

Internal Revenue Service

Department of the Treasury

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Person to Contact:

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July 9, 2001

LEGEND

- Fund =
- A =
- B =
- C =
- Date 1 =
- Date 2 =
- a =
- b =
- c =
- d =
- e =
- f =

On January 6, 2000, the Internal Revenue Service issued LTR 200015015 (PLR-114795-99) to Fund. The purpose of this letter is to inform you that LTR 200015015 is hereby modified in accordance with section 12.04 of Rev. Proc. 2001-1, 2001-1 I.R.B. 1 (January 2, 2001).

LTR 200015015 granted Fund, a partnership, rulings that (i) Fund's method of making reverse section 704(c) allocations is a reasonable method within the meaning of section 1.704-3(e)(3) of the Income Tax Regulations, and (ii) Fund may combine built-in gains and losses from qualified financial assets contributed to it with gains and losses

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from revaluations for purposes of performing aggregate allocations. However, LTR 200015015 does not identify the specific partners and assets to be contributed to Fund.

According to information submitted on June 19, 2001, the current partners in Fund are A, B, and C. On Date 1 A acquired its interest in Fund by contributing cash in the amount of \$a and securities with a fair market value of \$b, aggregate gross built-in gain of \$c and aggregate gross built-in loss of \$d, and B acquired its interest in Fund by contributing cash in the amount of \$e. On Date 2 C acquired its interest in Fund by contributing cash in the amount of \$f.

LTR 200015015 is modified to apply only to the contributions to Fund for which the Fund has supplied specific information regarding the contributed assets as outlined above, and not to any other contributions by any current or future partner.

Section 7805(b)(8) of the Code provides that the Secretary of the Treasury or his delegate may prescribe the extent, if any, to which any ruling (including any judicial decision or any administrative determination other than by regulation) relating to the internal revenue laws shall be applied without retroactive effect.

Section 12.04 of Rev. Proc. 2001-1 provides that a letter ruling found to be in error or not in accord with the current views of the Internal Revenue Service may be revoked or modified, unless it was part of a closing agreement. If a letter ruling is revoked, the revocation applies to all years open under the statute of limitations unless the Service uses its discretionary authority under section 7805(b) to limit the retroactive effect of the revocation. Section 12.05 provides that, except in rare or unusual circumstances, the revocation or modification of a letter ruling will not be applied retroactively to the taxpayer to whom the letter ruling was issued provided that, inter alia, the taxpayer relied in good faith on the letter ruling and revoking or modifying the letter ruling would be to the taxpayer's detriment. Section 12.11 prescribes the procedures for requesting relief under section 7805(b).

This ruling is directed only to the taxpayer on whose behalf it was requested. Section 6110(k)(3) provides that it may not be used or cited as precedent.

Pursuant to a power of attorney on file with this office, a copy of this letter is being sent to the taxpayer.

Sincerely yours,
/s/William P. O'Shea
Deputy Associate Chief Counsel
(Passthroughs and Special Industries)

Enclosures (2)
Copy of this letter/Copy for section 6110 purposes