

Internal Revenue Service

Department of the Treasury

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Person to Contact:

Telephone Number:

Refer Reply To:

CC:DOM:CORP:5-PLR-111965-99

Date:

October 26, 1999

Legend:

Company =

State A =

date b =

Government Entity =

d =

e =

This responds to your June 29, 1999 request for rulings as to the federal income tax consequences of a proposed transaction. The information submitted in that request and in subsequent correspondence is set forth below.

Company is a State A corporation that has elected to be an S corporation under §1362 of the Internal Revenue Code. The election was effective for the tax year beginning on date b, but has not been effective since Company's inception.

Company intends to make a charitable contribution of real estate within the meaning of §170 to Government Entity. Company makes the following

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representations with respect to this charitable contribution:

(a) Company will be allowed a charitable deduction under §170 equal to the fair market value of the real estate.

(b) The fair market value of the real estate represents less than d percent of Company's gross assets, and less than e percent of Company's net assets. The contribution is not being made in conjunction with any other gifts or contributions.

(c) To the best of Company's knowledge, there is no plan or agreement between Government Entity and Company for Government Entity to sell or otherwise dispose of the real estate.

Based solely on the information set forth above, and provided that the transfer of real estate is a charitable contribution under §170 to the extent of the real estate's fair market value, we rule that the charitable contribution of real estate by Company does not result in gain or loss recognition to which §1374 applies. See §1001, §1.1374-4 of the Income Tax Regulations.

No opinion is expressed about the tax treatment of the proposed transaction under other provisions of the Code and regulations or about the tax treatment of any conditions existing at the time of, or effects resulting from, the proposed transaction that are not specifically covered by the above rulings. Specifically, no opinion is expressed and none was requested concerning the applicability of §170 to Company's contribution of real estate to Government Entity.

This ruling is directed only to the taxpayers who requested it. Section 6110(k)(3) provides that it may not be used or cited as precedent.

It is important to attach a copy of this letter to the federal income tax returns of the taxpayers involved for the taxable year in which the transaction covered by this ruling is consummated.

Pursuant to a power of attorney on file in this office, a copy of this letter has been sent to the taxpayer's authorized representative.

Sincerely yours,

Assistant Chief Counsel (Corporate)

By: Debra Carlisle

Chief, Branch 5