

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-156709-02

Date:

February 20, 2003

In re:

Request to Revoke Section 179 Election and Make a Late Section 179 Election

Dear [REDACTED]:

This letter is in response to a letter dated August 26, 2002, submitted on your behalf, to the Commissioner of Internal Revenue, requesting permission to revoke the election made under section 179 of the Internal Revenue Code on your 2001 federal income tax return for one item of property. Additionally, you are requesting permission to make a late 179 election for another item of property. 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 2003-1, 2003-1 I.R.B. 1. A copy of selected selections of Rev. Rul. 2003-1 has been enclosed for your reference. We hope that you find the following general information to be helpful.

We are enclosing a copy of section 179 of the Code and the regulations under that section. You may find section 179(c)(2) of particular interest. 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 Income Tax Regulations.

Section 1.179-5(a) of the regulations provides that the election under section 179 to claim a section 179 expense deduction for section 179 property shall be made on the taxpayer's first income tax return for the taxable year to which the election applies or on an amended return filed within the time prescribed by law (including extensions) for filing the return for such taxable year. Thus the request to use section 179 for a different property is a request for an extension of time to make an election under section 179 for that property. This request for an extension of time to make a regulatory election must meet the requirements of section 301.9100-3 of the

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regulations. We are also enclosing a copy of section 301.9100-3. Under section 301.9100-3(a), requests for relief will be granted when the taxpayer provides the evidence to establish to the satisfaction of the Commissioner that the taxpayer acted reasonably and in good faith, and the grant of relief will not prejudice the interests of the Government. Because the election under section 179 is an accounting method election, Section 301.9100-3(c)(2), special rules for accounting method regulatory elections, should be of particular interest. Under section 301.9100-3(c)(2), the interests of the Government are deemed to be prejudiced except in unusual and compelling circumstances (Emphasis added). Section 301.9100-3(e)(5) provides that a request under section 301.9100-3 is a request for a ruling letter.

Rev. Proc. 2003-1 provides the general procedures the Internal Revenue Service follows in issuing private letter rulings and the related instructions for the submission of private letter ruling requests by taxpayers. In addition, taxpayers are required by statute to pay user fees for requests for private letter rulings. Under section 15 of Rev. Proc. 2003-1, the user fee must accompany the request in order to be processed by the Service. In general, the user fee is \$6,000 for private letter rulings. 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. 2003-1.

If you should decide to request a private letter ruling under both provisions, section 8.03(1) of Rev. Proc. 2003-1 provides information as to where to send the request. Also, as we have noted above, section 8 of Rev. Proc. 2003-1 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. 2003-1. We hope the materials enclosed will be helpful to you; however, if you should have any additional questions or comments, please contact our office at [REDACTED]

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,
CHARLES B. RAMSEY
Chief, Branch 6
Office of Associate Chief Counsel
(Passthroughs and Special Industries)

Enclosures (4)

cc: