Internal Revenue Service

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Department of the Treasury
Washington, DC 20224

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Person To Contact:
, ID No.
Telephone Number:

Refer Reply To:
CC:ITA:B05
PLR-103410-26

Date:
August 20, 2026

LEGEND

Taxpayers =

Date 1 =
Date 2 =
Date 3 =
Date 4 =
Date 5 =
Date 6 =
Date 7 =
Property 1 =
Property 2 =
Amount 1 =
Amount 2 =
Amount 3 =
Amount 4 =
Period 1 =
Period 2 =
Year 1 =
Year 2 =
Firm =
Preparer 1 =
Preparer 2 =
Preparer 3 =

Dear :

This letter refers to Taxpayers' request for a private letter ruling, dated Date 1, requesting permission to revoke its election out of the installment method for the sale of

certain property under § 453 of the Internal Revenue Code (Code) and section 15A.453-1(d)(4) of the Income Tax Regulations (Regulations).

FACTS

The information and affidavits submitted reflect the following:

On Date 2, Taxpayers sold Property 1 for Amount 1. The sale was seller-financed over Period 1. Taxpayers reported this sale on the installment method under § 453 of the Code on their Year 1 return, filed on Date 3.

On Date 4, Taxpayers sold Property 2 for Amount 2. Taxpayers received Amount 3 as a downpayment. Amount 4 was seller-financed for Period 2, with the first payment due on Date 5, and the final payment due on Date 6. Taxpayers engaged a new preparer, Firm, and relied on them to prepare their Year 2 return. Preparer 1 prepared Taxpayers' Year 2 return, and Preparer 2 reviewed Taxpayers' Year 2 return. Taxpayers' Year 2 return was filed on Date 7. Inadvertently, Firm did not report the gain from the sale of Property 2 on the installment method under § 453 of the Code, but instead reported all of the gain on Taxpayers' Year 2 return. Taxpayers became aware of the error on or about Date 7, when the Taxpayers' tax liability was higher than expected. Taxpayers inquired with Firm, and subsequently Preparer 3 discovered that Preparer 1 had overlooked application of the installment method and inadvertently elected out for the sale of Property 2. Firm informed Taxpayers that a private letter ruling request was necessary to revoke the inadvertent election out of the installment method. Firm subsequently prepared and Taxpayers requested this ruling.

LAW AND ANALYSIS

Section 453(a) of the Code that income from an installment sale shall be taken into account under the installment method. Section 453(d)(1) provides that a § 453(a) shall not apply to any sale if the taxpayer elects not to have § 453(a) apply.

Section 453(d)(2) of the Code provides that, except as otherwise provided by regulations, and election under § 453(d)(1) with respect to a sale may be made only on or before the due date prescribed by law (including extensions(for filing the taxpayer's return for the taxable ear in which the sale occurs. Such an election shall be made in the manner prescribed by the regulations.

Section 453(d)(3) of the Code provides that an election made pursuant to § 453(d)(1) may be revoked only with the consent of the Secretary. Section 15A.453-1(d)(4) of the Regulations provides that revocation of an election out of the installment method is retroactive and will not be permitted when one of its purposes is the avoidance of federal income taxes, or when the taxable year in which any payment was received has closed.

CONCLUSION

In this case, the information submitted indicates Taxpayers' desire to revoke their election out of the installment method is due to inadvertence rather than for the purpose of avoiding federal income. Further, Taxpayers' taxable years in which it received payments are not closed. Accordingly, based on the information submitted, permission is granted for the period that ends 60 days after the date of this letter for Taxpayers to revoke their election out of the installment method of reporting under § 453(d)(3) of the Code, and report the gain on the sale of Property 2 using the installment method. Taxpayers must file an amended federal income tax return for Year 2 and any other previously filed federal income tax returns on which a portion of the gain from the sale is, or should be, reported under the installment method.

This ruling is based upon the representations made and information submitted by Taxpayers and accompanied by a penalty of perjury statement executed by an appropriate party. While this office has not verified any of the material submitted in support of the ruling request, it is subject to verification on examination.

Except as expressly provided herein, no opinion is expressed or implied concerning the tax consequences of any aspect of any transaction or item discussed or referenced in this letter, including the computation of gain to be reported under the installment method under § 453.

A copy of this letter must be attached to any tax return to which it is relevant. Alternatively, taxpayers filing their returns electronically may satisfy this requirement by attaching a statement to their return that provides the date and control number of the letter ruling.

This ruling is directed only to the taxpayer requesting it. Section 6110(k)(3) of the Code provides that it may not be used or cited as precedent.

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,

Christina M. Glendening
Senior Counsel, Branch 5
Office of Associate Chief Counsel
(Income Tax & Accounting)

cc: