

§ 1.263(f)-1

26 CFR Ch. I (4-1-04 Edition)

(\$2,000) during any period of 12 calendar months in which January 1971 falls, the expenditures during January 1971 shall be treated as a deductible expense regardless of what the treatment would have been if section 263(e) had not been enacted.

Example 2. Assume the same facts as in *Example 1*. Assume further that for 1970, 1971, and 1972, only the following expenditures in connection with rehabilitation which would, but for section 263(e), be properly chargeable to capital account were deemed included for gondola car No. 2:

(a) December 1970	\$1,500
(b) November 1971	600
(c) December 1971	400
(d) January 1972	1,050

Assume further that gondola car No. 2 has a basis (as defined in paragraph (b) (1) of this section) equal to \$10,000, that M files its tax return by September 15 following each taxable year, and that each rehabilitation was completed in the month in which expenditures in connection with it were incurred. Any expenditures in connection with each gondola car (No. 1 or No. 2) have no effect on the treatment of expenditures in connection with the other gondola car. With respect to gondola car No. 2, the expenditures of December 1970 are treated as deductible repairs at the time M's income tax return for 1970 is filed because, based on the information available when the income tax return for 1970 is filed, such expenditure would be deductible by reason of application of section 263(e) but for the fact that it cannot be established whether the 20-percent limitation in paragraph (d)(1) of this section will be exceeded. Nevertheless, because such expenditures during the period of 12 calendar months including calendar months December 1970 and November 1971 exceed \$2,000, the December 1970 rehabilitation expenditures are not subject to the provisions of section 263(e). Because such rehabilitation expenditures during the period of 12 calendar months including calendar months February 1971 and January 1972 exceed \$2,000, rehabilitation expenditures in 1971 are not subject to the provisions of section 263(e). Similarly, the 1972 rehabilitation expenditures are not subject to the provisions of section 263(e).

[T.D. 7257, 38 FR 4255, Feb. 12, 1973]

§ 1.263(f)-1 Reasonable repair allowance.

(a) For rules regarding the election of the repair allowance authorized by section 263(f), the definition of repair allowance property, and the conditions under which an election may be made, see paragraphs (d) (2) and (f) of § 1.167(a)-11. An election may be made under this section for a taxable year

only if the taxpayer makes an election under § 1.167(a)-11 for such taxable year.

(Sec. 263(f), 85 Stat. 509 (26 U.S.C. 263))

[T.D. 7272, 38 FR 9986, Apr. 23, 1973; 38 FR 12919, May 17, 1973; as amended by T.D. 7593, 44 FR 5421, Jan. 26, 1979]

§ 1.263A-0 Outline of regulations under section 263A.

This section lists the paragraphs in §§ 1.263A-1 through 1.263A-4 and §§ 1.263A-7 through 1.263A-15 as follows:

§ 1.263A-1 Uniform Capitalization of Costs.

- (a) Introduction.
 - (1) In general.
 - (2) Effective dates.
 - (3) General scope.
 - (i) Property to which section 263A applies.
 - (ii) Property produced.
 - (iii) Property acquired for resale.
 - (iv) Inventories valued at market.
 - (v) Property produced in a farming business.
 - (vi) Creative property.
 - (vii) Property produced or property acquired for resale by foreign persons.
 - (b) Exceptions.
 - (1) Small resellers.
 - (2) Long-term contracts.
 - (3) Costs incurred in certain farming businesses.
 - (4) Costs incurred in raising, harvesting, or growing timber.
 - (5) Qualified creative expenses.
 - (6) Certain not-for-profit activities.
 - (7) Intangible drilling and development costs.
 - (8) Natural gas acquired for resale.
 - (i) Cushion gas.
 - (ii) Emergency gas.
 - (9) Research and experimental expenditures.
 - (10) Certain property that is substantially constructed.
 - (11) Certain property provided incident to services.
 - (i) In general.
 - (ii) Definition of services.
 - (iii) De minimis property provided incident to services.
 - (12) De minimis rule for certain producers with total indirect costs of \$200,000 or less.
 - (13) Exception for the origination of loans.
 - (c) General operation of section 263A.
 - (1) Allocations.
 - (2) Otherwise deductible.
 - (3) Capitalize.
 - (4) Recovery of capitalized costs.
 - (d) Definitions.
 - (1) Self-constructed assets.
 - (2) Section 471 costs.
 - (i) In general.