

**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-120632-03

Date:

September 26, 2003

In re:

Request to Revoke Section 179 Election  
Tax Year: 2001

Dear

This letter is in response to your letter dated March 3, 2003, submitted to the Commissioner of Internal Revenue, on behalf of Taxpayer, a partnership, requesting permission to revoke the election made under section 179 of the Internal Revenue Code on its 2001 federal income tax return for certain property placed in service in 2001. 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 (with respect to a taxable year beginning in 2001), 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. Further, we wish to note that section 1.179-3(g)(3) provides that the provisions of 1.179-3(f)(1) apply in determining the treatment of any outstanding carryover disallowed deduction with respect to section 179 property disposed of, or transferred in a nonrecognition transaction, by a partnership or an S corporation.

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

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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, 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 (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,

Charles B. Ramsey

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

Enclosures (3)