

Part III

Administrative, Procedural, and Miscellaneous

26 CFR 601.204: Changes in accounting periods and methods of accounting
(Also Part I, §§ 162, 263(a), 263A, 446, 481; 1.446-1)

Rev. Proc. 2012-19

SECTION 1. PURPOSE

This revenue procedure provides the procedures by which a taxpayer may obtain the automatic consent of the Commissioner of Internal Revenue to change to the methods of accounting provided in §§ 1.162-3T, 1.162-4T, 1.263(a)-1T, 1.263(a)-2T, and 1.263(a)-3T of the temporary Income Tax Regulations for taxable years beginning on or after January 1, 2012.

SECTION 2. BACKGROUND

.01 The Internal Revenue Service (IRS) and the Treasury Department recently issued temporary regulations under §§ 1.162-3T, 1.162-4T, 1.263(a)-1T, 1.263(a)-2T, and 1.263(a)-3T (T.D. 9564, 76 Fed. Reg. 81,060). Section 1.162-3T provides rules for

materials and supplies. Section 1.162-4T provides rules for amounts paid or incurred for repairs and maintenance. Section 1.263(a)-1T provides general rules for capital expenditures. Section 1.263(a)-2T provides rules for amounts paid or incurred for the acquisition and production of tangible property. Section 1.263(a)-3T provides rules for amounts paid or incurred for the improvement of tangible property. The sections generally are effective for taxable years beginning on or after January 1, 2012.

.02 Except as otherwise expressly provided by the Internal Revenue Code or the regulations thereunder, § 446(e) and § 1.446-1(e)(2) require a taxpayer to secure the consent of the Commissioner before changing a method of accounting for federal income tax purposes.

.03 Sections 1.162-3T(i), 1.162-4T(b), 1.263(a)-1T(f), 1.263(a)-2T(j), and 1.263(a)-3T(o) provide that a taxpayer seeking to change to a method of accounting provided in the temporary regulations must secure the consent of the Commissioner in accordance with the requirements of § 1.446-1(e).

.04 Section 1.446-1(e)(3)(ii) authorizes the Commissioner to prescribe administrative procedures setting forth the terms and conditions necessary for a taxpayer to obtain consent to change a method of accounting. Rev. Proc. 2011-14 provides procedures by which a taxpayer may obtain automatic consent from the Commissioner to change to a method of accounting described in the APPENDIX of Rev. Proc. 2011-14.

.05 Section 4.01 of this revenue procedure modifies the APPENDIX of Rev. Proc. 2011-14 by reserving sections 3.05 and 3.06 because they are obsolete for taxable

years beginning on or after January 1, 2012. Section 4.02 of this revenue procedure modifies the APPENDIX of Rev. Proc. 2011-14 by adding sections 3.10 through 3.19 and sections 10.08 to 10.10 to the APPENDIX to provide additional changes in methods of accounting that are consistent with § 1.162-3T, § 1.162-4T, § 1.263(a)-1T, § 1.263(a)-2T, or § 1.263(a)-3T. In addition, sections 6.20 and 10.07 of the Appendix of Rev. Proc. 2011-14 are modified to provide changes in methods of accounting that are consistent with § 1.162-3T and § 1.263(a)-2T.

SECTION 3. SCOPE

This revenue procedure applies to a taxpayer that wants to change its methods of accounting to comply with § 1.162-3T, § 1.162-4T, § 1.263(a)-1T, § 1.263(a)-2T, or § 1.263(a)-3T.

SECTION 4. CHANGES IN METHODS OF ACCOUNTING

.01 Modifications to existing automatic changes.

(1) Sections 3.05 and 3.06 of the APPENDIX to Rev. Proc. 2011-14 are modified to read as follows:

3.05 Reserved.

3.06 Reserved.

.02 New automatic changes.

(1) Rev. Proc. 2011-14 is modified to add new section 3.10 of the APPENDIX, to read as follows:

.10 Deducting repair and maintenance costs.

(1) Description of change.

(a) Applicability. This change applies to a taxpayer that wants to change from capitalizing under § 263(a) amounts paid or incurred for tangible property to deducting these amounts as repair and maintenance costs under § 162 and § 1.162-4T. This change also applies to a taxpayer that wants to change its units of property under § 1.263(a)-3T(e) solely for purposes of determining whether amounts paid or incurred improve a unit of property under § 1.263(a)-3T.

(b) Inapplicability. This change does not apply to the following:

(i) A taxpayer that is required under § 263A and the regulations thereunder to capitalize the costs for which the taxpayer wants to change its method of accounting under section 3.10 of this APPENDIX if the taxpayer is not capitalizing these costs, unless the taxpayer concurrently changes its method to capitalize these costs in conjunction with a change to a UNICAP method under section 11.01 or 11.02 of this APPENDIX (as applicable);

(ii) A taxpayer that wants to change its method of accounting for dispositions of depreciable property, including a change in the asset disposed of (but see sections 6.29, 6.30, and 6.31 of this APPENDIX); or

(iii) For any taxable year in which the § 1.167(a)-11(d)(2) repair allowance election was made, any property subject to the repair allowance under § 1.167(a)-11(d)(2) (including expenditures incurred after December 31, 1980, for the repair, maintenance, rehabilitation, or improvement of property placed in service before January 1, 1981).

(2) Certain scope limitations inapplicable. The scope limitations in section 4.02 of this revenue procedure do not apply to a taxpayer that makes this change for its first or second taxable year beginning after December 31, 2011. If the taxpayer makes both this change and a change to a UNICAP method under section 11.01 or 11.02 of the APPENDIX (as applicable) for its first or second taxable year beginning after December 31, 2011, on a single Form 3115 for the same year of change in accordance with section 3.10(5)(a) of this APPENDIX, the scope limitations in section 4.02 of this revenue procedure do not apply to the taxpayer for either change.

(3) Amounts taken into account. Applicable provisions of the Code, regulations, and other guidance published in the IRB prescribe the manner in which a liability that has been incurred is taken into account. For example, for a taxpayer with inventories, certain repair and maintenance costs must be included in inventory costs and may be recovered through the cost of goods sold. See § 1.263A-1(e)(3)(ii)(O). A taxpayer may not rely on the provisions of section 3.10 of this APPENDIX to take a current deduction for such costs.

(4) Concurrent automatic change.

(a) A taxpayer that wants to make both this change and a change to a UNICAP method under section 11.01 or 11.02 of this APPENDIX (as applicable) for the same year of change should file a single Form 3115 that includes both changes, in which case the taxpayer must enter the designated automatic accounting method change numbers for both changes on the appropriate line on that Form 3115. For guidance on filing a

single application for two or more changes, see section 6.02(b)(ii) of Rev. Proc. 2011-14.

(b) A taxpayer that wants to make this change and a concurrent change to a method under §§ 1.162-3T, 1.162-4T, 1.263(a)-1T, 1.263(a)-2T, or 1.263(a)-3T with the same year of change must file a single Form 3115 that includes all of the concurrent method changes, in which case the taxpayer must enter the designated automatic accounting method change numbers for all concurrent changes on the appropriate line on that Form 3115. For guidance on filing a single application for two or more changes, see section 6.02(b)(ii) of Rev. Proc. 2011-14.

(5) Section 481(a) adjustment.

(a) A taxpayer changing to this method of accounting must not include in the § 481(a) adjustment any amount attributable to property for which the taxpayer elected to apply the repair allowance under § 1.167(a)-11(d)(2) for any taxable year in which the repair allowance election was made.

(b) By following the sampling procedures provided in Rev. Proc. 2011-42, 2011-37 I.R.B. 318, a taxpayer changing its method of accounting under this section 3.10 of the APPENDIX may use statistical sampling in determining the § 481(a) adjustment. Sampling methodologies not described in Rev. Proc. 2011-42 are not permitted.

(c) A taxpayer making this change must attach to its Form 3115 a schedule for the section 481(a) adjustment listing the adjustment amounts for each property classification (e.g., 5-year property, 7-year property, or nonresidential real property).

(6) Statistical sampling. By following the sampling procedures provided in Rev. Proc. 2011-42, 2011-37 I.R.B. 318, a taxpayer changing its method of accounting under this section 3.10 of the APPENDIX may use statistical sampling to support items on its income tax returns under § 162 and §§ 1.162-4T and 1.263(a)-3T(d). Sampling methodologies not described in Rev. Proc. 2011-42 are not permitted.

(7) Ogden copy of Form 3115 required in lieu of national office copy. A taxpayer changing its method of accounting under this section 3.10 of the APPENDIX must file a signed copy of its completed Form 3115 with the IRS in Ogden, UT (Ogden copy), in lieu of filing the national office copy, no earlier than the first day of the year of change and no later than the date the taxpayer files the original Form 3115 with its federal income tax return for the year of change. If a taxpayer makes both this change and a change to a UNICAP method under section 11.01 or 11.02 of this APPENDIX (as applicable) on a single Form 3115 for the same year of change in accordance with section 3.07(5)(a) of this APPENDIX, the taxpayer must file a signed copy of that completed Form 3115 with the IRS in Ogden, UT (Ogden copy), in lieu of filing the national office copy, no earlier than the first day of the year of change and no later than the date the taxpayer files the original Form 3115 with its federal income tax return for the year of change. See sections 6.02(3)(a)(ii)(B) (providing the general rules) and section 6.02(7)(b) (providing the mailing address) of this revenue procedure.

(8) Designated automatic accounting method change number. The designated automatic accounting method change number for a change in method of accounting

under section 3.10 of this APPENDIX is “162.” See section 6.02(4) of this revenue procedure.

(9) Contact information. For further information regarding a change under this section, contact Alan S. Williams at 202-622-4950 (not a toll-free call).

(2) Rev. Proc. 2011-14 is modified to add new section 3.11 of the APPENDIX, to read as follows:

.11 Change to the regulatory accounting method.

(1) Description of change.

(a) Applicability. This change applies to a regulated taxpayer under § 1.263(a)-3T(k)(2) that wants to change its method of accounting for amounts paid or incurred to repair or maintain tangible property to follow its method of accounting for regulatory accounting purposes to determine whether an amount paid or incurred improves property under § 1.263(a)-3T, consistent with § 1.263(a)-3T(k).

(b) Inapplicability. This change does not apply to the following

- (i) Any tangible property that is not subject to regulatory accounting rules;
- (ii) For any taxable year in which the § 1.167(a)-11(d)(2) repair allowance election was made, any property subject to the repair allowance under § 1.167(a)-11(d)(2) (including expenditures incurred after December 31, 1980, for the repair, maintenance, rehabilitation, or improvement of property placed in service before January 1, 1981);
- (iii) A taxpayer that is required under § 263A and the regulations thereunder to capitalize the costs for which the taxpayer wants to change its method of accounting

under section 3.11 of this APPENDIX if the taxpayer is not capitalizing these costs, unless the taxpayer concurrently changes its method to capitalize these costs in conjunction with a change to a UNICAP method under section 11.01 or 11.02 of this APPENDIX (as applicable); or

(iv) A taxpayer that wants to change its method of accounting for dispositions of depreciable property, including a change in the asset disposed of (but see sections 6.29, 6.30, and 6.31 of this APPENDIX);

(2) Certain scope limitations inapplicable. The scope limitations in section 4.02 of this revenue procedure do not apply to a taxpayer that makes this change for its first or second taxable year beginning after December 31, 2011. If the taxpayer makes both this change and a change to a UNICAP method under section 11.01 or 11.02 of the APPENDIX (as applicable) for its first or second taxable year beginning after December 31, 2011, on a single Form 3115 for the same year of change in accordance with section 3.11(4)(a) of this APPENDIX, the scope limitations in section 4.02 of this revenue procedure do not apply to the taxpayer for either change.

(3) Concurrent automatic change.

(a) A taxpayer that wants to make both this change and a change to a UNICAP method under section 11.01 or 11.02 of this APPENDIX (as applicable) for the same year of change should file a single Form 3115 that includes both changes, in which case the taxpayer must enter the designated automatic accounting method change numbers for both changes on the appropriate line on that Form 3115. For guidance on filing a

single application for two or more changes, see section 6.02(b)(ii) of Rev. Proc. 2011-14.

(b) A taxpayer that wants to make this change and a concurrent change to a method under §§ 1.162-3T, 1.162-4T, 1.263(a)-1T, 1.263(a)-2T, or 1.263(a)-3T with the same year of change should file a single Form 3115 that includes all of the concurrent method changes, in which case the taxpayer must enter the designated automatic accounting method change numbers for all concurrent changes on the appropriate line on that Form 3115. For guidance on filing a single application for two or more changes, see section 6.02(b)(ii) of Rev. Proc. 2011-14.

(4) Section 481(a) adjustment.

(a) A taxpayer changing to this method of accounting must not include in the § 481(a) adjustment any amount attributable to property for which the taxpayer elected to apply the repair allowance under § 1.167(a)-11(d)(2) for any taxable year in which the repair allowance election was made.

(b) By following the sampling procedures provided in Rev. Proc. 2011-42, 2011-37 I.R.B. 318, a taxpayer changing its method of accounting under this section 3.11 of the APPENDIX may use statistical sampling in determining the § 481(a) adjustment. Sampling methodologies not described in Rev. Proc. 2011-42 are not permitted.

(5) Ogden copy of Form 3115 required in lieu of national office copy. A taxpayer changing its method of accounting under this section 3.11 of the APPENDIX must file a signed copy of its completed Form 3115 with the IRS in Ogden, UT (Ogden copy), in lieu of filing the national office copy, no earlier than the first day of the year of change

and no later than the date the taxpayer files the original Form 3115 with its federal income tax return for the year of change. If a taxpayer makes both this change and a change to a UNICAP method under section 11.01 or 11.02 of this APPENDIX (as applicable) on a single Form 3115 for the same year of change in accordance with section 3.11(5)(a) of this APPENDIX, the taxpayer must file a signed copy of that completed Form 3115 with the IRS in Ogden, UT (Ogden copy), in lieu of filing the national office copy, no earlier than the first day of the year of change and no later than the date the taxpayer files the original Form 3115 with its federal income tax return for the year of change. See sections 6.02(3)(a)(ii)(B) (providing the general rules) and section 6.02(7)(b) (providing the mailing address) of this revenue procedure.

(6) Designated automatic accounting method change number. The designated automatic accounting method change number for a change in method of accounting under section 3.11 of this APPENDIX is “163.” See section 6.02(4) of this revenue procedure.

(7) Contact information. For further information regarding a change under this section, contact Alan S. Williams at 202-622-4950 (not a toll-free call).

(3) Rev. Proc. 2011-14 is modified to add new section 3.12 of the APPENDIX, to read as follows:

.12 Deducting non-incidentals materials and supplies when used or consumed.

(1) Description of change.

(a) Applicability. This change applies to a taxpayer that wants to change its method of accounting for non-incidentals materials and supplies, as defined in § 1.162-

3T(a)(1) and (c)(1), to comply with the definition and to change to the method of deducting such amounts in the taxable year in which they are actually used or consumed, consistent with § 1.162-3T.

(b) Inapplicability. This change does not apply to the following:

(i) rotatable or temporary spare parts; or

(ii) a taxpayer that is required under § 263A and the regulations thereunder to capitalize the costs for which the taxpayer wants to change its method of accounting under section 3.12 of this APPENDIX if the taxpayer is not capitalizing these costs, unless the taxpayer concurrently changes its method to capitalize these costs in conjunction with a change to a UNICAP method under section 11.01 or 11.02 of this APPENDIX (as applicable).

(2) Certain scope limitations inapplicable. The scope limitations in section 4.02 of this revenue procedure do not apply to a taxpayer that makes this change for its first or second taxable year beginning after December 31, 2011. If the taxpayer makes both this change and a change to a UNICAP method under section 11.01 or 11.02 of the APPENDIX (as applicable) for its first or second taxable year beginning after December 31, 2011, on a single Form 3115 for the same year of change in accordance with section 3.12(4)(a) of this APPENDIX, the scope limitations in section 4.02 of this revenue procedure do not apply to the taxpayer for either change.

(3) Amounts taken into account. Applicable provisions of the Code, regulations, and other guidance published in the IRB prescribe the manner in which a liability that has been incurred is taken into account. For example, for a taxpayer with inventories,

certain materials and supplies costs must be included in inventory costs and may be recovered through the cost of goods sold. See § 1.263A-1(e)(3)(ii)(E). A taxpayer may not rely on the provisions of section 3.12 of this APPENDIX to take a current deduction for such costs.

(4) Concurrent automatic change.

(a) A taxpayer that wants to make both this change and a change to a UNICAP method under section 11.01 or 11.02 of this APPENDIX (as applicable) for the same year of change should file a single Form 3115 that includes both changes, in which case the taxpayer must enter the designated automatic accounting method change numbers for both changes on the appropriate line on that Form 3115. For guidance on filing a single application for two or more changes, see section 6.02(b)(ii) of Rev. Proc. 2011-14.

(b) A taxpayer that wants to make this change and a concurrent change to a method under §§ 1.162-3T, 1.162-4T, 1.263(a)-1T, 1.263(a)-2T, or 1.263(a)-3T with the same year of change should file a single Form 3115 that includes all of the concurrent method changes, in which case the taxpayer must enter the designated automatic accounting method change numbers for all concurrent changes on the appropriate line on that Form 3115. For guidance on filing a single application for two or more changes, see section 6.02(b)(ii) of Rev. Proc. 2011-14.

(5) Section 481(a) adjustment.

(a) A taxpayer changing to this method of accounting must calculate a § 481(a) adjustment that takes into account only amounts paid or incurred in taxable years beginning on or after January 1, 2012.

(b) By following the sampling procedures provided in Rev. Proc. 2011-42, 2011-37 I.R.B. 318, a taxpayer changing its method of accounting under this section 3.12 of the APPENDIX may use statistical sampling in determining the § 481(a) adjustment. Sampling methodologies not described in Rev. Proc. 2011-42 are not permitted.

(6) Statistical sampling. By following the sampling procedures provided in Rev. Proc. 2011-42, 2011-37 I.R.B. 318, a taxpayer changing its method of accounting under this section 3.12 of the APPENDIX may use statistical sampling to support items on its income tax returns under § 1.162-3T(a)(2). Sampling methodologies not described in Rev. Proc. 2011-42 are not permitted.

(7) Ogden copy of Form 3115 required in lieu of national office copy. A taxpayer changing its method of accounting under this section 3.12 of the APPENDIX must file a signed copy of its completed Form 3115 with the IRS in Ogden, UT (Ogden copy), in lieu of filing the national office copy, no earlier than the first day of the year of change and no later than the date the taxpayer files the original Form 3115 with its federal income tax return for the year of change. If a taxpayer makes both this change and a change to a UNICAP method under section 11.01 or 11.02 of this APPENDIX (as applicable) on a single Form 3115 for the same year of change in accordance with section 3.12(4)(a) of this APPENDIX, the taxpayer must file a signed copy of that

completed Form 3115 with the IRS in Ogden, UT (Ogden copy), in lieu of filing the national office copy, no earlier than the first day of the year of change and no later than the date the taxpayer files the original Form 3115 with its federal income tax return for the year of change. See sections 6.02(3)(a)(ii)(B) (providing the general rules) and section 6.02(7)(b) (providing the mailing address) of this revenue procedure.

(8) Designated automatic accounting method change number. The designated automatic accounting method change number for a change in method of accounting under section 3.12 of this APPENDIX is “164.” See section 6.02(4) of this revenue procedure.

(9) Contact information. For further information regarding a change under this section, contact Justin G. Meeks at 202-622-5020 (not a toll-free call).

(4) Rev. Proc. 2011-14 is modified to add new section 3.13 of the APPENDIX, to read as follows:

.13 Deducting incidental materials and supplies when paid or incurred.

(1) Description of change.

(a) Applicability. This change applies to a taxpayer that wants to change its method of accounting for incidental materials and supplies, as defined in § 1.162-3T(a)(2) and (c)(1), to comply with the definition and to change to the method of deducting such amounts in the taxable year in which they are paid or incurred, consistent with § 1.162-3T.

(b) Inapplicability. This change does not apply to a taxpayer that is required under § 263A and the regulations thereunder to capitalize the costs for which the

taxpayer wants to change its method of accounting under section 3.13 of this APPENDIX if the taxpayer is not capitalizing these costs, unless the taxpayer concurrently changes its method to capitalize these costs in conjunction with a change to a UNICAP method under section 11.01 or 11.02 of this APPENDIX (as applicable).

(2) Certain scope limitations inapplicable. The scope limitations in section 4.02 of this revenue procedure do not apply to a taxpayer that makes this change for its first or second taxable year beginning after December 31, 2011. If the taxpayer makes both this change and a change to a UNICAP method under section 11.01 or 11.02 of the APPENDIX (as applicable) for its first or second taxable year beginning after December 31, 2011, on a single Form 3115 for the same year of change in accordance with section 3.13(4)(a) of this APPENDIX, the scope limitations in section 4.02 of this revenue procedure do not apply to the taxpayer for either change.

(3) Amounts taken into account. Applicable provisions of the Code, regulations, and other guidance published in the IRB prescribe the manner in which a liability that has been incurred is taken into account. For example, for a taxpayer with inventories, certain materials and supplies costs must be included in inventory costs and may be recovered through the cost of goods sold. See § 1.263A-1(e)(3)(ii)(E). A taxpayer may not rely on the provisions of section 3.13 of this APPENDIX to take a current deduction for such costs.

(4) Concurrent automatic change.

(a) A taxpayer that wants to make both this change and a change to a UNICAP method under section 11.01 or 11.02 of this APPENDIX (as applicable) for the same

year of change should file a single Form 3115 that includes both changes, in which case the taxpayer must enter the designated automatic accounting method change numbers for both changes on the appropriate line on that Form 3115. For guidance on filing a single application for two or more changes, see section 6.02(b)(ii) of Rev. Proc. 2011-14.

(b) A taxpayer that wants to make this change and a concurrent change to a method under §§ 1.162-3T, 1.162-4T, 1.263(a)-1T, 1.263(a)-2T, or 1.263(a)-3T with the same year of change should file a single Form 3115 that includes all of the concurrent method changes, in which case the taxpayer must enter the designated automatic accounting method change numbers for all concurrent changes on the appropriate line on that Form 3115. For guidance on filing a single application for two or more changes, see section 6.02(b)(ii) of Rev. Proc. 2011-14.

(5) Section 481(a) adjustment.

(a) A taxpayer changing to this method of accounting must calculate a § 481(a) adjustment that takes into account only amounts paid or incurred in taxable years beginning on or after January 1, 2012.

(b) By following the sampling procedures provided in Rev. Proc. 2011-42, 2011-37 I.R.B. 318, a taxpayer changing its method of accounting under this section 3.13 of the APPENDIX may use statistical sampling in determining the § 481(a) adjustment. Sampling methodologies not described in Rev. Proc. 2011-42 are not permitted.

(6) Statistical sampling. By following the sampling procedures provided in Rev. Proc. 2011-42, 2011-37 I.R.B. 318, a taxpayer changing its method of accounting under

this section 3.13 of the APPENDIX may use statistical sampling to support items on its income tax returns under § 1.162-3T(a)(2). Sampling methodologies not described in Rev. Proc. 2011-42 are not permitted.

(7) Ogden copy of Form 3115 required in lieu of national office copy. A taxpayer changing its method of accounting under this section 3.13 of the APPENDIX must file a signed copy of its completed Form 3115 with the IRS in Ogden, UT (Ogden copy), in lieu of filing the national office copy, no earlier than the first day of the year of change and no later than the date the taxpayer files the original Form 3115 with its federal income tax return for the year of change. If a taxpayer makes both this change and a change to a UNICAP method under section 11.01 or 11.02 of this APPENDIX (as applicable) on a single Form 3115 for the same year of change in accordance with section 3.13(4)(a) of this APPENDIX, the taxpayer must file a signed copy of that completed Form 3115 with the IRS in Ogden, UT (Ogden copy), in lieu of filing the national office copy, no earlier than the first day of the year of change and no later than the date the taxpayer files the original Form 3115 with its federal income tax return for the year of change. See sections 6.02(3)(a)(ii)(B) (providing the general rules) and section 6.02(7)(b) (providing the mailing address) of this revenue procedure.

(8) Designated automatic accounting method change number. The designated automatic accounting method change number for a change in method of accounting under section 3.13 of this APPENDIX is “165.” See section 6.02(4) of this revenue procedure.

(9) Contact information. For further information regarding a change under this section, contact Justin G. Meeks at 202-622-5020 (not a toll-free call).

(5) Rev. Proc. 2011-14 is modified to add new section 3.14 of the APPENDIX, to read as follows:

.14 Deducting non-incidentable rotatable and temporary spare parts when disposed of.

(1) Description of change.

(a) Applicability. This change applies to a taxpayer that wants to change its method of accounting for costs to acquire or produce non-incidentable rotatable and temporary spare parts to the method of deducting such costs in the taxable year in which the taxpayer disposes of the parts (described in §1.162-3T(a)(3)), consistent with § 1.162-3T.

(b) Inapplicability. This change does not apply to a taxpayer that is required under § 263A and the regulations thereunder to capitalize the costs for which the taxpayer wants to change its method of accounting under section 3.14 of this APPENDIX if the taxpayer is not capitalizing these costs, unless the taxpayer concurrently changes its method to capitalize these costs in conjunction with a change to a UNICAP method under section 11.01 or 11.02 of this APPENDIX (as applicable).

(2) Certain scope limitations inapplicable. The scope limitations in section 4.02 of this revenue procedure do not apply to a taxpayer that makes this change for its first or second taxable year beginning after December 31, 2011. If the taxpayer makes both this change and a change to a UNICAP method under section 11.01 or 11.02 of the

APPENDIX (as applicable) for its first or second taxable year beginning after December 31, 2011, on a single Form 3115 for the same year of change in accordance with section 3.14(3)(a) of this APPENDIX, the scope limitations in section 4.02 of this revenue procedure do not apply to the taxpayer for either change.

(3) Concurrent automatic change.

(a) A taxpayer that wants to make both this change and a change to a UNICAP method under section 11.01 or 11.02 of this APPENDIX (as applicable) for the same year of change should file a single Form 3115 that includes both changes, in which case the taxpayer must enter the designated automatic accounting method change numbers for both changes on the appropriate line on that Form 3115. For guidance on filing a single application for two or more changes, see section 6.02(b)(ii) of Rev. Proc. 2011-14.

(b) A taxpayer that wants to make this change and a concurrent change to a method under §§ 1.162-3T, 1.162-4T, 1.263(a)-1T, 1.263(a)-2T, or 1.263(a)-3T with the same year of change should file a single Form 3115 that includes all of the concurrent method changes, in which case the taxpayer must enter the designated automatic accounting method change numbers for all concurrent changes on the appropriate line on that Form 3115. For guidance on filing a single application for two or more changes, see section 6.02(b)(ii) of Rev. Proc. 2011-14.

(4) Section 481(a) adjustment.

(a) A taxpayer changing to this method of accounting must calculate a § 481(a) adjustment that takes into account only amounts paid or incurred in taxable years

beginning on or after January 1, 2012.

(b) By following the sampling procedures provided in Rev. Proc. 2011-42, 2011-37 I.R.B. 318, a taxpayer changing its method of accounting under this section 3.14 of the APPENDIX may use statistical sampling in determining the § 481(a) adjustment. Sampling methodologies not described in Rev. Proc. 2011-42 are not permitted.

(5) Statistical sampling. By following the sampling procedures provided in Rev. Proc. 2011-42, 2011-37 I.R.B. 318, a taxpayer changing its method of accounting under this section 3.14 of the APPENDIX may use statistical sampling to support items on its income tax returns under § 1.162-3T(a)(3). Sampling methodologies not described in Rev. Proc. 2011-42 are not permitted.

(6) Ogden copy of Form 3115 required in lieu of national office copy. A taxpayer changing its method of accounting under this section 3.14 of the APPENDIX must file a signed copy of its completed Form 3115 with the IRS in Ogden, UT (Ogden copy), in lieu of filing the national office copy, no earlier than the first day of the year of change and no later than the date the taxpayer files the original Form 3115 with its federal income tax return for the year of change. If a taxpayer makes both this change and a change to a UNICAP method under section 11.01 or 11.02 of this APPENDIX (as applicable) on a single Form 3115 for the same year of change in accordance with section 3.14(3)(a) of this APPENDIX, the taxpayer must file a signed copy of that completed Form 3115 with the IRS in Ogden, UT (Ogden copy), in lieu of filing the national office copy, no earlier than the first day of the year of change and no later than the date the taxpayer files the original Form 3115 with its federal income tax return for

the year of change. See sections 6.02(3)(a)(ii)(B) (providing the general rules) and section 6.02(7)(b) (providing the mailing address) of this revenue procedure.

(7) Designated automatic accounting method change number. The designated automatic accounting method change number for a change in method of accounting under section 3.14 of this APPENDIX is “166.” See section 6.02(4) of this revenue procedure.

(8) Contact information. For further information regarding a change under this section, contact Alan S. Williams at 202-622-4950 (not a toll-free call).

(6) Rev. Proc. 2011-14 is modified to add new section 3.15 of the APPENDIX, to read as follows:

.15 Change to the optional method for rotatable and temporary spare parts.

(1) Description of change.

(a) Applicability. This change applies to a taxpayer that wants to change its method of accounting for rotatable and temporary spare parts to the optional method of accounting for rotatable and temporary spare parts (described in § 1.162-3T(e)), consistent with § 1.162-3T.

(b) Inapplicability. This change does not apply to a taxpayer that is required under § 263A and the regulations thereunder to capitalize the costs for which the taxpayer wants to change its method of accounting under section 3.15 of this APPENDIX if the taxpayer is not capitalizing these costs, unless the taxpayer concurrently changes its method to capitalize these costs in conjunction with a change to a UNICAP method under section 11.01 or 11.02 of this APPENDIX (as applicable).

(2) Certain scope limitations inapplicable. The scope limitations in section 4.02 of this revenue procedure do not apply to a taxpayer that makes this change for its first or second taxable year beginning after December 31, 2011. If the taxpayer makes both this change and a change to a UNICAP method under section 11.01 or 11.02 of the APPENDIX (as applicable) for its first or second taxable year beginning after December 31, 2011, on a single Form 3115 for the same year of change in accordance with section 3.15(3)(a) of this APPENDIX, the scope limitations in section 4.02 of this revenue procedure do not apply to the taxpayer for either change.

(3) Concurrent automatic change.

(a) A taxpayer that wants to make both this change and a change to a UNICAP method under section 11.01 or 11.02 of this APPENDIX (as applicable) for the same year of change should file a single Form 3115 that includes both changes, in which case the taxpayer must enter the designated automatic accounting method change numbers for both changes on the appropriate line on that Form 3115. For guidance on filing a single application for two or more changes, see section 6.02(b)(ii) of Rev. Proc. 2011-14.

(b) A taxpayer that wants to make this change and a concurrent change to a method under §§ 1.162-3T, 1.162-4T, 1.263(a)-1T, 1.263(a)-2T, or 1.263(a)-3T with the same year of change should file a single Form 3115 that includes all of the concurrent method changes, in which case the taxpayer must enter the designated automatic accounting method change numbers for all concurrent changes on the appropriate line

on that Form 3115. For guidance on filing a single application for two or more changes, see section 6.02(b)(ii) of Rev. Proc. 2011-14.

(4) Section 481(a) adjustment. By following the sampling procedures provided in Rev. Proc. 2011-42, 2011-37 I.R.B. 318, a taxpayer changing its method of accounting under this section 3.15 of the APPENDIX may use statistical sampling in determining the § 481(a) adjustment. Sampling methodologies not described in Rev. Proc. 2011-42 are not permitted.

(5) Statistical sampling. By following the sampling procedures provided in Rev. Proc. 2011-42, 2011-37 I.R.B. 318, a taxpayer changing its method of accounting under this section 3.15 of the APPENDIX may use statistical sampling to support items on its income tax returns under § 1.162-3T(e). Sampling methodologies not described in Rev. Proc. 2011-42 are not permitted.

(6) Ogden copy of Form 3115 required in lieu of national office copy. A taxpayer changing its method of accounting under this section 3.15 of the APPENDIX must file a signed copy of its completed Form 3115 with the IRS in Ogden, UT (Ogden copy), in lieu of filing the national office copy, no earlier than the first day of the year of change and no later than the date the taxpayer files the original Form 3115 with its federal income tax return for the year of change. If a taxpayer makes both this change and a change to a UNICAP method under section 11.01 or 11.02 of this APPENDIX (as applicable) on a single Form 3115 for the same year of change in accordance with section 3.15(3)(a) of this APPENDIX, the taxpayer must file a signed copy of that completed Form 3115 with the IRS in Ogden, UT (Ogden copy), in lieu of filing the

national office copy, no earlier than the first day of the year of change and no later than the date the taxpayer files the original Form 3115 with its federal income tax return for the year of change. See sections 6.02(3)(a)(ii)(B) (providing the general rules) and section 6.02(7)(b) (providing the mailing address) of this revenue procedure.

(7) Designated automatic accounting method change number. The designated automatic accounting method change number for a change in method of accounting under section 3.15 of this APPENDIX is "167." See section 6.02(4) of this revenue procedure.

(8) Contact information. For further information regarding a change under this section, contact Alan S. Williams at 202-622-4950 (not a toll-free call).

(7) Rev. Proc. 2011-14 is modified to add new section 3.16 of the APPENDIX, to read as follows:

.16 Deducting dealer expenses that facilitate the sale of property.

(1) Description of change.

(a) Applicability. This change applies to a dealer in property that wants to change its method of accounting for commissions and other costs paid or incurred to facilitate the sale of tangible property to the method of treating such costs as ordinary and necessary business expenses, consistent with § 1.263(a)-1T(d)(1).

(b) Inapplicability. This change does not apply to liabilities incurred to facilitate the disposition of assets that constitute a trade or business. See § 1.263(a)-5(g).

(2) Certain scope limitations inapplicable. The scope limitations in section 4.02 of this revenue procedure do not apply to a taxpayer that makes this change for its first or second taxable year beginning after December 31, 2011.

(3) Concurrent automatic change. A taxpayer that wants to make this change and a concurrent change to a method under §§ 1.162-3T, 1.162-4T, 1.263(a)-1T, 1.263(a)-2T, or 1.263(a)-3T with the same year of change should file a single Form 3115 that includes all of the concurrent method changes, in which case the taxpayer must enter the designated automatic accounting method change numbers for all concurrent changes on the appropriate line on that Form 3115. For guidance on filing a single application for two or more changes, see section 6.02(b)(ii) of Rev. Proc. 2011-14.

(4) Ogden copy of Form 3115 required in lieu of national office copy. A taxpayer changing its method of accounting under this section 3.16 of the APPENDIX must file a signed copy of its completed Form 3115 with the IRS in Ogden, UT (Ogden copy), in lieu of filing the national office copy, no earlier than the first day of the year of change and no later than the date the taxpayer files the original Form 3115 with its federal income tax return for the year of change. See sections 6.02(3)(a)(ii)(B) (providing the general rules) and section 6.02(7)(b) (providing the mailing address) of this revenue procedure.

(5) Designated automatic accounting method change number. The designated automatic accounting method change number for a change in method of accounting

under section 3.16 of this APPENDIX is “168.” See section 6.02(4) of this revenue procedure.

(6) Contact information. For further information regarding a change under this section, contact Alan S. Williams at 202-622-4950 (not a toll-free call).

(8) Rev. Proc. 2011-14 is modified to add new section 3.17 of the APPENDIX, to read as follows:

.17 Deducting de minimis amounts.

(1) Description of change.

(a) Applicability. This change applies to a taxpayer that wants to change its method of accounting for amounts paid or incurred to acquire or produce (including any amounts paid or incurred to facilitate the acquisition and production of) a unit of property to the method of applying the de minimis rule under §§ 1.263(a)-2T(g) and 1.263A-1T(b)(14) to such amounts, consistent with §§ 1.263(a)-2T.

(b) Inapplicability. This change does not apply to the following:

(i) amounts paid for property that is or is intended to be included in inventory property;

(ii) amounts paid for land;

(iii) start-up expenditures as defined in § 195(c)(1); or

(iv) a taxpayer that is required under § 263A and the regulations thereunder to capitalize the costs for which the taxpayer wants to change its method of accounting under section 3.17 of this APPENDIX if the taxpayer is not capitalizing these costs, unless the taxpayer concurrently changes its method to capitalize these costs in

conjunction with a change to a UNICAP method under section 11.01 or 11.02 of this APPENDIX (as applicable).

(2) Certain scope limitations inapplicable. The scope limitations in section 4.02 of this revenue procedure do not apply to a taxpayer that makes this change for its first or second taxable year beginning after December 31, 2011. If the taxpayer makes both this change and a change to a UNICAP method under section 11.01 or 11.02 of the APPENDIX (as applicable) for its first or second taxable year beginning after December 31, 2011, on a single Form 3115 for the same year of change in accordance with section 3.17(3)(a) of this APPENDIX, the scope limitations in section 4.02 of this revenue procedure do not apply to the taxpayer for either change.

(3) Concurrent automatic change.

(a) A taxpayer that wants to make both this change and a change to a UNICAP method under section 11.01 or 11.02 of this APPENDIX (as applicable) for the same year of change should file a single Form 3115 that includes both changes, in which case the taxpayer must enter the designated automatic accounting method change numbers for both changes on the appropriate line on that Form 3115. For guidance on filing a single application for two or more changes, see section 6.02(b)(ii) of Rev. Proc. 2011-14.

(b) A taxpayer that wants to make this change and a concurrent change to a method under §§ 1.162-3T, 1.162-4T, 1.263(a)-1T, 1.263(a)-2T, or 1.263(a)-3T with the same year of change should file a single Form 3115 that includes all of the concurrent method changes, in which case the taxpayer must enter the designated automatic

accounting method change numbers for all concurrent changes on the appropriate line on that Form 3115. For guidance on filing a single application for two or more changes, see section 6.02(b)(ii) of Rev. Proc. 2011-14.

(4) Section 481(a) adjustment. A taxpayer changing to this method of accounting must calculate a § 481(a) adjustment that takes into account only amounts paid or incurred to acquire or produce property in taxable years beginning on or after January 1, 2012.

(5) Ogden copy of Form 3115 required in lieu of national office copy. A taxpayer changing its method of accounting under this section 3.17 of the APPENDIX must file a signed copy of its completed Form 3115 with the IRS in Ogden, UT (Ogden copy), in lieu of filing the national office copy, no earlier than the first day of the year of change and no later than the date the taxpayer files the original Form 3115 with its federal income tax return for the year of change. If a taxpayer makes both this change and a change to a UNICAP method under section 11.01 or 11.02 of this APPENDIX (as applicable) on a single Form 3115 for the same year of change in accordance with section 3.17(3)(a) of this APPENDIX, the taxpayer must file a signed copy of that completed Form 3115 with the IRS in Ogden, UT (Ogden copy), in lieu of filing the national office copy, no earlier than the first day of the year of change and no later than the date the taxpayer files the original Form 3115 with its federal income tax return for the year of change. See sections 6.02(3)(a)(ii)(B) (providing the general rules) and section 6.02(7)(b) (providing the mailing address) of this revenue procedure.

(6) Designated automatic accounting method change number. The designated automatic accounting method change number for a change in method of accounting under section 3.17 of this APPENDIX is “169.” See section 6.02(4) of this revenue procedure.

(7) Contact information. For further information regarding a change under this section, contact Alan S. Williams at 202-622-4950 (not a toll-free call).

(9) Rev. Proc. 2011-14 is modified to add new section 3.18 of the APPENDIX, to read as follows:

.18 Deducting certain costs for investigating or pursuing the acquisition of real property.

(1) Description of change.

(a) Applicability. This change applies to the following:

(i) a taxpayer that wants to change its method of accounting from capitalizing to deducting amounts paid or incurred in the process of investigating or otherwise pursuing the acquisition of real property if the amounts meet the requirements of § 1.263(a)-2T(f)(2)(iii), consistent with § 1.263(a)-2T; or

(ii) a taxpayer that wants to change its method of accounting from capitalizing to deducting amounts paid or incurred in the process of investigating or otherwise pursuing the acquisition of real property if the amounts are for employee compensation or overhead costs under § 1.263(a)-2T(f)(2)(iv), consistent with § 1.263(a)-2T.

(b) Inapplicability. This change does not apply to the following:

(i) start-up expenditures as defined in § 195(c)(1); or

(ii) a taxpayer that is required under § 263A and the regulations thereunder to capitalize the costs for which the taxpayer wants to change its method of accounting under section 3.18 of this APPENDIX if the taxpayer is not capitalizing these costs, unless the taxpayer concurrently changes its method to capitalize these costs in conjunction with a change to a UNICAP method under section 11.01 or 11.02 of this APPENDIX (as applicable).

(2) Certain scope limitations inapplicable. The scope limitations in section 4.02 of this revenue procedure do not apply to a taxpayer that makes this change for its first or second taxable year beginning after December 31, 2011. If the taxpayer makes both this change and a change to a UNICAP method under section 11.01 or 11.02 of the APPENDIX (as applicable) for its first or second taxable year beginning after December 31, 2011, on a single Form 3115 for the same year of change in accordance with section 3.18(3)(a) of this APPENDIX, the scope limitations in section 4.02 of this revenue procedure do not apply to the taxpayer for either change.

(3) Concurrent automatic change.

(a) A taxpayer that wants to make both this change and a change to a UNICAP method under section 11.01 or 11.02 of this APPENDIX (as applicable) for the same year of change should file a single Form 3115 that includes both changes, in which case the taxpayer must enter the designated automatic accounting method change numbers for both changes on the appropriate line on that Form 3115. For guidance on filing a single application for two or more changes, see section 6.02(b)(ii) of Rev. Proc. 2011-14.

(b) A taxpayer that wants to make this change and a concurrent change to a method under §§ 1.162-3T, 1.162-4T, 1.263(a)-1T, 1.263(a)-2T, or 1.263(a)-3T with the same year of change should file a single Form 3115 that includes all of the concurrent method changes, in which case the taxpayer must enter the designated automatic accounting method change numbers for all concurrent changes on the appropriate line on that Form 3115. For guidance on filing a single application for two or more changes, see section 6.02(b)(ii) of Rev. Proc. 2011-14.

(4) Section 481(a) adjustment. A taxpayer changing to this method of accounting must calculate a § 481(a) adjustment that takes into account only amounts paid or incurred in taxable years beginning on or after January 1, 2012.

(5) Ogden copy of Form 3115 required in lieu of national office copy. A taxpayer changing its method of accounting under this section 3.18 of the APPENDIX must file a signed copy of its completed Form 3115 with the IRS in Ogden, UT (Ogden copy), in lieu of filing the national office copy, no earlier than the first day of the year of change and no later than the date the taxpayer files the original Form 3115 with its federal income tax return for the year of change. If a taxpayer makes both this change and a change to a UNICAP method under section 11.01 or 11.02 of this APPENDIX (as applicable) on a single Form 3115 for the same year of change in accordance with section 3.18(3)(a) of this APPENDIX, the taxpayer must file a signed copy of that completed Form 3115 with the IRS in Ogden, UT (Ogden copy), in lieu of filing the national office copy, no earlier than the first day of the year of change and no later than the date the taxpayer files the original Form 3115 with its federal income tax return for

the year of change. See sections 6.02(3)(a)(ii)(B) (providing the general rules) and section 6.02(7)(b) (providing the mailing address) of this revenue procedure.

(6) Designated automatic accounting method change number. The designated automatic accounting method change number for a change in method of accounting under section 3.18 of this APPENDIX is “170.” See section 6.02(4) of this revenue procedure.

(7) Contact information. For further information regarding a change under this section, contact Alan S. Williams at 202-622-4950 (not a toll-free call).

(10) Rev. Proc. 2011-14 is modified to add new section 3.19 of the APPENDIX, to read as follows:

.19 Change to the safe harbor for routine maintenance on property other than buildings.

(1) Description of change.

(a) Applicability. This change applies to a taxpayer that wants to change its method of accounting for amounts paid or incurred for routine maintenance performed on a unit of property to the method of treating such amounts as amounts that do not improve the unit of property, consistent with § 1.263(a)-3T(g).

(b) Inapplicability. This change does not apply to the following:

(i) a building or a structural component of a building; or

(ii) a taxpayer that is required under § 263A and the regulations thereunder to capitalize the costs for which the taxpayer wants to change its method of accounting under section 3.19 of this APPENDIX if the taxpayer is not capitalizing these costs,

unless the taxpayer concurrently changes its method to capitalize these costs in conjunction with a change to a UNICAP method under section 11.01 or 11.02 of this APPENDIX (as applicable).

(2) Certain scope limitations inapplicable. The scope limitations in section 4.02 of this revenue procedure do not apply to a taxpayer that makes this change for its first or second taxable year beginning after December 31, 2011. If the taxpayer makes both this change and a change to a UNICAP method under section 11.01 or 11.02 of the APPENDIX (as applicable) for its first or second taxable year beginning after December 31, 2011, on a single Form 3115 for the same year of change in accordance with section 3.19(4)(a) of this APPENDIX, the scope limitations in section 4.02 of this revenue procedure do not apply to the taxpayer for either change.

(3) Amounts taken into account. Applicable provisions of the Code, regulations, and other guidance published in the IRB prescribe the manner in which a liability that has been incurred is taken into account. For example, for a taxpayer with inventories, certain repair and maintenance costs must be included in inventory costs and may be recovered through the cost of goods sold. See § 1.263A-1(e)(3)(ii)(E). A taxpayer may not rely on the provisions of section 3.19 of this APPENDIX to take a current deduction for such costs.

(4) Concurrent automatic change.

(a) A taxpayer that wants to make both this change and a change to a UNICAP method under section 11.01 or 11.02 of this APPENDIX (as applicable) for the same year of change should file a single Form 3115 that includes both changes, in which case

the taxpayer must enter the designated automatic accounting method change numbers for both changes on the appropriate line on that Form 3115. For guidance on filing a single application for two or more changes, see section 6.02(b)(ii) of Rev. Proc. 2011-14.

(b) A taxpayer that wants to make this change and a concurrent change to a method under §§ 1.162-3T, 1.162-4T, 1.263(a)-1T, 1.263(a)-2T, or 1.263(a)-3T with the same year of change should file a single Form 3115 that includes all of the concurrent method changes, in which case the taxpayer must enter the designated automatic accounting method change numbers for all concurrent changes on the appropriate line on that Form 3115. For guidance on filing a single application for two or more changes, see section 6.02(b)(ii) of Rev. Proc. 2011-14.

(5) Section 481(a) adjustment. By following the sampling procedures provided in Rev. Proc. 2011-42, 2011-37 I.R.B. 318, a taxpayer changing its method of accounting under this section 3.19 of the APPENDIX may use statistical sampling in determining the § 481(a) adjustment. Sampling methodologies not described in Rev. Proc. 2011-42 are not permitted.

(6) Statistical sampling. By following the sampling procedures provided in Rev. Proc. 2011-42, 2011-37 I.R.B. 318, a taxpayer changing its method of accounting under this section 3.19 of the APPENDIX may use statistical sampling to support items on its income tax returns under § 1.263(a)-3T(g). Sampling methodologies not described in Rev. Proc. 2011-42 are not permitted.

(7) Ogden copy of Form 3115 required in lieu of national office copy. A taxpayer changing its method of accounting under this section 3.19 of the APPENDIX must file a signed copy of its completed Form 3115 with the IRS in Ogden, UT (Ogden copy), in lieu of filing the national office copy, no earlier than the first day of the year of change and no later than the date the taxpayer files the original Form 3115 with its federal income tax return for the year of change. If a taxpayer makes both this change and a change to a UNICAP method under section 11.01 or 11.02 of this APPENDIX (as applicable) on a single Form 3115 for the same year of change in accordance with section 3.19(4)(a) of this APPENDIX, the taxpayer must file a signed copy of that completed Form 3115 with the IRS in Ogden, UT (Ogden copy), in lieu of filing the national office copy, no earlier than the first day of the year of change and no later than the date the taxpayer files the original Form 3115 with its federal income tax return for the year of change. See sections 6.02(3)(a)(ii)(B) (providing the general rules) and section 6.02(7)(b) (providing the mailing address) of this revenue procedure.

(8) Designated automatic accounting method change number. The designated automatic accounting method change number for a change in method of accounting under section 3.19 of this APPENDIX is "171." See section 6.02(4) of this revenue procedure.

(9) Contact information. For further information regarding a change under this section, contact Alan S. Williams at 202-622-4950 (not a toll-free call).

(11) Rev. Proc. 2011-14 is modified to add new section 10.08 of the APPENDIX, to read as follows:

.08 Non-dealer expense to facilitate the sale of property.

(1) Description of change.

(a) Applicability. This change applies to a taxpayer that is not a dealer in property and wants to change its method of accounting for commissions and other costs paid or incurred to facilitate the sale of property to the method of capitalizing such costs, consistent with § 1.263(a)-1T(d)(1).

(b) Inapplicability. This change does not apply to amounts paid or incurred to facilitate the disposition of assets that constitute a trade or business. See § 1.263(a)-5(g).

(2) Certain scope limitations inapplicable. The scope limitations in section 4.02 of this revenue procedure do not apply to a taxpayer that makes this change for its first or second taxable year beginning after December 31, 2011.

(3) Concurrent automatic change. A taxpayer that wants to make this change and a concurrent change to a method under §§ 1.162-3T, 1.162-4T, 1.263(a)-1T, 1.263(a)-2T, or 1.263(a)-3T with the same year of change should file a single Form 3115 that includes all of the concurrent method changes, in which case the taxpayer must enter the designated automatic accounting method change numbers for all concurrent changes on the appropriate line on that Form 3115. For guidance on filing a single application for two or more changes, see section 6.02(b)(ii) of Rev. Proc. 2011-14.

(4) Ogden copy of Form 3115 required in lieu of national office copy. A taxpayer changing its method of accounting under this section 10.08 of the APPENDIX must file a signed copy of its completed Form 3115 with the IRS in Ogden, UT (Ogden copy), in lieu of filing the national office copy, no earlier than the first day of the year of change and no later than the date the taxpayer files the original Form 3115 with its federal income tax return for the year of change. If a taxpayer makes both this change and a change under section 6.01 of this APPENDIX on a single Form 3115 for the same year of change in accordance with section 10.08(3)(a) of this APPENDIX, the taxpayer must file a signed copy of that completed Form 3115 with the IRS in Ogden, UT (Ogden copy), in lieu of filing the national office copy, no earlier than the first day of the year of change and no later than the date the taxpayer files the original Form 3115 with its federal income tax return for the year of change. See sections 6.02(3)(a)(ii)(B) (providing the general rules) and section 6.02(7)(b) (providing the mailing address) of this revenue procedure.

(5) Designated automatic accounting method change number. The designated automatic accounting method change number for a change in method of accounting under section 10.08 of this APPENDIX is “172.” See section 6.02(4) of this revenue procedure.

(6) Contact information. For further information regarding a change under this section, contact Alan S. Williams at 202-622-4950 (not a toll-free call).

(12) Rev. Proc. 2011-14 is modified to add new section 10.09 of the APPENDIX, to read as follows:

.09 Capitalizing acquisition or production costs.

(1) Description of change.

(a) Applicability. This change applies to a taxpayer that wants to change its method of accounting to capitalizing amounts paid or incurred to acquire or produce property under § 1.263(a)-2T and, if depreciable, to depreciating such property under § 168. Such amounts include costs described in § 1.263(a)-2T(e) and (f).

(b) Inapplicability. This change does not apply to a taxpayer that is required under § 263A and the regulations thereunder to capitalize the costs for which the taxpayer wants to change its method of accounting under section 10.09 of this APPENDIX if the taxpayer is not capitalizing these costs, unless the taxpayer concurrently changes its method to capitalize these costs in conjunction with a change to a UNICAP method under section 11.01 or 11.02 of this APPENDIX (as applicable).

(2) Certain scope limitations inapplicable. The scope limitations in section 4.02 of this revenue procedure do not apply to a taxpayer that makes this change for its first or second taxable year beginning after December 31, 2011. If the taxpayer makes both this change and a change to a UNICAP method under section 11.01 or 11.02 of the APPENDIX (as applicable) for its first or second taxable year beginning after December 31, 2011, on a single Form 3115 for the same year of change in accordance with section 10.09(4)(a) of this APPENDIX, the scope limitations in section 4.02 of this revenue procedure do not apply to the taxpayer for either change.

(3) Manner of making change. A taxpayer making this change must complete Form 3115, Schedule E and attach it to its Form 3115.

(4) Concurrent automatic change.

(a) A taxpayer that wants to make both this change and a change to a UNICAP method under section 11.01 or 11.02 of this APPENDIX (as applicable) for the same year of change should file a single Form 3115 that includes both changes, in which case the taxpayer must enter the designated automatic accounting method change numbers for both changes on the appropriate line on that Form 3115. For guidance on filing a single application for two or more changes, see section 6.02(b)(ii) of Rev. Proc. 2011-14.

(b) A taxpayer that wants to make this change and a concurrent change to a method under §§ 1.162-3T, 1.162-4T, 1.263(a)-1T, 1.263(a)-2T, or 1.263(a)-3T with the same year of change should file a single Form 3115 that includes all of the concurrent method changes, in which case the taxpayer must enter the designated automatic accounting method change numbers for all concurrent changes on the appropriate line on that Form 3115. For guidance on filing a single application for two or more changes, see section 6.02(b)(ii) of Rev. Proc. 2011-14.

(5) Section 481(a) adjustment. By following the sampling procedures provided in Rev. Proc. 2011-42, 2011-37 I.R.B. 318, a taxpayer changing its method of accounting under this section 10.09 of the APPENDIX may use statistical sampling in determining the § 481(a) adjustment. Sampling methodologies not described in Rev. Proc. 2011-42 are not permitted.

(6) Statistical sampling. By following the sampling procedures provided in Rev. Proc. 2011-42, 2011-37 I.R.B. 318, a taxpayer changing its method of accounting under this section 10.09 of the APPENDIX may use statistical sampling to support items on its income tax returns under § 1.263(a)-2T. Sampling methodologies not described in Rev. Proc. 2011-42 are not permitted.

(7) Ogden copy of Form 3115 required in lieu of national office copy. A taxpayer changing its method of accounting under this section 10.09 of the APPENDIX must file a signed copy of its completed Form 3115 with the IRS in Ogden, UT (Ogden copy), in lieu of filing the national office copy, no earlier than the first day of the year of change and no later than the date the taxpayer files the original Form 3115 with its federal income tax return for the year of change. If a taxpayer makes both this change and a change to a UNICAP method under section 11.01 or 11.02 of this APPENDIX (as applicable) on a single Form 3115 for the same year of change in accordance with section 10.09(4)(a) of this APPENDIX, the taxpayer must file a signed copy of that completed Form 3115 with the IRS in Ogden, UT (Ogden copy), in lieu of filing the national office copy, no earlier than the first day of the year of change and no later than the date the taxpayer files the original Form 3115 with its federal income tax return for the year of change. See sections 6.02(3)(a)(ii)(B) (providing the general rules) and section 6.02(7)(b) (providing the mailing address) of this revenue procedure.

(8) Designated automatic accounting method change number. The designated automatic accounting method change number for a change in method of accounting

under section 10.09 of this APPENDIX is “173.” See section 6.02(4) of this revenue procedure.

(9) Contact information. For further information regarding a change under this section, contact Alan S. Williams at 202-622-4950 (not a toll-free call).

(13) Rev. Proc. 2011-14 is modified to add new section 10.10 of the APPENDIX, to read as follows:

.10 Capitalizing improvements to tangible property.

(1) Description of change.

(a) Applicability. This change applies to a taxpayer that wants to change its method of accounting to capitalizing amounts paid or incurred for improvements to units of property consistent with §§ 1.263(a)-1T and 1.263(a)-3T and, if depreciable, to depreciating such improvements under § 168.

(b) Inapplicability. This change does not apply to the following:

(i) A taxpayer that is required under § 263A and the regulations thereunder to capitalize the costs for which the taxpayer wants to change its method of accounting under section 10.10 of this APPENDIX if the taxpayer is not capitalizing these costs, unless the taxpayer concurrently changes its method to capitalize these costs in conjunction with a change to a UNICAP method under section 11.01 or 11.02 of this APPENDIX (as applicable);

(ii) A taxpayer that wants to change its method of accounting for dispositions of depreciable property, including a change in the asset disposed of (but see sections 6.29, 6.30, and 6.31 of this APPENDIX); or

(iii) For any taxable year in which the § 1.167(a)-11(d)(2) repair allowance election was made; any property subject to the repair allowance under § 1.167(a)-11(d)(2) (including expenditures incurred after December 31, 1980, for the repair, maintenance, rehabilitation, or improvement of property placed in service before January 1, 1981).

(2) Certain scope limitations inapplicable. The scope limitations in section 4.02 of this revenue procedure do not apply to a taxpayer that makes this change for its first or second taxable year beginning after December 31, 2011. If the taxpayer makes both this change and a change to a UNICAP method under section 11.01 or 11.02 of the APPENDIX (as applicable) for its first or second taxable year beginning after December 31, 2011, on a single Form 3115 for the same year of change in accordance with section 10.10(4)(a) of this APPENDIX, the scope limitations in section 4.02 of this revenue procedure do not apply to the taxpayer for either change.

(3) Manner of making change. A taxpayer making this change must complete Form 3115, Schedule E and attach it to its Form 3115.

(4) Concurrent automatic change.

(a) A taxpayer that wants to make both this change and a change to a UNICAP method under section 11.01 or 11.02 of this APPENDIX (as applicable) for the same year of change should file a single Form 3115 that includes both changes, in which case the taxpayer must enter the designated automatic accounting method change numbers for both changes on the appropriate line on that Form 3115. For guidance on filing a

single application for two or more changes, see section 6.02(b)(ii) of Rev. Proc. 2011-14.

(b) A taxpayer that wants to make this change and a concurrent change to a method under §§ 1.162-3T, 1.162-4T, 1.263(a)-1T, 1.263(a)-2T, or 1.263(a)-3T with the same year of change should file a single Form 3115 that includes all of the concurrent method changes, in which case the taxpayer must enter the designated automatic accounting method change numbers for all concurrent changes on the appropriate line on that Form 3115. For guidance on filing a single application for two or more changes, see section 6.02(b)(ii) of Rev. Proc. 2011-14.

(5) Section 481(a) adjustment.

(a) A taxpayer changing to this method of accounting must not include in the § 481(a) adjustment any amount attributable to property for which the taxpayer elected to apply the repair allowance under § 1.167(a)-11(d)(2) for any taxable year in which the election was made.

(b) By following the sampling procedures provided in Rev. Proc. 2011-42, 2011-37 I.R.B. 318, a taxpayer changing its method of accounting under this section 10.10 of the APPENDIX may use statistical sampling in determining the § 481(a) adjustment. Sampling methodologies not described in Rev. Proc. 2011-42 are not permitted.

(c) A taxpayer making this change must attach to its Form 3115 a schedule for the section 481(a) adjustment listing the adjustment amounts for each property classification (e.g., 5-year property, 7-year property, or nonresidential real property).

(6) Statistical sampling. By following the sampling procedures provided in Rev. Proc. 2011-42, 2011-37 I.R.B. 318, a taxpayer changing its method of accounting under this section 10.10 of the APPENDIX may use statistical sampling to support items on its income tax returns under §§ 1.263(a)-1T and 1.263(a)-3T. Sampling methodologies not described in Rev. Proc. 2011-42 are not permitted.

(7) Ogden copy of Form 3115 required in lieu of national office copy. A taxpayer changing its method of accounting under this section 10.10 of the APPENDIX must file a signed copy of its completed Form 3115 with the IRS in Ogden, UT (Ogden copy), in lieu of filing the national office copy, no earlier than the first day of the year of change and no later than the date the taxpayer files the original Form 3115 with its federal income tax return for the year of change. If a taxpayer makes both this change and a change to a UNICAP method under section 11.01 or 11.02 of this APPENDIX (as applicable) on a single Form 3115 for the same year of change in accordance with section 10.10(4)(a) of this APPENDIX, the taxpayer must file a signed copy of that completed Form 3115 with the IRS in Ogden, UT (Ogden copy), in lieu of filing the national office copy, no earlier than the first day of the year of change and no later than the date the taxpayer files the original Form 3115 with its federal income tax return for the year of change. See sections 6.02(3)(a)(ii)(B) (providing the general rules) and section 6.02(7)(b) (providing the mailing address) of this revenue procedure.

(8) Designated automatic accounting method change number. The designated automatic accounting method change number for a change in method of accounting

under section 10.10 of this APPENDIX is “174.” See section 6.02(4) of this revenue procedure.

(9) Contact information. For further information regarding a change under this section, contact Alan S. Williams at 202-622-4950 (not a toll-free call).

(14) Section 6.20(1)(a) of the APPENDIX of Rev. Proc. 2011-14 is modified by replacing “1986.” at the end of such section with “1986 and before its first taxable year beginning on or after January 1, 2012.”

(15) Section 10.07(1)(b) of the APPENDIX of Rev. Proc. 2011-14 is modified by:

(a) Deleting “or” at the end of section 10.07(1)(b)(ii) of the APPENDIX;

(b) At the end of section 10.07(1)(b)(iii) of the APPENDIX, replacing the period with “; or”; and

(c) After section 10.07(1)(b)(iii) of the APPENDIX, adding a new section 10.07(1)(b)(iv) of the APPENDIX to read as follows:

(iv) repairable and reusable spare parts that are placed in service by the taxpayer in a taxable year beginning on or after January 1, 2012, if the taxpayer did not make a valid election under § 1.162-3T(d) to treat the repairable and reusable spare parts as a capital expenditure and as an asset subject to the allowance for depreciation.

SECTION 5. EFFECT ON OTHER DOCUMENTS

Rev. Proc. 2011-14 is modified and clarified.

SECTION 6. EFFECTIVE DATE

This revenue procedure is effective for taxable years beginning on or after January 1, 2012.

SECTION 7. PAPERWORK REDUCTION ACT

The collection of information contained in this revenue procedure has been reviewed and approved by the Office of Management and Budget in accordance with the Paperwork Reduction Act (44 U.S.C. 3507) under control number 1545–1551. An agency may not conduct or sponsor, and a person is not required to respond to, a collection of information unless the collection of information displays a valid OMB control number.

The collections of information in this revenue procedure are in section 4. This information is necessary and will be used to determine whether the taxpayer properly changed to a permitted method of accounting. The collections of information are required for the taxpayer to obtain consent to change its method of accounting. The likely respondents are the following: individuals, farms, business or other for-profit institutions, nonprofit institutions, and small businesses or organizations.

The estimated total annual reporting and/or recordkeeping burden is 9,162.5 hours.

The estimated annual burden per respondent/recordkeeper varies from $\frac{1}{4}$ hour to $8\frac{1}{2}$ hours, depending on individual circumstances, with an estimated average of $1\frac{1}{4}$ hours. The estimated number of respondents is 7,330. The estimated annual frequency of responses is on occasion.

SECTION 8. DRAFTING INFORMATION

The principal author of this revenue procedure is Alan S. Williams of the Office of Associate Chief Counsel (Income Tax & Accounting). For further information regarding this revenue procedure contact Alan S. Williams at 202-622-4950 (not a toll free call).