

in section 6511 within which a claim for credit or refund may be filed.

(c) *Revocation.* An application for consent to revoke an election under section 194 shall be in writing and shall be addressed to the Commissioner of Internal Revenue, Washington, DC 20224. The application shall set forth the name and address of the taxpayer, state the taxable years for which the election was in effect, and state the reason for revoking the election. The application shall be signed by the taxpayer or a duly authorized representative of the taxpayer and shall be filed at least 90 days prior to the time prescribed by law (without regard to extensions thereof) for filing the income tax return for the first taxable year for which the election is to terminate. Ordinarily, the request for consent to revoke the election will not be granted if it appears from all the facts and circumstances that the only reason for the desired change is to obtain a tax advantage.

[T.D. 7927, 48 FR 55851, Dec. 16, 1983]

§ 1.195-1 Election to amortize start-up expenditures.

(a) *In general.* Under section 195(b), a taxpayer may elect to amortize start-up expenditures (as defined in section 195(c)(1)). A taxpayer who elects to amortize start-up expenditures must, at the time of the election, select an amortization period of not less than 60 months, beginning with the month in which the active trade or business begins. The election applies to all of the taxpayer's start-up expenditures with respect to the trade or business. The election to amortize start-up expenditures is irrevocable, and the amortization period selected by the taxpayer in making the election may not subsequently be changed.

(b) *Time and manner of making election.* The election to amortize start-up expenditures under section 195 shall be made by attaching a statement containing the information described in paragraph (c) of this section to the taxpayer's return. The statement must be filed no later than the date prescribed by law for filing the return (including any extensions of time) for the taxable year in which the active trade or business begins. The statement may be

filed with a return for any taxable year prior to the year in which the taxpayer's active trade or business begins, but no later than the date prescribed in the preceding sentence. Accordingly, an election under section 195 filed for any taxable year prior to the year in which the taxpayer's active trade or business begins (and pursuant to which the taxpayer commenced amortizing start-up expenditures in that prior year) will become effective in the month of the year in which the taxpayer's active trade or business begins.

(c) *Information required.* The statement shall set forth a description of the trade or business to which it relates with sufficient detail so that expenses relating to the trade or business can be identified properly for the taxable year in which the statement is filed and for all future taxable years to which it relates. The statement also shall include the number of months (not less than 60) over which the expenditures are to be amortized, and to the extent known at the time the statement is filed, a description of each start-up expenditure incurred (whether or not paid) and the month in which the active trade or business began (or was acquired). A revised statement may be filed to include any start-up expenditures not included in the taxpayer's original election statement, but the revised statement may not include any expenditures for which the taxpayer had previously taken a position on a return inconsistent with their treatment as start-up expenditures. The revised statement may be filed with a return filed after the return that contained the election.

(d) *Effective date.* This section applies to elections filed on or after December 17, 1998.

[T.D. 8797, 63 FR 69555, Dec. 17, 1998]

§ 1.197-0 Table of contents.

This section lists the headings that appear in § 1.197-2.

§ 1.197-2 Amortization of Goodwill and Certain Other Intangibles

- (a) Overview.
 - (1) In general.
 - (2) Section 167(f) property.
 - (3) Amounts otherwise deductible.
- (b) Section 197 intangibles; in general.

Internal Revenue Service, Treasury

§ 1.197-1T

- (i) Allocations where the intangible is amortizable by the contributor.
- (ii) Allocations where the intangible is not amortizable by the contributor.
- (5) Treatment of certain reinsurance transactions.
 - (i) In general.
 - (ii) Determination of adjusted basis.
 - (A) Acquisitions (other than under section 338) of specified insurance contracts.
 - (B) Insolvent ceding company
 - (C) Other acquisitions. [Reserved]
 - (6) Amounts paid or incurred for a franchise, trademark, or trade name.
 - (7) Amounts properly taken into account in determining the cost of property that is not a section 197 intangible.
 - (8) Treatment of amortizable section 197 intangibles as depreciable property.
 - (h) Anti-churning rules.
 - (1) Scope and purpose.
 - (i) Scope.
 - (ii) Purpose.
 - (2) Treatment of section 197(f)(9) intangibles.
 - (3) Amounts deductible under section 1253(d) or § 1.162-11.
 - (4) Transition period.
 - (5) Exceptions.
 - (6) Related person.
 - (i) In general.
 - (ii) Time for testing relationships.
 - (iii) Certain relationships disregarded.
 - (iv) De minimis rule.
 - (A) In general.
 - (B) Determination of beneficial ownership interest.
 - (7) Special rules for entities that owned or used property at any time during the transition period and that are no longer in existence.
 - (8) Special rules for section 338 deemed acquisitions.
 - (9) Gain-recognition exception.
 - (i) Applicability.
 - (ii) Effect of exception.
 - (iii) Time and manner of election.
 - (iv) Special rules for certain entities.
 - (v) Effect of nonconforming elections.
 - (vi) Notification requirements.
 - (vii) Revocation.
 - (viii) Election Statement.
 - (ix) Determination of highest marginal rate of tax and amount of other Federal income tax on gain.
 - (A) Marginal rate.
 - (1) Noncorporate taxpayers.
 - (2) Corporations and tax-exempt entities.
 - (B) Other Federal income tax on gain.
 - (x) Coordination with other provisions.
 - (A) In general.
 - (B) Section 1374.
 - (C) Procedural and administrative provisions.
 - (D) Installment method.
 - (xi) Special rules for persons not otherwise subject to Federal income tax.

- (10) Transactions subject to both anti-churning and nonrecognition rules.
- (11) Avoidance purpose.
- (12) Additional partnership anti-churning rules
 - (i) In general.
 - (ii) Section 732(b) adjustments. [Reserved]
 - (iii) Section 732(d) adjustments.
 - (iv) Section 734(b) adjustments. [Reserved]
 - (v) Section 743(b) adjustments.
 - (vi) Partner is or becomes a user of partnership intangible.
 - (A) General rule.
 - (B) Anti-churning partner.
 - (C) Effect of retroactive elections.
 - (vii) Section 704(c) elections.
 - (A) Allocations where the intangible is amortizable by the contributor.
 - (B) Allocations where the intangible is not amortizable by the contributor.
 - (viii) Operating rule for transfers upon death.
 - (i) Reserved
 - (j) General anti-abuse rule.
 - (k) Examples.
 - (1) Effective dates.
 - (1) In general.
 - (2) Application to pre-effective date acquisitions.
 - (3) Application of regulation project REG-209709-94 to pre-effective date acquisitions.
 - (4) Change in method of accounting.
 - (i) In general.
 - (ii) Application to pre-effective date transactions.
 - (iii) Automatic change procedures.

[T.D. 8867, 65 FR 3826, Jan. 25, 2000]

§ 1.197-1T Certain elections for intangible property (temporary).

(a) *In general.* This section provides rules for making the two elections under section 13261 of the Omnibus Budget Reconciliation Act of 1993 (OBRA '93). Paragraph (c) of this section provides rules for making the section 13261(g)(2) election (the retroactive election) to apply the intangibles provisions of OBRA '93 to property acquired after July 25, 1991, and on or before August 10, 1993 (the date of enactment of OBRA '93). Paragraph (d) of this section provides rules for making the section 13261(g)(3) election (binding contract election) to apply prior law to property acquired pursuant to a written binding contract in effect on August 10, 1993, and at all times thereafter before the date of acquisition. The provisions of this section apply only to property for which an election is made under paragraph (c) or (d) of this section.