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The IRS is Back in Business

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While the IRS is back in business following the recent government shutdown, it may not receive your requests for private letter rulings with open arms. Before requesting a private letter ruling, tax practitioners need to review the Service's recent no-ruling revenue procedures, namely Revenue Procedure 2013-32 and Revenue Procedure 2013-3.

While the new no-ruling revenue procedures are broad in scope, it is possible the Service may still issue rulings in areas that otherwise appear to be no-ruling topics. So, you should consider a pre-submission meeting or conversation with the IRS to determine whether a ruling may be available and/or to discuss how you should tailor a ruling request in light of these new revenue procedures.

Revenue Procedure 2013-32

Revenue Procedure 2013-32, issued on June 26, 2013, provides that the Service will no longer issue rulings on whether transactions qualify for nonrecognition treatment under Code Sections 332, 351, 355 or 1036, or constitute a tax-free reorganization under Code Section 368. The revenue procedure indicates, however, that the IRS will rule on "significant issues" arising under these code sections that address tax consequences resulting from their application. What constitutes a "significant issue" is yet to be clarified by the Service.

Revenue Procedure 2013-3

Revenue Procedure 2013-3, issued on January 3, 2013, added recapitalizations, leveraged spin-offs, and so-called "north-south" transactions under Code Section 355 to its no-ruling list. Each of these topics is subject to pending IRS guidance projects.

If you have questions about the application of these no-ruling revenue procedures, contact Gerald B. Fleming, IRS Senior Technician Reviewer, Corporate, Branch #2, (202) 622?-7770 (Room 5138).

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