been delayed, the taxpayer may address that determination in writing, discuss that determination with the branch reviewer, or both. If, upon reconsideration, the branch reviewer continues to determine that the request for fast-track processing should be terminated, the specified period should be extended, or completion of fast-track processing will otherwise be delayed, there is no right of appeal. See section 10.02 of Rev. Proc. 2023-1. If, upon reconsideration, the branch reviewer determines that fast-track processing should not be terminated, the specified period should not be extended, or completion of fast-track processing should not be otherwise delayed, the specified period will be tolled for the period beginning on the date the taxpayer was informed of the initial unfavorable determination and ending on the date the taxpayer is informed of the subsequent favorable determination. The branch representative or the branch reviewer will inform

the taxpayer that a determination following reconsideration has been made as soon as possible after the determination has been made and, in the event of a favorable determination, the period of tolling of the specified period.

(4) Continued processing of letter ruling request. If fast-track processing is terminated, the IRS will continue to process the letter ruling request under the procedures of section 7 (exclusive of section 7.02(4)) of Rev. Proc. 2023-1. However, if fast track processing is terminated because a closing agreement that was not initially part of a letter ruling request is subsequently included with a letter ruling request, the IRS will continue to process the letter ruling request under the procedures of section 7 of Rev. Proc. 2023-1, and will consider a request for expedited handling under section 7.02(4) of that revenue procedure.

SECTION 6. MODIFICATIONS TO REV. PROC. 2023-1

Rev. Proc. 2023-1 is modified as follows:

.01 Requests for expedited handling. Section 7.02(4) of Rev. Proc. 2023-1 is modified by adding the following language at the end of the first paragraph:

“Expedited handling under this section 7.02(4) is not available as to a request for a letter ruling solely or primarily under the jurisdiction of the Associate Chief Counsel (Corporate) (other than a § 301.9100 request described in section 5.03 of this revenue procedure for an extension of time for making an election or other relief, or a request that includes a closing agreement with respect to an issue under the jurisdiction of the Associate Chief Counsel (Corporate) or another Associate office). For guidance on fast-track processing of such a letter ruling request, see Rev. Proc. 2023-26, 2023-33 I.R.B. ____.”

.02 Additional Information. Section 8.05(1) of Rev. Proc. 2023-1 is modified by adding the following language at the end of the first paragraph:

“Special rules and procedures apply to letter ruling requests under the jurisdiction of the Associate Chief Counsel (Corporate) for which fast-track processing is requested. Under section 5.07 of Rev. Proc. 2023-26,

failure to provide, within seven business days (plus extensions, if granted), a complete response to any information request from the branch representative or branch reviewer assigned to the letter ruling request will result in termination of fast-track processing.”

.03 Conferences for letter rulings. Section 10 of Rev. Proc. 2023-1 is modified by adding the following new paragraph at the end:

**Pre-submission conferences
under Rev. Proc. 2023-26.**

.09 Special rules and procedures apply to letter ruling requests solely or primarily under the jurisdiction of the Associate Chief Counsel (Corporate) for which fast-track processing has been requested. For more information, see section 5.02 of Rev. Proc. 2023-26.

.04 List of guideline revenue procedures. Section .01 of Appendix F of Rev. Proc. 2023-1 is modified by adding the following entry to the subject matter list of guideline revenue procedures immediately before “Intercompany transactions; election not to defer gain or loss”:

Fast-track processing of letter ruling requests solely or primarily under the jurisdiction of the Associate Chief Counsel (Corporate).

Rev. Proc. 2023-26, 2023-33 I.R.B. ____.

SECTION 7. EFFECT ON OTHER DOCUMENTS

.01 Rev. Proc. 2022-10. Rev. Proc. 2022-10 is superseded for letter ruling requests described in section 8 of this revenue procedure.

.02 Rev. Proc. 2023-1. Rev. Proc. 2023-1 is modified as provided in section 6 of this revenue procedure.

SECTION 8. APPLICABILITY DATE

The fast-track ruling program established by this revenue procedure applies to all letter ruling requests described in section 4.01 of this revenue procedure postmarked or, if not mailed, received by the IRS after July 26, 2023.

SECTION 9. PAPERWORK REDUCTION ACT

The collections of information in this revenue procedure have been reviewed and approved by the Office of Management and Budget (OMB) in accordance with the Paperwork Reduction Act (44 U.S.C. 3507) under control number 1545-1522.

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 OMB control number.

The collections of information in this revenue procedure are in section 5. This information is required to determine whether a taxpayer qualifies for fast-track processing. The collections of information are required to obtain a benefit. The likely respondents are corporations seeking private letter rulings.

The estimated total annual reporting and/or recordkeeping burden for Rev. Proc. 2023-1 is 316,020 hours.

The estimated annual burden per respondent/recordkeeper for Rev. Proc. 2023-1 varies from 1 to 200 hours, depending on individual circumstances, with an estimated average burden of 80 hours. The estimated number of respondents and/or recordkeepers is 3,956.

The estimated total annual reporting and/or recordkeeping burden for this revenue procedure adds 260 hours to the burden imposed by Rev. Proc. 2023-1.

The estimated annual burden per respondent/recordkeeper for this revenue procedure varies from 3 to 10 hours, depending on individual circumstances, with an estimate average burden of 8 hours. The estimated number of additional respondents and/or recordkeepers added to Rev. Proc. 2023-1 by this revenue procedure is 10, increasing the estimated number of respondents and/or recordkeepers to Rev. Proc.

2023-1 to 3,966.

The estimated annual frequency of response is on occasion.

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 tax law. Generally, tax returns and tax return information are confidential, as required by section 6103 of the Internal Revenue Code.

SECTION 10. DRAFTING INFORMATION

The principal author of this revenue procedure is Kelton P. Frye of the Office of Associate Chief Counsel (Corporate). For further information, please call Mr. Frye at (202) 317-5363.