



OFFICE OF THE CHIEF COUNSEL

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

September 15, 2023

CC:ITA:B08:  
CONEX-116266-23

Number: **2023-0010**  
Release Date: 11/17/2023

UIL: 1033.09-00

Dear \_\_\_\_\_ :

I am responding to your August 8, 2023 letter to IRS Commissioner Daniel Werfel on behalf of the \_\_\_\_\_. You asked the IRS to provide guidance that allows livestock producers to defer tax on any gains from the forced sale of stock because of drought. Specifically, you asked that this guidance include the current drought year affecting livestock producers in order to provide certainty to farmers and ranchers as they continue to face the drought.

Generally, the IRS publishes guidance in September of each year explaining the circumstances under which the four-year replacement period under Section 1033(e)(2) of the Internal Revenue Code is extended for livestock sold on account of drought. This guidance includes a list of counties, districts, cities, parishes, or municipalities for which exceptional, extreme, or severe drought was reported during the preceding 12 months. Taxpayers may use the list to determine whether an extension is available. See Notice 2006-82, 2006-2 C.B. 529, and Notice 2022-43, IRB 2022-42, page 297. The IRS intends on publishing this guidance no later than the end of September of this year.

I hope this information is helpful. If you have any questions, please call me or \_\_\_\_\_, General Attorney (Tax), at \_\_\_\_\_.

Sincerely,

Scott W. Vance, Associate Chief Counsel  
Income Tax & Accounting