

IRS Creates Fast-Track Pilot Program for Corporate Private Letter Rulings

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The IRS in January released Rev. Proc. 2022-10, which establishes an 18-month pilot program to provide for fast-track processing of certain private letter ruling (PLR) requests solely or primarily under the jurisdiction of IRS Associate Chief Counsel (Corporate). Rev. Proc. 2022-10 modifies Rev. Proc. 2022-1, which includes the general procedures for PLR requests. If fast-track processing is granted, the IRS will try to complete request processing and issue the PLR within 12 weeks, unless a shorter or longer period is requested and granted. With PLR requests generally taking six to nine months from the time the IRS receives the request to the time the PLR is issued, the 12-week processing period is a welcome development. The pace at which most deals move generally forecloses the possibility of obtaining a PLR to facilitate the transaction due to the length of time it takes to receive a ruling.

Taxpayers requesting fast-track processing under Rev. Proc. 2022-10 must do the following:

- Request a pre-submission conference with the IRS during which the taxpayer should address both the substantive issues and the taxpayer's request for fast-track processing;
- Prior to the pre-submission conference, provide a statement setting forth the reasons for requesting fast-track processing, the processing period requested (if other than 12 weeks), any matters that could affect the feasibility of fast-track processing, and any issues under the jurisdiction of an office other than Associate Chief Counsel (Corporate) that are relevant to the transaction (including whether a ruling will be requested on such issues);
- Satisfy the otherwise applicable requirements for a PLR request under Rev. Proc. 2022-1 or other applicable revenue procedures, and state the following at the top of the first page of the written request: “Fast-Track Processing Is Requested under Revenue Procedure 2022-10”;
- Include in the written PLR request the information listed above for inclusion in the pre-submission conference statement, and state in the written request that the taxpayer agrees to provide any additional requested information within seven business days; and
- Provide a draft PLR that includes a legend of defined terms, a description of relevant facts, representations, requested rulings, and administrative matters.

Though Rev. Proc. 2022-10 sets forth factors that the IRS will consider in making the determination of whether fast-

track processing is feasible, the IRS notes that a request for fast-track processing generally will be granted if the letter ruling request is solely under the jurisdiction of Associate Chief Counsel (Corporate), and the taxpayer satisfies the requirements described above. Accordingly, a taxpayer does not need to have a good reason for requesting fast-track processing. However, if a request is primarily under the jurisdiction of Associate Chief Counsel (Corporate), but also includes a request for a ruling on an issue under the jurisdiction of another Associate office, fast-track processing will be granted only if the other Associate office with jurisdiction agrees to process the request in accordance with Rev. Proc. 2022-10. Fast-track processing is not available for requests for time extensions to make elections or other applications for relief under Treas. Reg. § 301.9100, which remain eligible for expedited handling under the general procedures of Rev. Proc. 2022-1.

The pilot program applies to PLR requests postmarked (or if not mailed, received by the IRS) after January 14, 2022. If a taxpayer previously submitted a PLR request that would otherwise fall within the pilot program, the taxpayer may request fast-track processing by agreeing to follow the procedures set forth in Rev. Proc. 2022-10, as adapted to the applicable situation. Unless extended, the program will expire on July 14, 2023, or earlier if a superseding revenue procedure is released. PLR requests postmarked (or if not mailed, received by the IRS) on or before July 14, 2023, will continue to be subject to Rev. Proc. 2022-10. The IRS may grant a request for fast-track processing made prior to the expiration of the pilot program for a PLR request postmarked (or if not mailed, received by the IRS) no later than three months after the expiration of the program.

Since the release of Rev. Proc. 2022-10, IRS officials have stated that other Associate offices are exploring possibilities for fast-track processing of other types of ruling requests. A successful pilot program by Associate Chief Counsel (Corporate) may pave the way for broader application of fast-track processing or other creative solutions to the log-jam of requests that have slowed PLR processing for many taxpayers, complicating tax return preparation and delaying the completion of certain transactions. A broadly applicable fast-track program, even if ultimately limited to simple or straight-forward tax issues, would be a welcome step forward in the ever-increasing collaborative environment between the IRS and taxpayers.

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