

**Internal Revenue Service**

Department of the Treasury

Index Number: 455.02-00

Washington, DC 20224

Number: **200025038**  
Release Date: 6/23/2000

Person to Contact:

Telephone Number:

Refer Reply To:

**CC:DOM:IT&A:7-PLR-110584-99**

Date:

**March 24, 2000**

Legend:

X =

Date 1 =

Dear

This letter is in reply to a request made on behalf of X for consent to an election, pursuant to section 455(c) of the Internal Revenue Code, to apply section 455 to prepaid subscription income. Section 455 provides that prepaid subscription income may be included in gross income in the taxable years during which the liability to furnish or deliver a newspaper, magazine, or other periodical exists, if an election is made with respect to the trade or business in connection with which such income is received.

X receives prepaid subscription income in connection with its publication of a magazine containing a variety of product and product-related information. X reports income for federal income tax purposes under an accrual method of accounting.

Based on the specific information presented and representations made, consent is hereby granted to X's election to apply section 455 to prepaid subscription income received, effective for the taxable year ending Date 1, provided that X files a statement with the national office containing the information prescribed by section 1.455-6 of the Income Tax Regulations within 60 days of the date of this letter. The Service will not require X to change its method of accounting for prepaid subscription income for any year prior to the taxable year ending Date 1, provided that section 455 is applied as requested and there has been no misstatement or omission of material facts.

PLR-110584-99

No opinion is expressed as to the application of any other provisions of the Code or the regulations which may be applicable to this request. Pursuant to a power of attorney of file with this office, a copy of this ruling is being sent to X's authorized representative.

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

Sincerely yours,

Thomas A. Luxner  
Chief, Branch 7  
Office of Assistant Chief Counsel  
(Income Tax & Accounting)