



DEPARTMENT OF THE TREASURY
INTERNAL REVENUE SERVICE
WASHINGTON, D.C. 20224

OFFICE OF
CHIEF COUNSEL

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The Honorable Ron Wyden
United States Senate
Washington, DC 20510

Attention:

Dear Senator Wyden:

I am responding to your inquiry, dated May 22, 2009, regarding recent bankruptcies of intermediaries retained by taxpayers to facilitate their tax-deferred like-kind exchanges. You have asked that we provide relief from current tax liability for taxpayers whose exchanges have failed and who have not recovered the proceeds from the sale of their original properties.

The Service understands and appreciates the problems facing taxpayers, like your constituents, because of failed exchanges. We are actively working with the Department of the Treasury to determine what administrative relief measures can be provided within the limits of the statute. We are also considering administrative measures that can be taken to protect taxpayers from future bankruptcies of like-kind exchange intermediaries.

I hope this information is helpful. If we can assist you further, please contact me or of my office at .

Sincerely,

George J. Blaine
Associate Chief Counsel
(Income Tax & Accounting)