

## Internal Revenue Service

Department of the Treasury

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Washington, DC 20224

Person to Contact:

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Refer Reply To:

CC:PSI:1-PLR-114170-00

Date:

February 5, 2001

### LEGEND:

Taxpayer =

Partnership =

Residence =

On October 28, 1999, the Internal Revenue Service issued LTR 200004022 (PLR-111497-99) to Taxpayer. The purpose of this letter is to inform you that LTR 200004022 is hereby revoked in accordance with section 12.04 of Rev. Proc. 2001-1, 2001-1 I.R.B. 1 (January 2, 2001).

LTR 200004022 held that for purposes of section 121 of the Code, that Taxpayer is treated as owning Residence for the period of time that Residence was held in Partnership. We hereby revoke LTR 200004022 because it is not in accord with the current views of the Service.

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 a 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).

PLR-114170-00

In accordance with section 12.11 of Rev. Proc. 2001-1, Taxpayer submitted a statement requesting that we limit the retroactive application of this revocation. Based upon that statement, and pursuant to the authority of section 7805(b) of the Code, we hereby provide that this revocation of LTR 200004022 will apply to Taxpayer without retroactive effect.

Sincerely,  
**/s/Paul F. Kugler**  
Associate Chief Counsel  
(Passthroughs and Special Industries)