

**Office of Chief Counsel  
Internal Revenue Service**  
memorandum

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POSTF-103081-02/CC:ITA:B3

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date: December 16, 2002

to: Associate Area Counsel - Laguna Niguel (CC:LM:CTM:LN)

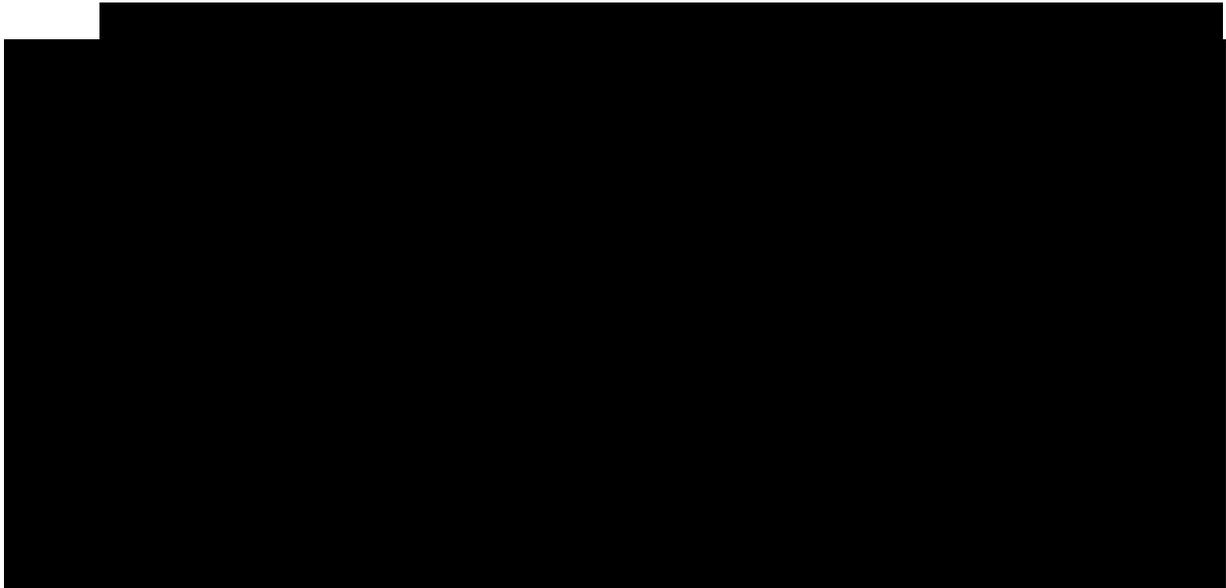
from: Christopher Kane, Branch Chief, CC:ITA:3

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subject: \_\_\_\_\_, POSTF-103081-02

This memorandum responds to your request for assistance in the above case. In accordance with § 6110(k)(3) of the Internal Revenue Code, this memorandum should not be cited as precedent.

You requested advice regarding the appropriate treatment of capital cost reduction payments (CCR payments) by \_\_\_\_\_ (the taxpayer). Rev. Proc. 2002-36, 2002-21 I.R.B. 993, provides taxpayers with a safe harbor method of accounting for CCR payments (the CCR method) for taxable years ending on or after December 31, 2001. The CCR method allows a taxpayer to exclude CCR payments from income and from the basis of the related vehicle. The taxpayer wishes to use the CCR method for taxable years ending before December 31, 2001. This memorandum addresses strategic concerns and hazards associated with the resolution of this issue for taxable years not covered by Rev. Proc. 2002-36.





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Please call                      at                      if you have any further questions.