Office of Chief Counsel
Internal Revenue Service
Memorandum

Number: **200840031**
Release Date: 10/3/2008

CC:ITA:7:DHKIM
PLR-148169-07

Third Party Communication: None
Date of Communication: Not Applicable

UILC: 168.36-00

date: February 01, 2008

to: Industry Director, Financial Services (LM:F)

from: Chief, Branch 7, Office of Associate Chief Counsel (Income Tax and Accounting) (CC:ITA:7)

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subject: Withdrawal of Letter Ruling Request

In accordance with section 7.07(2)(a) of Rev. Proc. 2008-1, 2008-1 I.R.B. 1, 28, this Chief Counsel Advice advises you that a taxpayer within your operating division has withdrawn a request for a letter ruling. This Advice may not be used or cited as precedent.

LEGEND
A =

B =
C =
D =
E =
F =

This memorandum advises you that a letter ruling request, dated F, submitted on behalf of A, is withdrawn. Pursuant to section 1.168(k)-1(e)(7)(i) of the Income Tax Regulations, A requested to revoke its elections not to deduct the additional first year depreciation under sections 168(k)(2)(D)(iii) and 168(k)(4)(E) of the Internal Revenue Code for property placed in service during the taxable years ended B, C, D, and E. A provided no reason for withdrawing its request.

A is a leasing company with a wide array and large number of assets held in its leasing business. During the years in issue, A represents that it lacked the internal tax

resources to properly compute the additional first year depreciation for the assets qualifying for this deduction. Therefore, A was unable to claim the additional first year depreciation and instead made the election not to deduct the additional first year depreciation under sections 168(k)(2)(D)(iii) and 168(k)(4)(E) for qualified property and 50 percent bonus depreciation property placed in service during the taxable years ended B, C, D, and E.

Pursuant to section 168(k)(2)(C)(iii) and section 1.168(k)-1(e)(1), a taxpayer may elect not to deduct additional first year depreciation for all classes of qualified property or 50-percent bonus depreciation property placed in service during the taxable year. Section 1.168(k)-1(e)(7)(i) provides that an election not to deduct the additional first year depreciation made under section 1.168(k)-1(e)(1), once made, may be revoked only with the written consent of the Commissioner of Internal Revenue. To seek the Commissioner's consent, the taxpayer must submit a request for a letter ruling.

Further, pursuant to section 1.446-1(e)(2)(ii)(d)(3)(iii), a taxpayer's request to revoke its election not to deduct the additional first year depreciation is not a change in method of accounting and, therefore, cannot be made through a request under section 446(e) to change the taxpayer's method of accounting.

In this case, at the time A notified our office of its intent to withdraw its request, we made no decision whether we were, or were not, adverse to A's request. Further, A's election not to deduct the additional first year depreciation for property placed in service during the taxable years ended B, C, D, and E remains in effect.

This writing may contain privileged information. Any unauthorized disclosure of this writing may undermine our ability to protect the privileged information. If disclosure is determined to be necessary, please contact this office for our views.

Please call (202) 622-4930 if you have any further questions.

GEORGE BLAINE
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By: KATHLEEN REED
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