



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

OFFICE OF
CHIEF COUNSEL

Number: **200106020**
Release Date: 2/9/2001
UIL: 446.04-19

November 3, 2000
CC:PSI:6
CAM-78787-92

MEMORANDUM FOR DISTRICT DIRECT,

DISTRICT

Attn: Chief, Examination Division

FROM: Branch Chief, Branch 6, Office of Associate Chief Counsel
(Passthroughs & Special Industries)
(CC:PSI:6)

SUBJECT: Withdrawal of Application for Change in Method of
Accounting

In accordance with section 8.07(2)(a) of Rev. Proc. 2000-1, 2000-1 I.R.B. 4, 33, this memorandum advises you that a taxpayer within your district has withdrawn one of the issues set forth in its Form 3115, Application for Change in Accounting Method. This document is not to be used or cited as precedent.

DISCLOSURE STATEMENT

This memorandum is Chief Counsel Advice and is open to public inspection pursuant to the provisions of § 6110(i) of the Internal Revenue Code. The provisions of § 6110 require the Internal Revenue Service to remove taxpayer identifying information and provide the taxpayer with notice of intention to disclose before it is made available for public inspection. Section 6110(c) and (i). Section 6110(i)(3)(B) also authorizes the Service to delete information from this memorandum that is protected from disclosure under 5 U.S.C. § 552 (b) and (c) before the document is provided to the taxpayer with notice of intention to disclose. Only the National Office function issuing this memorandum is authorized to make such deletions and to make the redacted document available for public inspection. **Accordingly, the Examination, Appeals, or Counsel recipient of this document may not provide a copy of this unredacted document to the taxpayer or their representative.** The recipient of this document may share this unredacted document only with those persons whose official tax administration duties with respect to the case and the issues discussed in the document require inspection or disclosure of this memorandum.

CAM-78787-92

LEGEND:

B =a =b =

This memorandum advises you that one the issue set forth in a Form 3115, dated a, filed on behalf of B, is withdrawn. B withdrew the issue after we advised B of our tentatively adverse position and also due to a change in its business operations. B indicates its business in rentals and sales of b has declined substantially since the time the Form 3115 was filed so that its current business makes its request outdated.

Specifically, B withdrew the request to change the method of accounting for rental b from an inventory method to a depreciation method. B believed that it could use a section 167 depreciation method analogous to that for video cassette rentals set forth in Rev. Rul. 89-62, 1989-1 C.B. 78. These changes would have been effective beginning with the taxable year beginning a.

Rev. Rul. 89-62 specifically states that video cassettes are depreciable under section 167 of the Code in accordance with the straight line method or the income forecast method. We do not view b as coming within the scope of Rev. Rul. 89-62 nor encompassed within the provisions of section 168(f)(3).

If you have any questions on this matter, do not hesitate to call (202) 622-3110.

/s/ Charles B. Ramsey

Charles B. Ramsey

cc:

Changes in Methods of Accounting
Industry Specialist