

Part III

Administrative, Procedural, and Miscellaneous

26 CFR 601.201: Rulings and determination letters.

Rev. Proc. 2001-51

SECTION 1. PURPOSE AND NATURE OF CHANGE

.01 The purpose of this revenue procedure is to modify Rev. Proc. 2001-3, 2001-1 I.R.B. 111, by removing section 5.06 from the No-Rule list. Section 5.06 concerns the application of 1374 of the Internal Revenue Code to timber, coal and domestic iron ore transactions.

SECTION 2. BACKGROUND

.01 Rev. Proc. 2001-3 sets forth those provisions of the Internal Revenue Code under the jurisdiction of the Associate Chief Counsel (Corporate), the Associate Chief Counsel (Financial Institutions & Products), the Associate Chief Counsel (Income Tax & Accounting), the Associate Chief Counsel (Passthroughs & Special Industries), the Associate Chief Counsel (Procedure and Administration), and the Division Counsel/Associate Chief Counsel (Tax Exempt and Government Entities) relating to issues on which the Internal Revenue Service will not issue letter rulings or determination letters.

.02 Section 5 of Rev. Proc. 2001-3 sets forth those areas under extensive study in which letter rulings or determination letters will not be issued until the Service

resolves the issue through publication of a revenue ruling, revenue procedure, or otherwise.

Section 5.06 of Rev. Proc. 2001-3 provides as follows:

Section 1374.--Tax Imposed on Certain Built-in Gains -- The tax consequences under 1374 in the following situations: (1) an S corporation holds timber property on the date it converts from a C corporation to an S corporation (or acquires timber property from a C corporation in a transaction to which 1374(d)(8) applies) and during the recognition period (a) cuts the timber and sells resulting wood products (including any unfinished or finished products derived, manufactured, or produced from such wood products) in a transaction to which 631 does not apply, (b) recognizes gain or loss on cutting the timber pursuant to a 631(a) election, or (c) recognizes gain or loss on the disposal of timber under a contract to which 631(b) applies, and (2) an S corporation holds coal or domestic iron ore property on the date it converts from a C corporation to an S corporation (or acquires coal or domestic iron ore property from a C corporation in a transaction to which 1374(d)(8) applies) and during the recognition period recognizes gain or loss on the disposal of the coal or iron ore under a contract to which 631(c) applies.

### SECTION 3. PROCEDURE

Rev. Proc. 2001-3 is modified by deleting section 5.06.

### SECTION 5. EFFECT ON OTHER DOCUMENTS

Rev. Proc. 2001-3 is modified.

### SECTION 6. EFFECTIVE DATE

This revenue procedure is effective October 9, 2001, the date of its release to the public.

**DRAFTING INFORMATION**

The principal author of this revenue procedure is Cristian P. Silva of the Office of Associate Chief Counsel (Corporate). For further information about this revenue procedure, please contact Mr. Silva at (202) 622-7750 (not a toll-free call).