

## 2005 IDOR PRACTITIONERS' MEETING QUESTIONS AND ANSWERS

### Question:

**Over the past 2 ½ years, the IDOR legal division has a rather dismal record of responding to private letter ruling requests. In many instances, it has taken literally years for the Department to answer requests for private letter rulings, although lately it appears that the new General Counsel has made catching up with the private letter ruling backlog a priority. Would the Department explain how it views the priorities of the legal division in Springfield and where it views responding to private letter requests in the list of priorities?**

### Answer:

*We have adopted, within the last few months, a new process for reviewing and responding to PLR requests. We now have a PLR and Policy Committee consisting of a number of lawyers and auditors. Our purpose is to develop a thoughtful, consensus approach to identifying a clear legal policy on those issues worthy of being addressed through PLRs or GILs.*

*The Committee meets every four to six weeks to discuss thoroughly the issues raised by any such requests and to ensure that we have a consensus response. This approach has resulted in several conclusions: (1) Nexus inquiries are so factual intensive that they likely will not result in a PLR; (2) Highly complex transactions or business structures may not justify PLR letters because minor factual changes could well result in different tax treatment. Once a PLR is issued, however, there will be an assumption by both the taxpayer and our Audit unit that the tax treatment has been decided upon. Therefore, unless a taxpayer or its professional red flags all factual changes relevant to the PLR, errors in tax treatment may well occur. Issuing a PLR in such cases helps no one; (3) PLR and GIL requests may well point out an area of law which needs clarification, whether through legislation, rule or regulation. We may, therefore, conclude that a better way to deal with the issue addressed in the request is through legislation or rule. If so, we will so notify the requestor.*

*One of the goals of the PLR Committee is to push all requests through the process on a relatively expedited basis. This goal will, of course, be affected by the complexity of the request, the number of pending requests and the work loads of our lawyers.*

*We welcome any suggestions for further improvement.*