



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

OFFICE OF THE CHIEF COUNSEL

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The Honorable Sean P. Duffy  
U.S. House of Representatives  
502 Second St., Suite 202  
Hudson, WI 54016

Attention:

Dear Representative Duffy:

I apologize for the delay in responding to your inquiry dated April 02, 2015, on behalf of your constituent, . requested information about fees for a private letter ruling on the federal income tax treatment of costs to remove a dam on his property.

Revenue Procedure 2015-1, 2015-1 I.R.B. 1, provides the procedure for getting a private letter ruling, including user fees associated with letter ruling requests.

Generally, must file his request for letter ruling before he files his federal income tax return for the year in which he finished paying for the costs of the dam removal. In general, the user fee for a private letter ruling is:

- \$2,200 for persons with income of less than \$250,000
- \$6,500 for persons with income of \$250,000 or more but less than \$1,000,000
- \$28,300 for persons with income of \$1,000,000 or more

However, the IRS generally does not issue private letter rulings on matters that are primarily factual.

In general, taxpayers must add the costs of improvements to real property to the basis of the real property (section 263 of the Internal Revenue Code). Publication 530, Tax

Information for Homeowners, contains information about costs that taxpayers may or may not add to the basis of real property.

                  can get copies of Revenue Procedure 2015-1 and Publication 530 on the IRS website, IRS.gov.

I hope this information is helpful. If you have questions, please contact me or  
                  , ID Number                   , at                   .

Sincerely,

Andrew J. Keyso  
Associate Chief Counsel  
(Income Tax & Accounting)