

**Internal Revenue Service**

Department of the Treasury

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Washington, DC 20224

Person to Contact:

Telephone Number:

Refer Reply To:

CC:PSI:7-PLR-149088-02

Date:

March 20, 2003

LEGEND:

Taxpayer:

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Dear \_\_\_\_\_ :

We received a letter, dated a, from Taxpayer's authorized representative requesting permission for Taxpayer to revoke its election under § 41(c)(4) of the Internal Revenue Code. This letter responds to that request.

The facts submitted and the representations made are as follows: Taxpayer, the common parent of its consolidated group, is an accrual basis taxpayer with a g taxable year, which ends on the h.

For the b taxable year, Taxpayer elected to determine its credit for increasing research activities under the alternative incremental research credit rules of § 41(c)(4). For the c, d, and e taxable years, Taxpayer continued to determine its research credit using the alternative incremental research credit rules of § 41(c)(4). Before the due date (including extensions) of Taxpayer's return, Taxpayer submitted a request to revoke its

election for qualified research expenses paid or incurred during the taxable year that ended on f as well as for all subsequent taxable years.

For taxable years beginning after June 30, 1996, taxpayers may elect to determine their credit for increasing research activities under the alternative incremental research credit rules of § 41(c)(4). As provided in § 41(c)(4)(B), any election under § 41(c)(4)(A) shall apply for the taxable year in which made and all succeeding taxable years unless revoked with the consent of the Secretary.

Based solely on the facts submitted and representations made by Taxpayer, we grant permission for Taxpayer to revoke its election to determine its credit for increasing research activities under the alternative incremental research credit rules of § 41(c)(4) for qualified research expenses paid or incurred during the taxable year ending on f. Taxpayer should compute its research credit for the taxable year ending on f and all succeeding taxable years using the general rule of § 41(a) provided that Taxpayer does not make a new election to determine its credit for increasing research activities under the alternative incremental research credit rules of § 41(c)(4).

Except as expressly provided herein, no opinion is expressed or implied concerning the tax consequences of any aspect of any transaction or item discussed or referenced in this letter.

This ruling is directed only to the Taxpayer requesting it. Section 6110(k)(3) of the Code provides that it may not be used or cited as precedent.

In accordance with the Power of Attorney on file with this office, copies of this letter are being sent to your authorized representatives.

A copy of this letter must be attached to any income tax return to which it is relevant.

The rulings contained in this letter are based upon information and representations submitted by Taxpayer and accompanied by a penalty of perjury statement executed by an appropriate party. While this office has not verified any of the material submitted in support of the request for rulings, it is subject to verification on examination.

Sincerely,

Brenda M. Stewart  
Senior Counsel, Branch 7  
Associate Chief Counsel  
(Passthroughs & Special Industries)

cc: