



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

OFFICE OF
CHIEF COUNSEL

September 29, 1999

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UIL: 167.00-00
446.00-00

CC:DOM:P&SI:6-
CAM-38724-91

MEMORANDUM FOR District Director, District
Attn: Chief, Examination Division

FROM: Chief, CC:DOM:P&SI:6

SUBJECT: Denial of Request for Change in Accounting Method

In accordance with section 8.07(2)(a) of Rev. Proc. 99-1, I.R.B. 6, 34, this memorandum advises you we have denied a request for a change of accounting from a taxpayer within your district.

See the attached letter to the taxpayer.

If you have any questions on this matter, please call at

Sincerely yours,

/s/ Charles B. Ramsey

Charles B. Ramsey
Chief, Branch 6
Office of Assistant Chief Counsel
(Passthroughs and Special
Industries)

cc:
Changes in Methods of Accounting
Industry Specialist

Index Numbers: 167.00-000
446.00-000

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September 29, 1999

In re:

Request for Change in Accounting Method

Subsidiary 1:

Subsidiary 2:

Subsidiary 3:

Subsidiary 4:

Subsidiary 5:

Subsidiary 6:

Dear

This letter is in response to a Form 3115, Application for Change in Accounting Method, dated September 26, 1991. In its application, the taxpayer has

requested permission to change its method of accounting for assets such as machinery, equipment, furniture, and fixtures. The taxpayer's present method is to not capitalize and depreciate such assets valued at \$1,000 or less. The taxpayer requests permission to change its method of accounting by increasing the minimum from \$1,000 to \$2,000.

The request to change from a minimum capitalization limit of \$1,000 to \$2,000 is denied. The taxpayer's current method of not capitalizing assets valued at a certain amount or less is not an acceptable method of accounting. All property used in a trade or business (except land or inventory) that has a useful life of more than one year must be capitalized and depreciated. Taxpayers are not permitted to treat such items as current expenses simply because the particular item has a certain minimum value or less.

We are sending a copy of this letter to the District Director,
District. If you have any additional questions, please contact
at

Sincerely yours,

/s/ C.B. Ramsey

Charles B. Ramsey
Chief, Branch 6
Office of Assistant Chief
Counsel
(Passthroughs and Special
Industries)