



MORATORIUM ON MLP PRIVATE LETTER RULINGS TO END IMMEDIATELY

Through our contacts with the various lobbying groups for Master Limited Partnerships (MLPs) in Washington D.C., Thompson & Knight's Energy and Tax Practice Groups learned this afternoon that, effective as of today, the IRS ceased its no-rule policy on private letter rulings (PLRs) regarding what constitutes "qualifying income" under Section 7704(d)(1)(E) of the Code. Accordingly, it is our understanding that PLR requests that have been in limbo since the moratorium first was announced in April 2014, now will be processed on a first-filed, first-serve basis. Likewise, new PLR requests will be processed as submitted. For a brief background about the prior PLR "pause," please see [here](#).

In addition, the IRS expects to "soon" issue proposed regulations addressing the types of services and activities that constitute qualifying income under Section 7704(d)(1)(E). The regulations generally are expected to provide uniform guidelines to ensure consistency of PLRs going forward and to provide broader guidance that may obviate the need for PLRs in certain circumstances. Once the proposed regulations are issued, it is expected the IRS will solicit and consider comments prior to their finalization. In instances where PLRs have been issued that may not meet the standards set forth in the final regulations, it is also our understanding that the IRS will provide reasonable transition rules and relief.

For now, this announcement raises as many questions as it answers. Nevertheless, the announcement should come as welcome news for taxpayers desirous of obtaining PLRs for novel sources of qualifying income. As we hear more from our sources in Washington D.C., we will provide additional alerts. For further information on this subject, please contact the Thompson & Knight attorney with whom you regularly work or any of the following tax attorneys.

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