

## Part III

### Administrative, Procedural, and Miscellaneous

26 CFR 601.201: Rulings and determination letters.  
(Also Part I, § 29.)

Rev. Proc. 2000-47

#### SECTION 1. PURPOSE

This revenue procedure amplifies Rev. Proc. 2000-3, 2000-1 I.R.B. 103, which sets forth areas of the Internal Revenue Code in which the Internal Revenue Service will not issue advance rulings or determination letters.

#### SECTION 2. BACKGROUND

Section 5 of Rev. Proc. 2000-3 sets forth those areas under extensive study in which rulings or determination letters will not be issued until the Service resolves the issue through publication of a revenue ruling, revenue procedure, regulations, or otherwise.

The purpose of § 29 of the Internal Revenue Code is to reduce United States dependence on imported energy. S. Rep. No. 394, 96<sup>th</sup> Cong., 1<sup>st</sup> Sess. 87 (1979), 1980-3 C.B. 131, 205.

Section 29 provides a credit against income tax for the production and sale of "qualified fuels" produced from a nonconventional source. Section 29(c)(1)(C) provides that qualified fuels include liquid, gaseous, or solid synthetic fuels produced from coal (including lignite).

Rev. Rul. 86-100, 1986-2 C.B. 3, adopts for purposes of § 29(c)(1)(C) the definition of synthetic fuel in § 1.48-9(c)(5) of the Income Tax Regulations because of the similar purpose and language of § 29 and former § 48(l) of the Internal Revenue Code of 1954. Section 1.48-9(c)(5)(ii) provides that, to be "synthetic," a fuel must differ significantly in chemical composition, as opposed to physical composition, from the substance used to produce it.

The Service has issued a number of rulings that allow taxpayers to claim the § 29 credit with respect to coke and solid fuels produced from waste coal and coal fines. Concern has been raised that taxpayers are also claiming the § 29 credit for processing coal in other ways that may not have been intended by the Congress. The Treasury Department and the Service are seeking information concerning the processes currently used in producing solid fuel for which the credit is claimed.

### SECTION 3. PROCEDURE

Rev. Proc. 2000-3 is amplified by adding the following to section 5:

Section 29.--Credit for Production and Sale of Qualified Fuels.--Whether a solid fuel other than coke or a fuel produced from waste coal is a qualified fuel under § 29(c)(1)(C). Waste coal for this purpose is limited to waste coal fines from normal mining and crushing operations and does not include fines produced (for example, by crushing run-of-mine coal) for the purpose of claiming the credit.

### SECTION 4. EFFECTIVE DATE

This revenue procedure applies to all ruling requests, including any pending in the national office and any submitted after the date of publication of this revenue procedure. Taxpayers that have pending ruling requests involving

solid fuel other than coke but whose ruling requests do not indicate that the fuel is produced from waste coal fines may modify their ruling requests if they meet the standard described in section 3 of this revenue procedure so that the Service may continue to consider their requests.

## SECTION 5. EFFECT ON OTHER DOCUMENTS

Rev. Proc. 2000-3 is amplified.

## SECTION 6. REQUEST FOR COMMENTS

The Service requests comments concerning this revenue procedure and the standard to be applied in determining whether fuel produced from coal is a solid synthetic fuel. In particular, the Service requests comments on whether significant chemical change is an appropriate test and, if so, what constitutes such a change. The Service also requests comments on whether, in the case of solid fuels other than coke, additional or alternative tests are needed. Comments are specifically requested with respect to the following: (1) should the § 29 credit for solid synthetic fuel under § 29(c)(1)(C) be allowed only where domestic energy production is increased; (2) under what circumstances should the § 29 credit for solid synthetic fuel under § 29(c)(1)(C) be allowed with respect to fuel produced from waste coal and coal fines; and (3) must a solid synthetic fuel have a market value that is significantly greater than the market value of the coal and any additives from which it is produced.

To facilitate speedy resolution, the Service requests that comments be submitted by November 27, 2000. An original and eight copies of written comments should be mailed to:

Internal Revenue Service  
Attn: CC:MSP:R (Rev. Proc. 2000-47)  
Room 5228 (PSI:Br6)  
PO Box 7604  
Ben Franklin Station  
Washington, DC 20044

or hand delivered between the hours of 8:00 a.m. and 5:00 p.m. to:

Courier's Desk  
Internal Revenue Service  
Attn: CC:MSP:R (Rev. Proc. 2000-47)  
Room 5228 (PSI:Br6)  
1111 Constitution Avenue, NW  
Washington, DC

In addition, comments may be submitted electronically at:

[joel.s.rutstein@m1.irs counsel.treas.gov](mailto:joel.s.rutstein@m1.irs counsel.treas.gov).

#### DRAFTING INFORMATION

The principal author of this revenue procedure is David McDonnell of the Office of Associate Chief Counsel (Passthroughs and Special Industries). However, other personnel from the IRS and Treasury participated in its development. For further information regarding this revenue procedure contact Mr. McDonnell on (202) 622-3110 (not a toll-free call).