FAX COVER SHEET

INTERNAL REVENUE SERVICE

OFFICE OF ASSOCIATE CHIEF COUNSEL
(INCOME TAX & ACCOUNTING)
1111 Constitution Ave., NW
Room 4052
Washington, DC 20224
(202) 622-4930
FAX: (202) 622-6316

Date Sent:	September 30, 2013	[redacted]
Deliver To:	[redacted]	[redacted]
Organization:	[redacted]	[redacted]
Sender:	[redacted]	[redacted]
Office:	CC:ITA:7	[redacted]
Sent by:	[redacted]	[redacted]

[redacted]

COMMENTS:

This Private Letter Ruling was issued by the Internal Revenue Service on August 23, 2013 stating that the Green "Zip Tape" partition is 5-year recovery property for depreciation purposes. The Ruling states, in part,

- "the zip type partitions are tangible personal property for depreciation purposes"
- "zip type partitions in the Owned Property and Leased Property are includible in asset class 57.0 of Rev Proc 87-56 for purposes of section 168"
- "conventional drywall partitions installed within the Owned Property and Leased Property are classified as nonresidential real property under section 168(e)(2)(B)"
- The Ruling specifically distinguishes Green 'zip type partition' technology from other technology.
- The Ruling applies based on the Taxpayer's representation that the walls are not inherently permanent as illustrated in Exhibit A & B.

For questions about this Private Letter Ruling or Green Zip Tape Partitions contact www.Green-Zip.com, or FrankLittle@Green-Zip.com We have added emphasis with color, and comments in brackets to aid executive summary review.

Internal Revenue Service

Department of the Treasury

Washington, DC 20224

[redacted]

Person to Contact:
[redacted]

Telephone Number:
[redacted]

Refer Reply To:
CC:ITA:7 – PLR-110197-13

Date:
September 30, 2013

Re: [redacted]
Private Letter Ruling Request

Dear Mr. [redacted]

The enclosed copy of a letter is sent to you under the provisions of a power of attorney and declaration of representative, or other proper authorization, currently on file with the Internal Revenue Service.

Sincerely,

[redacted]

[redacted]
Branch Chief, Branch 7
Office of Associate Chief Counsel
(Income Tax and Accounting)

Enclosure:
Copy of letter

Internal Revenue Service

Department of the Treasury
Washington, DC 20224

Index Number: 168.20-00

Third Party Communication: None
Date of Communication: Not Applicable

[redacted]

Person To Contact:
[redacted]
1000219282
Telephone Number:
[redacted]
Refer Reply To:
CC:ITA:B07
PLR-110197-13
Date:
August 23, 2013

Re: Request for Private Letter Ruling for Asset Classification under Section 168

Legend

Taxpayer = [redacted] (SSN: [redacted])
City = [redacted]
Date = [redacted]
Year = 2013
x = [redacted]
y = [redacted]

Dear Mr. [redacted]:

This letter responds to a letter dated February 27, 2013, and supplemental information dated June 24, 2013, submitted by Taxpayer requesting a ruling regarding the classification of certain interior, non-load bearing partitions for purposes of § 168 of the Internal Revenue Code.

FACTS

Taxpayer represents that the facts are as follows:

Taxpayer is an individual that uses the cash method of accounting and files his federal income tax returns on a calendar-year basis. Taxpayer's business activities[1] are that of a wholesale, retail, and leasing distributor of lighting and construction related products with associated administrative activities and professional engineering services, and a lessor of building space and the use of certain improvements.

Taxpayer plans to own a building with certain improvements containing approximately x square feet located in City (the "Owned Property"). This building is a rectangular two story facility with an entry lobby and central corridor in the middle of the long side of the rectangular building. The central corridor runs from the front parking lot to the rear parking lot and connects an elevator tower on the front of the building with an

[Footnote 1: This Private Letter Ruling declares Taxpayer's Business Activities are Asset Class 57.0; "Asset Class 57.0 encompasses a large number of taxpayers" (CCH U.S. Master Depreciation Guide) including Lessors of space in buildings (refer page 7 this Ruling). Exhibit C to this Ruling lists many 57.0 activities.]

enclosed fire stair tower on the rear to the building. Two additional exit fire stairs occur one at each end of the building along the short sides of the rectangle. Public restrooms and mechanical rooms feed off the central corridor.

Taxpayer anticipates initially occupying the Owned Property for use in its business. Further, Taxpayer is contemplating leasing a portion of, or all of, the Owned Property space with certain improvements to another party. Taxpayer anticipates to lease the Owned Property to the general public.

Further, Taxpayer leases from a third party approximately y square feet of space in a building in City (the "Leased Property"). Taxpayer has plans in place to remodel the Leased Property, including adding and paying for certain improvements. Taxpayer anticipates initially occupying the Leased Property for use in its business. Further, Taxpayer is contemplating sub-leasing all or a portion of Taxpayer's Leased Property to a sub-lessee. Taxpayer anticipates to sub-lease the Leased Property to the general public.

In completing the finish out of the Owned Property and in completing the remodeling and finish out of the Leased Property, Taxpayer anticipates purchasing, paying for, and depreciating two types of interior non-load bearing drywall partition systems: (i) a zip type drywall partition system and (ii) a conventional drywall partition system. Taxpayer will place in service both types of partition systems during the taxable year ending Date (the Year taxable year).

The zip type drywall partition system consists of the zip type partition elements that include zip type drywall partitions (i.e., removable/reusable gypsum drywall panels finished and painted), removable zip tape and joint compound, removable/reusable studs and tracks, and removable/reusable screws, and the zip type partition attachments that include removable/reusable panel coverings, removable/reusable base and crown trim, removable/reusable integral door units, removable/reusable internal utilities, removable/reusable integral glazing, and removable/reusable cabinets on the zip type drywall partitions. The zip type partition uses a releasable adhesive on the zip tape over the panel joint. Unlike other drywall joint tapes, a person can zip the zip tape up without the tape breaking even after the joint compound has significantly cured. When zipped up, the zip tape removes the joint compound that covers it and then exposes the screws under the zip tape in a manner that allows screw removal and then disassembly of the zip type partition for removal and re-use. A pull tab is on the zip tape to alert remodel contractors that this joint tape is the type that can be zipped up for disassembly of the partition.

The zip type partition is designed and constructed to be movable. It can be readily removed and can remain in substantially the same condition after removal as before, or it can be moved and reused, stored, donated, or sold in its entirety. Removal of the zip type partition does not cause any substantial damage to the zip type partition itself or to the building. Taxpayer anticipates that the zip type partitions may need to be

moved in order to accommodate the associated reconfigurations of the interior space within the Owned Property and Leased Property.

The conventional drywall partition system includes gypsum board partitions, studs, joint tape, and covering joint compound. The joint tape cannot be removed without breaking after the joint compound has had time to significantly cure. The removal of the joint tape and a conventional drywall partition can be easily accomplished only by demolition of the partitions. Disassembly or deconstruction of a conventional drywall partition in a manner that provides for easy reuse is not practical because the screws are beneath the non-removable joint tape and the covering joint compound.

The conventional drywall cannot be easily removed and cannot remain in substantially the same condition after removal as before, or it cannot be moved and reused, stored, donated, or sold in its entirety. Removal of the conventional drywall partition causes substantial damage to the partition itself but does not cause substantial damage to the building. Taxpayer anticipates installing conventional drywall partitions within the Owned Property and Leased Property in locations not subject to expansion, contraction, or reconfiguration.

Taxpayer also represents the following:

1. The zip type partitions to be placed in service during the Year taxable year are not inherently permanent structures under the factors described in Whiteco Industries, Inc. v. Commissioner, 65 T.C. 664, 672-673 (1975). [**Refer to Exhibit A and B**]

2. The conventional drywall partitions to be placed in service during the Year taxable year are inherently permanent structures under the factors described in Whiteco Industries.

RULINGS REQUESTED

Taxpayer requests the following rulings:

1. Taxpayer's zip type partitions installed within the Owned Property and Leased Property are included in asset class 57.0, Distributive Trades and Services, of Rev. Proc. 87-56, 1987-2 C.B. 674, as clarified and modified by Rev. Proc. 88-22, 1988-1 C.B. 785, for purposes of § 168.

2. Taxpayer's conventional drywall partitions installed within the Owned Property and Leased Property are classified as nonresidential real property under § 168(e)(2)(B).

LAW AND ANALYSIS

Section 167(a) provides a depreciation allowance for the exhaustion, wear and tear (including a reasonable allowance for obsolescence) of property used in a trade or business or held for the production of income.

The depreciation deduction provided by § 167(a) for tangible property placed in service after 1986 generally is determined under § 168. This section describes two methods of accounting for determining depreciation allowances: (1) the general depreciation system in § 168(a); and (2) the alternative depreciation system in § 168(g). Under either depreciation system, the depreciation deduction is computed by using a prescribed depreciation method, recovery period, and convention.

For purposes of § 168(a) or 168(g), the applicable recovery period is determined by reference to class life or by statute. Section 168(i)(1) provides that the term "class life" means the class life (if any) that would be applicable with respect to any property as of January 1, 1986, under § 167(m) (determined without regard to § 167(m)(4) and as if the taxpayer had made an election under § 167(m)) as in effect on the day before the date of enactment of the Revenue Reconciliation Act of 1990. Prior to its revocation, § 167(m) provided that in the case of a taxpayer who elected the asset depreciation range system of depreciation, the depreciation deduction was based on the class life prescribed by the Secretary which reasonably reflects the anticipated useful life of that class of property to the industry or other group.

Section 1.167(a)-11(b)(4)(iii)(b) of the Income Tax Regulations sets out the rules for asset classification under former § 167(m). Property is included in the asset guideline class for the activity in which the property is primarily used. Property is classified according to primary use even though the activity in which such property is primarily used is insubstantial in relation to all the taxpayer's activities.

Section 1.167(a)-11(e)(3)(iii) provides that in the case of a lessor of property, unless[2] there is an asset guideline class in effect for lessors of such property, the asset guideline class for such property shall be determined as if the property were owned by the lessee. However, in the case of an asset guideline class based upon the type of property (such as trucks or railroad cars) as distinguished from the activity in which used, the property shall be classified without regard to the activity of the lessee.

Rev. Proc. 87-56 sets forth the class lives of property subject to depreciation under § 168. The revenue procedure establishes two broad categories of depreciable assets: (1) asset classes 00.11 through 00.4 that consist of specific assets used in all business activities; and (2) asset classes 01.1 through 80.0 that consist of assets used in specific business activities. The same depreciable asset can be described in both an asset category (that is, asset classes 00.11 through 00.4) and an activity category (that is, asset classes 01.1 through 80.0), in which case the item is classified in the asset category. See Norwest Corporation & Subsidiaries v. Commissioner, 111 T.C. 105 (1998) (item described in both an asset and an activity category (furniture and fixtures) is placed in the asset category).

[Footnote 2: "lessors of building space and use of certain improvements" do fall into an asset guideline class (Asset Class 57.0), specifically as declared in this Ruling (page 1 & 7); therefore, lessee's activity is not determinative for "lessors of building space and certain improvements." Refer to Rev. Proc. 87-56; and to Exhibit C to this Ruling.]

Asset class 57.0, Distributive Trades and Services[3], of Rev. Proc. 87-56 includes assets used in wholesale and retail trade, and personal and professional services. Asset class 57.0 also includes § 1245 assets used in marketing petroleum and petroleum products. Assets in this class have a recovery period of 5 years for purposes of § 168(a) and 9 years for purposes of § 168(g). [Refer to Exhibit C]

Section 168(e)(2)(B) defines the term "nonresidential real property" as meaning section 1250 property that is not residential rental property (as defined in § 168(e)(2)(A)), or property with a class life of less than 27.5 years. Nonresidential real property has a recovery period of 39 years for purposes of § 168(a) and 40 years for purposes of § 168(g).

Section 168(i)(12) defines the terms "section 1245 property" and "section 1250 property" as having the meanings given such terms by §§ 1245(a)(3) and 1250(c), respectively.

Section 1245(a)(3) defines the term "section 1245 property" as meaning any property that is or has been property of a character subject to the allowance for depreciation provided in § 167 and is either personal property or certain other property described within § 1245(a)(3)(B) through (F). See also § 1.1245-3(a). Section 1.1245-3(b) defines "personal property" as meaning tangible personal property as defined in § 1.48-1(c) (relating to the definition of "section 38 property" for purposes of the investment tax credit) and intangible personal property. Section 1.48-1(c) provides that "tangible personal property" means any tangible property except land and improvements thereto, such as buildings or other inherently structures (including items that are structural components of such buildings or structures).

Section 1250(c) defines the term "section 1250 property" as meaning any real property (other than section 1245 property, as defined in § 1245(a)(3)) that is or has been property of a character subject to the allowance for depreciation provided in § 167. See also § 1.1250-1(e)(1). Section 1.1250-1(e)(3) defines "real property" as meaning any property that is not personal property within the meaning of § 1.1245-3(b) and also provides that section 1250 property includes, among other things, a building or its structural components within the meaning of § 1.1245-3(c). Pursuant to § 1.1245-3(c)(2), the terms "building" and "structural components" have the meanings assigned to those terms in § 1.48-1(e).

Section 1.48-1(e)(2) defines the term "structural components" as including such parts of a building as walls, partitions, floors, and ceilings, as well as any permanent coverings therefore such as paneling or tiling; windows and doors; . . . plumbing and plumbing fixtures, such as sinks and bathtubs; electric wiring and lighting fixtures; . . . sprinkler systems; . . . and other components relating to the operation or maintenance of a building.

[Footnote 3: "Asset Class 57.0 encompasses a large number of taxpayers" (CCH U.S. Master Depreciation Guide) including lessors of space in buildings (page 7 of this Ruling). Refer to Exhibit C to this Ruling.]

The Senate Finance Committee, in S. Rept. No. 95-1263 (1978), 1978-3 C.B. 321, 415, issued in connection with the enactment of the Revenue Act of 1978, Pub. L. 95-600, 92 Stat. 2767, stated the following:

In addition, the committee wishes to clarify present law by stating that tangible personal property already eligible for the investment tax credit includes special lighting (including lighting to illuminate the exterior of a building or store, but not lighting to illuminate parking areas), false balconies and other exterior ornamentation that have no more than an incidental relationship to the operation or maintenance of a building . . . Similarly, . . . movable and removable partitions . . . are considered tangible personal and not structural components. Consequently, under existing law, this property is already eligible for the investment tax credit.

Rev. Rul. 75-178, 1975-1 C.B. 9, provides that the classification of property, such as movable partitions, as "personal" or "inherently permanent" should be made on the basis of the manner of attachment to the land or the structure and how permanently the property is designed to remain in place. This determination of permanency of the property, that is, whether the property in question is inherently permanent, is made by applying the factors set forth in Whiteco Industries, Inc. v. Commissioner, 65 T.C. 664, 672-673 (1975), acq., 1980-1 C.B. 1. No one factor is decisive. See JFM, Inc. and Subsidiaries v. Commissioner, T.C. Memo. 1994-239.

The Whiteco factors are: (1) Is the property capable of being moved, and has it in fact been moved? (2) Is the property designed or constructed to remain permanently in place? (3) Are there circumstances that tend to show the expected or intended length of affixation, that is, are there circumstances that show the property may or will have to be moved? (4) How substantial a job is removal of the property, and how time-consuming is it? (5) How much damage will the property sustain upon its removal? (6) What is the manner of affixation of the property to the land? [Refer to Exhibit B]

The depreciation classification of Taxpayer's zip type partitions and conventional drywall partitions depends on whether the partitions are inherently permanent structures. This determination is made by the application of the Whiteco factors.

Zip type partitions

Taxpayer represents that the zip type partitions to be placed in service during the Year taxable year are not inherently permanent structures under the factors described in Whiteco Industries. This representation is a material representation. Based solely on this representation, we conclude that the zip type partitions are tangible personal property for depreciation purposes. [Refer to Exhibit A and B]

During the Year taxable year, Taxpayer will place in service zip type partitions in buildings comprising the Owned Property and the Leased Property. Taxpayer anticipates initially occupying the entire Owned Property and Leased Property for use in

its business. Taxpayer represents that its business activity is that of a wholesale, retail, and leasing distributor of lighting and construction related products with associated administrative activities and professional engineering services. Asset class 57.0 includes these business activities. Accordingly, the zip type partitions in the Owned Property and Leased Property are includible in asset class 57.0 when Taxpayer occupies the Owned Property and Leased Property for use in its business activity.

However, Taxpayer is contemplating leasing a portion of, or all of, the Owned Property space to another party. Further, Taxpayer is contemplating sub-leasing all or a portion of Taxpayer's Leased Property to a sub-lessee. Accordingly, the depreciation classification of the zip type partitions when used by the lessee(s) of the Owned Property or the sub-lessee(s) of the Leased Property depends upon the business activity of such lessee(s) or sub-lessee(s). See § 1.167(a)-11(e)(3)(iii)[exceptions, page 4]

Taxpayer anticipates to lease the Owned Property and to sub-lease the Leased Property to the general public. The business activity of leasing space in buildings to the general public is described in asset class 57.0 of Rev. Proc. 87-56. Accordingly, the zip type partitions in the Owned Property and Leased Property are includible in asset class 57.0 when Taxpayer leases the Owned Property and sub-leases the Leased Property to the general public.

Conventional drywall partitions

Taxpayer represents that the conventional drywall partitions to be placed in service during the Year taxable year are inherently permanent structures under the factors described in Whiteco Industries. This representation is a material representation. Based solely on this representation, we conclude that the conventional drywall partitions are structural components of the buildings comprising the Owned Property and Leased Property and, therefore, are classified as nonresidential real property under § 168(e)(2)(B).

CONCLUSIONS

Based solely on the facts and representations submitted, we conclude that:

1. Taxpayer's zip type partitions installed within the Owned Property and Leased Property are included in asset class 57.0 of Rev. Proc. 87-56 for purposes of § 168.

2. Taxpayer's conventional drywall partitions installed within the Owned Property and Leased Property are classified as nonresidential real property under § 168(e)(2)(B).

The rulings contained in this letter are based upon information and representations submitted by Taxpayer and accompanied by a penalty of perjury statement executed by an appropriate party. While this office has not verified any of the

material submitted in support of the request for rulings, it is subject to verification on examination.

Except as expressly provided herein, no opinion is expressed or implied concerning the tax consequences of any aspect of any transaction or item discussed or referenced in this letter under any other provisions of the Code. Moreover, no opinion is expressed or implied as to: (i) whether Taxpayer's zip type partitions are not inherently permanent structures under the factors described in Whiteco Industries Inc.; (ii) whether Taxpayer's conventional drywall partitions are inherently permanent structures under the factors described in Whiteco Industries Inc.; (iii) whether Taxpayer has a depreciable interest in the zip type partitions or the conventional drywall partitions; or (iv) the proper asset class in Rev. Proc. 87-56 for the zip type partitions if Taxpayer leases the Owned Property or sub-leases the Leased Property to persons engaged primarily in one business activity.

This letter ruling is directed only to the taxpayer requesting it. Section 6110(k)(3) provides that it may not be used or cited as precedent.

In accordance with the power of attorney on file with this office, we are sending a copy of this letter ruling to Taxpayer's authorized representative. We also are sending a copy of this letter ruling to the appropriate operating division director.

Sincerely,

[redacted]

[redacted]
Branch Chief, Branch 7
Office of Associate Chief Counsel
(Income Tax & Accounting)

Enclosures (2):
copy of this letter
copy of section 6110 purposes

cc: [redacted], Esq.
[redacted], LLP
[redacted]

Internal Revenue Service
Attn: PSP
1100 Commerce State
MS 4030 DAL
Dallas, TX 75242

Movable Partition using Green "Zip Tape" **page 1, PLR Exhibit A**

(also refer to video at www.Green-Zip.com)

Install: Step 1. Attach drywall to metal studs with removable screws at panel edges as specified

Install: Step 2A. Omit under layer of joint compound
Install: Step 2B. Apply self-adhesive Green Zip Tape directly over Screws & Joint as shown above.

Install: Step 3. Float the finish Coat of mud compound over the Green Zip Tape

Install: Step 4. Leave a "tab" at the end of the Green Zip Tape un-floated; & covered by carpet or folded under base

Movable Partition using Green "Zip Tape" **page 2, PLR Exhibit A**

Disassemble: Step 1.
Remove Wall Base to expose the "pull-tab" that was left un-floated

Disassemble: Step 2.
Grasp the "pull-tab" at the floor and zip up the Green Zip Tape

Disassemble: Step 3.
zip up the
Green Zip Tape
to expose the screws

Disassemble: Step 4.
Remove the screws...

Disassemble: Step 5
Remove the panels and stack on cart for reuse.

Disassemble: Step 6
Remove the studs and stack on cart for reuse.

Green 'Zip Tape' Partition (ZT) Facts Related to Private Letter Ruling (PLR) **Exhibit B**
Permanent Property Test / Whiteco Industries Factors

The standard to determine if a property is inherently **permanent** real property **or** **movable / removable** personal property has become the Six Whiteco Industries factors. This is affirmed in the PLR wherein it states "No one factor is decisive."

Six Factors: [Refer also to CCH U.S. Master Depreciation Guide; Cost Segregation: ¶127 & ¶127C]

1. Is the property *capable* of being moved and in fact has it been moved?
YES. First the U.S. Patent and Trademark Office attests to the fact the technology works—the partition system is capable of being and it is easily disassembled and moved. Additionally, refer to the Video at www.Green-Zip.com and Exhibit A which demonstrates ZT can be moved and, together with the manufacturer's list of example clients, proves that it has in fact been moved.
2. Is the property *designed or constructed* to remain permanently in place?
NO. Refer to Patents, Video and Exhibit A that demonstrates the partition system is not "designed or constructed" to remain permanently in place; further it is designed to be moved.
3. Are there circumstances which tend to show the expected or intended length of affixation, that is, are there *circumstances* which show the property ***may*** or will need to be moved?

YES, **Common Circumstances**, that apply to virtually all projects, and show the partition system *may* need to eventually be moved include: sale of the building, subleasing, work flow change, reaction to dynamic economy caused company growth or downsizing, building code changes similar to the American Disabilities Act & Executive Order #13514 requiring diversion from landfills, philanthropic agreements with Habitat for Humanity to receive donated ZT walls and reuse them in exchange for a charitable tax deduction are standard procedure with all projects, etc. For **office** use, in addition to the above, a change "*may*" occur in space allocation standards for employee grade levels to remain competitive with other companies, etc. For **medical** use, in addition to the above, according to Brasfield Gorrie General Contractors for HCA, and others, medical facility historical circumstances show partitions "*may*" need to be moved and in fact have been reconfigured (often conventional drywall demolished and rebuilt) in significant numbers. For **apartment**, **hotel** or **condo** use, in addition to the above, historical circumstance show the Taxpayer "*may"* convert the apartment to a condo or hotel (or vice versa) change the unit size; or ratio of 1 to 2 or 3 bedroom units.

Whiteco asks "may…be moved"; similarly, the IRS's Audit Technique Guide asks "can it be" moved, not "will" it be.

The subjective "length of affixation" is not a prescribed time; however, the courts have given us some much needed insight. For example in PDV America Inc. vs. Commissioner it states that even though the asset may exist (and have existed) on location for 60 to 70 years without being moved the courts stated "We [the court] do not think that petitioner could realistically expect the [asset] to remain permanently." The issue then turned on all the other Whiteco factors.
4. How substantial a job is removal of the property and how time consuming is it?
Is it *readily movable*? **YES,** Refer to Video and Exhibit A.
5. How much damage will the property sustain upon its removal?
Virtually none. Refer to Video & Exhibit A. The question assumes there will be some damage by asking "how much", while the courts and Audit Technique Guide use words like "substantial" and "significant".
6. What is the *manner of affixation* of the property to the land? **Removable**: Refer Video & Exhibit A.

Business Activity: Law related to Green 'Zip Tape' Partition Private Letter Ruling **Exhibit C**

Rev. Proc. 87-56 Recovery Period: Table B-2, Business Activity Asset Class 57.0 Distributive Trades and Services: Asset Class 57.0 Distributive Trades and Services of Rev. Proc. 87-56 (Table B-2) describes "assets used in distributive trades and services, including assets used in wholesale and retail trade and personal and professional services and assets used in marketing petroleum and petroleum products" as Asset Class 57.0 Distributive Trades and Services. Such assets have a 9-year class life and are depreciable over 5 years. "**Asset Class 57.0 encompasses a large number of taxpayers**" according to CCH *U.S. Master Depreciation Guide* (¶ 104). Many businesses are included as Distributive Trade or Service activity Asset Class 57.0: Examples of personal and professional services are not specifically set forth in the description for Asset Class 57.0 contained in Rev. Proc. 87-56. However, Rev. Proc. 77-10 (1977-1 CB 548), which provided class lives for purposes of the CLADR depreciation system, listed some examples of personal and professional services included within this classification. While this revenue procedure and deprecation system were replaced in 1986 with the ACRS and MACRS depreciation systems, it is the position of the IRS (confirmed by CCH) that the descriptions of *Wholesale and Retail Sales* and *Personal and Professional Service* activities within Rev. Proc. 77-10 are relevant and applicable. **Examples of *personal service* business** cited by Rev. Proc. 77-10 specifically included hotels and motels, laundry and dry cleaning establishments, beauty and barber shops, photographic studios and mortuaries. The IRS has also ruled that owners of residential rental property are considered engaged in a personal service activity (Announcement 99-82, 1999-2 C.B. 244). **Examples of *professional service*** cited by Rev. Proc. 77-10 included services offered by doctors [in hospitals as in HCA, clinics, nursing homes], dentists, lawyers, accountants, architects, engineers, [including bankers (CCH ¶191, 2010 pg 481) and teachers in schools] and veterinarians. Additional examples of professional service business cited by Rev. Proc. 77-10 include assets used in the provision of repair and maintenance services [such as building maintenance and leasing], assets used in providing fire and burglary protection services as well as equipment or facilities used by a cemetery organization, news agency, teletype wire service, and frozen food lockers. Lessors of space in buildings and improvements (PLR -110197-13 page 1 and specifically page 7). **Examples of *Wholesale and Retail Trade*** in Rev. Proc. 77-10 includes activities of purchasing, assembling, storing, grading, and selling goods at the wholesale or retail level. Specific examples are restaurants, cafes, coin operated dispensing machines, and the brokerage of items like scrap metal. **Examples of *Petroleum Asset 57.0*** includes assets used in marketing petroleum and petroleum products. **Further,** According to Rev. Rul. 95-52 1995-2 CB 27, where a taxpayer is a lessor renting or leasing consumer durables, that are not pursuant to a rent-to-own contract, Taxpayer is engaged in Asset Class 57.0 business activity.

Rev. Proc. 87-56 Recovery Period: Table B-1, Business Activity Asset Class 00.11 Office Furniture, Fixtures, and Equipment lists "desks, files, safes, and communication equipment". Because movable partitions are not specifically listed in Table B-1, Table B-2 governs.