

**REPORT #729**

**TAX SECTION**

**New York State Bar Association**

Letter in Support

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July 17, 1992

The Honorable Shirley Peterson  
Commissioner of Internal Revenue  
Internal Revenue Service  
1111 Constitution Avenue, N.W.  
Washington, DC 20224

Dear Commissioner Peterson:

On behalf of the Tax Section of the New York State Bar Association I am writing to offer strong and enthusiastic support for Prop. Reg. § 1.469-4, which defines "activity" for purposes of the passive activity loss rules.

Temp. Reg. § 1.469-4T, which this proposed regulation replaces, in our opinion, was unnecessarily confusing and complex. The proposed regulation, on the other hand, is short, simple, understandable and workable (and, as required, comports with the statute and legislative history).

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The Tax Section has consistently stressed the desirability of avoiding undue complexity in the issuance of regulations (which otherwise comport with the statute and legislative history), particularly those in areas, such as the passive activity loss rules, which are potentially applicable to large numbers of taxpayers. Two years ago, we presented to the Service and Treasury a proposed and much simplified revision to the proposed regulations under § 752, which was a substantial factor, we understand, in the simplification of those regulations when they were adopted as final regulations late last year. The newly proposed "activity" regulations are a highly commendable step in the same direction.

Sincerely yours,

John A. Corry  
Chair

Identical Letter Sent to:

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