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Your check won't be good anymore once a short transition period ends.

Ken Berry • Jun. 08, 2017

At the beginning of the year, the IRS increased the fees that taxpayer must pay to obtain a private letter ruling. Now it says that you must pay Uncle Sam electronically. Your check won't be good anymore once a short transition period ends (IR-2017-102, 6/12/17).

A private letter ruling is a written determination issued to a taxpayer by IRS Chief Counsel in response to a written inquiry. It must be submitted before the taxpayer files a return relating to the issue or reporting for it is required under federal law. Generally, the ruling addresses the requester's status for tax purposes or the tax impact of certain acts or transactions.

Letter rulings and similar rulings from the IRS interpret the tax laws and apply them to a specific set of facts. Although such rulings technically affect only the taxpayer requesting the determination, it is indicative of how the IRS would react in a similar situation.

In Revenue Procedure 2017-1, the first IRS pronouncement of the year, the agency raised the user fees for private letter rulings, effective February 1. The amount of the fee for individual taxpayers depends on their gross income.

- The fee for taxpayers with gross income of under \$250,000 is increased 9 percent from \$2,200 to \$2,400.
- The fee for taxpayers with gross income greater than \$250,000 and less than \$1 million increases 17 percent from \$6,500 to \$7,600.

- The fee for taxpayers with gross income of \$1 million increases 2 percent from

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payments by check or money order.

During a two-month transition period of June 15 to August 15, requesters can choose to make user fee payments either through Pay.gov or by check or money order. After August 15, Pay.gov will become the only permissible payment method.

To submit a user fee, visit www.pay.gov and use the IRS Chief Counsel User Fees (or Supplemental User Fees) for Form 1128, Form 2553, Form 3115, Form 8716, Private Letter Rulings and Closing Agreements form. The IRS instructs taxpayers that this form can be found by entering "IRS Chief Counsel User Fees" in the "Search the Forms" box or by clicking on the "Agency List" link under "What Federal Agencies Can I Pay?" and choosing Internal Revenue Service.

Once payment is made, print a copy of the completed form and the receipt and include these with the letter ruling request. Then submit the complete package by mail or hand delivery to:

Internal Revenue Service

CC:PA:LPD:DRU

P.O. Box 7604

Ben Franklin Station

Washington, DC 20044;

or

Hand deliver, or if using a private courier service, to:

Internal Revenue Service

CC:PA:LPD:DRU

1111 Constitution Avenue, NW

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