Section 195—Start-up Expenditures

Announcement 99–89

This announcement reflects corrections of typographical errors and omissions in Rev. Rul. 99–23, 1999–20 I.R.B. 3, dated May 17, 1999.

In the LAW AND ANALYSIS section of Rev. Rul. 99–23 (ninth paragraph), the quoted language from the legislative history of § 195 of the Internal Revenue Code is corrected to read as follows:

> . . . [E]ligible expenses consist of investigatory costs incurred in reviewing a prospective business prior to reaching a final decision to acquire or to enter that business. These costs include expenses incurred for the analysis or survey of potential markets, products, labor supply, transportation facilities, etc. . . .
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> Startup expenditures eligible for amortization do not include any amount with respect to which a deduction would not be allowable to an existing trade or business for the taxable year in which the expenditure was paid or incurred.... In addition, the amortization election for startup expenditures does not apply to amounts paid or incurred as part of the acquisition cost of a trade or business. Also, startup expenditures do not include amounts paid or incurred for the acquisition of property to be held for sale or property which may be de-

> preciated or amortized based on its useful life. . . . Whether an amount is consideration paid to acquire a business . . . depends upon the facts and circumstances of the situation.

In the last sentence of the LAW AND ANALYSIS section, "*T*'s" is corrected to read "*Z*'s" before the words "internal documents."