



COMMISSIONER

DEPARTMENT OF THE TREASURY
INTERNAL REVENUE SERVICE
WASHINGTON, D.C. 20224

July 13, 2017

The Honorable Ron Wyden
Ranking Member
Committee on Finance
United States Senate
Washington, DC 20510

Dear Senator Wyden:

Thank you for your letter dated March 29, 2017, in which you inquired about disclosures we have received in response to Notice 2017-10. Notice 2017-10 identified certain syndicated conservation easement transactions as "listed transactions."

As you know, Notice 2017-10 required participants and material advisors to disclose certain transactions to the IRS by May 1, 2017. On April 27, 2017, however, the Treasury Department and the IRS extended the due date for participants in these transactions to October 2, 2017. The due date for material advisors remained May 1, 2017. Accordingly, we anticipate receiving more participant disclosures. Following receipt and processing of these additional disclosures, I will supplement this letter with additional information that is responsive to your questions. However, in light of your request for a response by July 1, I wanted to send you this interim response.

We received 200 Forms 8886, Reportable Transaction Disclosure Statement, and 5,500 Forms 8918, Material Advisor Disclosure Statement. We are scanning and electronically capturing the data from these disclosures into a database, which we will use to match participants and material advisors with the different syndication transactions. This will help us determine the number and scope of the syndication transactions the notice covers.

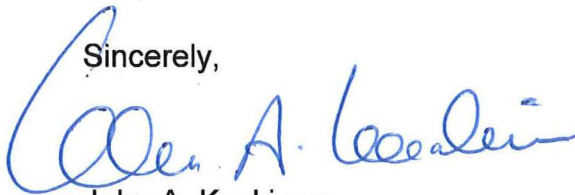
As of June 1, we have processed 104 of the 200 Forms 8886 received. Of these 104 disclosures, 40 reported both the amount of the investment and the amount of the claimed contribution deduction (the other 64 disclosures reported either the amount of the investment or the amount of the contribution deduction, but not both). The aggregate contribution deduction claimed on these 40 disclosures was \$217,067,598. The average contribution deduction from this preliminary analysis was 9 times the amount of the investment in the transaction (computed by excluding a few outlier disclosures that would otherwise have skewed the result higher). These numbers will obviously change as we receive additional Forms 8886 and complete our analysis.

As disclosures are filed, we are compiling the information and will use it as part of our enforcement program. Once we compile and analyze all information from the disclosures, we intend to identify the syndication transactions that pose the most compliance risk and refer them for examination.

You asked for additional information about the disclosures provided on Forms 8886 and 8918. At this point, we have only processed a fraction of the forms we expect to receive by the extended October 2 due date. Once we have that additional information, we can provide you the more detailed information you requested.

I hope this information is helpful. I'm also sharing this information with Senator Hatch. If you have additional questions, please contact me, or a member of your staff may call Leonard Oursler, Director, Legislative Affairs, at 202-317-6985.

Sincerely,

A handwritten signature in blue ink, appearing to read "John A. Koskinen", with a large, stylized initial "J" and "K".

John A. Koskinen