§ 7.48–3 Election to apply the amendments made by sections 804 (a) and (b) of the Tax Reform Act of 1976 to property described in section 50(a) of the Code.

(a) General rule. Under section 804(e)(2) of the Tax Reform Act of 1976 (90 Stat. 1596), taxpayers may elect to apply the amendments made by section 804 (a) and (b) of the Act to movie and television films that are property described in section 50(a) of the Code and that were placed in service in taxable years beginning before January 1, 1975.

(b) Time for and manner of making election—(1) Time for making election. The election under section 804(e)(2) of the Act must be made not later than October 4, 1977.

(2) Manner of making election. The election under section 804(e)(2) shall be made by applying the same rules applicable under section 804(c)(2) as described in § 7.48–2(b)(2), (3), and (4) except that § 7.48–2(b)(2)(vi) shall be read to require a statement that the taxpayer is making an election under section 804(e)(2) of the Act, and §7.48–2(b)(2)(vi) shall not apply. An election properly made under section 804(e)(2) of the Act may not be revoked after October 4, 1977.

(§ 7.48–2(b), Tax Reform Act of 1976 (90 Stat. 1596))

[T.D. 7509, 42 FR 47828, Sept. 22, 1977]

§ 7.57(d)–1 Election with respect to straight line recovery of intangibles.

(a) Purpose. This section prescribes rules for making the election permitted under section 57(d)(2), as added by the Tax Reform Act of 1976. Under this election taxpayers may use cost depletion to compute straight line recovery of intangibles.

(b) Election. The election under section 57(d) is subject to the following rules:

(1) The election is made within the time prescribed by law (including extensions thereof) for filing the return for the taxable year in which the intangible drilling costs are paid or incurred or, if later, by July 25, 1978.

(2) The election is made separately for each well. Thus, a taxpayer may make the election for only some of his or her wells.