



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

OFFICE OF
CHIEF COUNSEL

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CAM-114724-98
CAM-116039-98

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MEMORANDUM FOR DISTRICT DIRECTOR, DISTRICT
CHIEF EXAMINATION DIVISION

FROM: Senior Technician Reviewer, Branch 6
CC:DOM:P&SI:6

SUBJECT: No Rule on Form 3115s

X =

Sub1 =

Sub2 =

Sub3 =

Sub4 =

Sub5 =

Sub6 =

Sub7 =

Sub8 =

CAM-114724-98; CAM-116039-98

Sub9 =

Sub10 =

Sub11 =

Sub12 =

Sub13 =

This memorandum is to inform you that we recently issued no rule letters in response to two Form 3115s (Application for a Change in Accounting Method), dated June 23, 1998. Both Form 3115s were submitted by X on behalf of its subsidiaries, Sub 1 through Sub13.

Both Form 3115s relate to the amortization of broadcast rights for feature films with limited run contracts. Currently, Sub1 through Sub10 use the income forecast method, which is a permissible method, and Sub11 through Sub13 use a method described as the greater of straight line over the contractual term or accelerated depreciation over the planned number of showings, which may not be a permissible method. Sub 1 through Sub13 propose to amortize the rights on a title-by-title basis using the straight line method over the contractual term each title is available to show.

Although we are tentatively adverse to Sub1 through Sub13's proposed method, we issued no rule letters in response to the Form 3115s because of the

CAM-114724-98; CAM-116039-98

open regulation project under section 167(g) of the Internal Revenue Code. This regulation project will likely address issues raised in the Form 3115s.

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