

**REVENUE PROCEDURE 2003-25:
TAX SHELTER REPORTING REQUIREMENTS**

Rev. Proc. 2003-25 (February 28, 2003) provides that certain book/tax differences are not taken into account in determining whether a transaction is a reportable transaction for purposes of the tax shelter reporting/disclosure rules under Section 1.6011-4. The Rev. Proc. specifically excludes any transactions structured under Section 1031 if the Taxpayer fully complies with the filing and reporting requirements for this section, including any requirement in the Regulations or in any IRS forms.

The tax shelter reporting Regulations define specific transaction types that require further disclosure and are deemed reportable transactions. Transactions with “significant book/tax differences” are one of six categories of reportable transactions. The transaction has a significant book/tax difference where the amount of any gain or income for tax purposes differs, on a gross basis by more than \$10 million from the amount of gain or income for book purposes in any taxable year.

In exchange for IRC Section 1031 transactions making the “angel list” of transactions that don’t require further disclosure, it was agreed that modifications would be made to IRS Form 8824 in an attempt to limit abuse of the Section and increase compliance.

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