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LB&I directive on selecting timeshare industry issues for examination

The IRS Large Business & International (LB&I) division posted an LB&I directive* as instructions to LB&I examiners in the selection of timeshare industry issues for examination.

*According to the IRS, LB&I directives provide administrative guidance to LB&I examiners to allow for consistent tax administration and on matters relating to internal operations. However, LB&I directives do not establish an IRS position on legal issues and are not legal guidance.

The LB&I directive—[LB&I-04-0818-013](#) (dated August 27, 2018, and released August 29, 2018)—provides instructions with respect to managing issues under section 1445 related to certain timeshare arrangements.

Specifically, the LB&I directive applies to examinations of LB&I taxpayers (that is, taxpayers with assets equal to or greater than \$10 million) that failed to file Forms 8288, 8288-A or 8288-B for personal-use timeshare “upgrade” transactions that resulted in no realized gain to nonresident alien individuals.

Not all transactions involving timeshares are within the scope of this LB&I directive.

The directive is effective for all tax years ending on or before December 31, 2017, and for subsequent tax years.

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