

Internal Revenue Service

Department of the Treasury

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Washington, DC 20224

Person to Contact:

Telephone Number:

Refer Reply To:

CC:PSI:6-GENIN-143544-01

Date:

September 5, 2001

Re: Request to Revoke Section 179 Election

Tax Year: 2000

Dear

This letter is in response to your representative's letter, dated July 30, 2001, to the Commissioner of Internal Revenue, requesting permission to revoke the election made under section 179 of the Internal Revenue Code on your 2000 federal income tax return. In order for us to respond to your specific request, you must submit a request for a private letter ruling. The request must comply with all the requirements of section 8 of Revenue Procedure 2001-1, 2001-1 I.R.B. 4. We hope that you find the following general information to be helpful.

Rev. Proc. 2001-1 provides the general procedures the Internal Revenue Service follows in issuing rulings and the related instructions for the submission of ruling requests by taxpayers. In addition, taxpayers are required by statute to pay user fees for requests for letter rulings. Under section 15 of Rev. Proc. 2001-1, the user fee must accompany the request in order to be processed by the Service. In general, the user fee is \$5,000 for private letter rulings mailed before March 1, 2001, and is \$6,000 for private letter rulings mailed on or after March 1, 2001. However, there is a reduced fee of \$500 for a request involving a business-related tax issue from a taxpayer with a gross income of less than \$1 million. See Appendix A of Rev. Proc. 2001-1.

Section 179(c)(1) of the Code and section 179-5(a) of the Income Tax Regulations provide that an election under section 179 for any taxable year shall (1) specify the items of section 179 property to which the election applies and the portion of the cost to each of such items which are to be expensed and (2) be made on the taxpayer's original tax return for the taxable year in which the section 179 property is placed in service. For example, the inclusion of Form 4562, Depreciation and

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Amortization, as part of a taxpayer's originally filed return would meet the section 179 election requirements. Under section 179(c)(2), an election made under section 179, and any specification contained in any such election, may not be revoked except with the consent of the Commissioner. Such consent to revoke an election under section 179, however, will be granted only in extraordinary circumstances (Emphasis added). See section 1.179-5(b) of the regulations.

If you should decide to request a private letter ruling, section 8.03(1) of Rev. Proc. 2001-1 provides information as to where to send the request. Also, as we have noted above, section 8 of Rev. Proc. 2001-1 provides general instructions for requesting a private letter ruling.

This letter has called your attention to certain general principles of tax law. It is intended for informational purposes only and does not constitute a ruling. See sections 2.01 and 2.04 of Rev. Proc. 2001-1. We hope this letter will be helpful to you; however, if you should have any additional questions or comments, please contact our office at (202) 622-3110.

In accordance with the power of attorney on file with this office, a copy of this letter is being sent to your authorized representative.

Sincerely yours,

Kathleen Reed

KATHLEEN REED
Acting Chief, Branch 6
Office of Associate Chief Counsel
(Passthroughs and Special Industries)