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From:

Sent: Friday, July 10, 2009 6:59:11 PM

To:

Cc:

Subject: Section 162 request for advice

This is to follow-up on our conversations regarding whether the FMV of lands conveyed to the State of Alaska and the City is deductible under § 162. We previously considered a similar issue in PLR 200147012 with regards to a Village Corporation. As we discussed, the rationale of PLR 200147012 would seem to be applicable to a transfer of land by a Regional Corporation.

You also asked whether the taxpayer's "replacement cost" approach to valuing the property it received is permissible. As discussed, this approach is consistent with applicable law and appears to be permissible for all types of property.