

CC-2005-014

June 24, 2005

Subject: Improper Allocation Documents for
the Commercial Revitalization
Deduction

Cancel Date: Until Incorporation
Into the CCDM

Purpose

This notice announces a change in the required information to be included in the documents for allocations under § 1400I of commercial revitalization expenditure amounts that were made by a commercial revitalization agency before 2005.

Background

Section 1400I allows a taxpayer to elect to recover the cost of a qualified revitalization building using a more accelerated method than is otherwise allowable under § 168. A qualified revitalization building is any new or substantially rehabilitated nonresidential building and its structural components that is placed in service by the taxpayer in a renewal community. The amount of the cost of a qualified revitalization building subject to the election is the lesser of (1) \$10 million, or (2) the commercial revitalization expenditure amount allocated to the building under § 1400I by the commercial revitalization agency for the state in which the building is located.

Rev. Proc. 2003-38, 2003-1 C.B. 1017, provides the time and manner for a commercial revitalization agency to make allocations under § 1400I of commercial revitalization expenditure amounts. Pursuant to this revenue procedure, a commercial revitalization agency may make a placed-in-service year allocation or a carryover allocation.

Section 4 of Rev. Proc. 2003-38 provides the time and manner for making a placed-in-service year allocation. This allocation is an allocation of commercial revitalization expenditure amounts to a qualified revitalization building in the calendar year in which that building is placed in service by the taxpayer. The information required to be included in the allocation document for this type of allocation is listed in section 4.02(2) of Rev. Proc. 2003-38. If the allocation document does not include the required information, the allocation is not valid.

Section 6 provides the time and manner for making a carryover allocation. This allocation is an allocation of commercial revitalization expenditure amounts to a qualified revitalization building

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