

## **Trademarks and trade names**

**486.1 Election to amortize trademark expenses.** A taxpayer whose election to amortize trademark expenses covered only a portion of those expenses may not retroactively elect to amortize the balance of those expenses that the Service subsequently disallowed as a deduction under section 162(a). §1.177-1. (Sec. 177, '86 Code.)

Rev. Rul. 79-333, 1979-2 C.B. 110.

**486.2 Payment contingent on product sales; business expense.** A corporation that acquired a trademark in 1968, under an agreement requiring payments to the transferor to be computed as a percentage of sales of the product covered by the trademark, may elect under section 1253(d) to deduct such payments for years ending after 1969 and beginning before 1980 as trade of business expenses even though the transferee reports the payments as being from the sale or exchange of a capital asset. §13.0(b). (Sec. 1253, '86 Code.)

Rev. Rul. 74-302, 1974-1 C.B. 238.

**486.3 Preparing and filing affidavit.** The amount paid for preparing and filing an affidavit for the continued use of a trademark is a capital expenditure and not deductible. §39.24(a)-2. (Sec. 24(a), '39 Code; Sec. 263, '86 Code.)

Rev. Rul. 55-158, 1955-1 C.B. 319.