

## Part III

### Administrative, Procedural, and Miscellaneous

[26 CFR 601.204]: Changes in accounting periods and in methods of accounting.  
(Also: Part 1, §§ 442: 1.442-1)

Rev. Proc. 2025-6

#### SECTION 1. PURPOSE

This revenue procedure provides the exclusive procedures for certain applicable entities, as defined in § 6417(d)(1)(A) of the Internal Revenue Code (Code)<sup>1</sup> and the regulations thereunder that are not required to file either a federal income tax return under § 6011<sup>2</sup> or an annual information return under § 6033(a), but previously filed a Form 990-T solely to make an elective payment election under § 6417, to change their annual accounting period. An in-scope applicable entity (as defined in section 3.02 of this revenue procedure) that complies with all the applicable provisions of this revenue procedure will have obtained the approval of the Commissioner of Internal Revenue

---

<sup>1</sup> Unless otherwise specified, all “section” or “§” references are to sections of the Code or the Income Tax Regulations (26 CFR part 1).

<sup>2</sup> For this purpose, filing Form 990-T, *Exempt Organization Business Income Tax Return (and proxy tax under section 6033(e))*, solely to make an elective payment election under § 6417 is not considered a requirement to file a federal income tax return under § 6011.

(Commissioner) to change its annual accounting period.

## SECTION 2. BACKGROUND

.01 Definitions. The following definitions apply solely for purposes of this revenue procedure.

(1) Annual accounting period. The term “annual accounting period” means the annual period (calendar year or fiscal year) on the basis of which an in-scope applicable entity regularly keeps its books and records for purposes of making an elective payment election under § 6417.

(2) First Effective Year. The “first effective year” for an in-scope applicable entity that adopted a taxable year by filing its first Form 990-T solely to make an elective payment election under § 6417 is the first taxable year for which a change in annual accounting period is effective and for which an in-scope applicable entity must comply with all the terms and conditions under this revenue procedure. The first effective year generally is the short period required to effect the change.

(3) Short Period. In the case of a change in annual accounting period, an in-scope applicable entity’s “short period” is the period beginning with the day following the close of the old taxable year and ending with the day preceding the first day of the new taxable year.

(4) Taxable year. The term “taxable year” generally means the in-scope applicable entity’s annual accounting period, regardless of whether it is a calendar or fiscal year.

.02 Adoption of Taxable Year.

(1) In general. A taxpayer may adopt any taxable year that satisfies § 441 and the regulations thereunder without the approval of the Commissioner. See § 1.441-1(c).

(2) Adopting a taxable year for purposes of § 6417. The regulations under § 6417 provide that an applicable entity that is not required to file a federal income tax return under § 6011 or an annual information return under § 6033(a), but is filing an annual return solely to make an elective payment election under § 6417, adopts a taxable year upon filing an initial Form 990-T to make the elective payment election. The applicable entity may choose to adopt a taxable year for purposes of § 6417 based upon either a calendar or fiscal year. The applicable entity must maintain adequate books and records, including a reconciliation of any differences between its regular books of account and those using its chosen taxable year, to support making an elective payment election on the basis of its chosen taxable year.

.03 Change in Taxable Year.

(1) In general. A taxpayer that wants to change its annual accounting period and use a new taxable year generally must obtain the approval of the Commissioner. To secure such approval, a taxpayer must file an application, generally on Form 1128, *Application to Adopt, Change, or Retain a Tax Year*, with the Commissioner within such time and in such manner as is provided in administrative procedures published by the Commissioner. In general, a change in annual accounting period will be approved if the taxpayer establishes a business purpose for the requested annual accounting period, agrees to the Commissioner's prescribed terms, conditions, and adjustments for effecting the change, and files the requested change in annual accounting period under the Commissioner's prescribed administrative procedures.

(2) No retroactive change in annual accounting period. Unless specifically authorized by the Commissioner, a taxpayer may not request, or otherwise make, a

retroactive change in annual accounting period, regardless of whether the change is to a required taxable year.

### SECTION 3. SCOPE

.01 Applicability. The procedures in section 4 of this revenue procedure apply only to in-scope applicable entities described in section 3.02 of this revenue procedure.

.02 In-scope applicable entity. An in-scope applicable entity is an applicable entity described in section 3.02(1) of this revenue procedure that is also described in section 3.02(2) of this revenue procedure.

(1) An applicable entity is described in this section 3.02(1) if it is one of the following—

(a) An organization exempt from the tax imposed by subtitle A of the Code because it is the government of any U.S. territory or a political subdivision thereof. See § 1.6417-1(c)(1)(ii).

(b) Any State, the District of Columbia, or political subdivision thereof. See § 1.6417-1(c)(2).

(c) A Tribal entity that is—

(i) An Indian Tribal government or a subdivision thereof (See § 1.6417-1(c)(3)),

(ii) A Tribe incorporated under § 17 of the Indian Reorganization Act of 1934, as amended, or incorporated under § 3 of the Oklahoma Indian Welfare Act, as amended, that seeks to make an elective payment election with respect to any applicable section 6417 credit,<sup>3</sup> or

---

<sup>3</sup> See Notice of Proposed Rulemaking (REG-113628-21) published October 9, 2024, 89 F.R. 81877. (The proposed regulations would amend the § 6417 final regulations published on March 11, 2024, which provide that these entities are disregarded. See § 1.6417-1(f), T.D. 9988, 89 F.R. 17585.)

(iii) A wholly owned entity organized or incorporated under the laws of the Indian Tribal government(s) that owns it and that seeks to make an elective payment election with respect to any applicable § 6417 credit.<sup>4</sup>

(d) An agency of any applicable entity described in section 3.02(1)(a), (b), or (c) of this revenue procedure.

(2) An applicable entity is described in this section 3.02(2) if it—

(a) Is not required to file either a federal income tax return under § 6011 or an annual information return under § 6033(a),

(b) Has adopted a taxable year by filing a Form 990-T for the sole purpose of making an elective payment election under § 6417, and

(c) Desires to change its taxable year to match the accounting period used in keeping its books and records.

.03 Inapplicability. The procedures in section 4 of this revenue procedure do not apply to entities that are not in-scope applicable entities described in section 3.02 of this revenue procedure, including entities that have either filed a federal income tax return under § 6011 or filed an annual information return under § 6033(a) with the Internal Revenue Service Center and were required to use their established taxable year when

---

REG-113628-21 would, upon being finalized after a notice and comment period, apply to taxable years ending after October 9, 2024. REG-113628-21 would also generally allow an entity the option to apply proposed § 1.6417-1(c)(7) and (f) to taxable years ending on or before October 9, 2024, provided that the Indian Tribal government(s) that own the entity also apply proposed § 1.6417-1(c)(7) and (f) consistently with respect to such entity for all such taxable years. However, this option would not be available for any taxable period for a federal excise tax or employment tax with respect to which the entity was, as of October 9, 2024, a party to any administrative or judicial proceeding.

A taxpayer may rely upon proposed § 1.6417-1(c)(7) before it is finalized for purposes of this revenue procedure if the taxpayer complies with the requirement to apply proposed § 1.6417-1(c)(7) and (f) consistently with respect to such entity for all such taxable years.

<sup>4</sup> This rule would encompass wholly owned Tribal housing authorities and utilities. See Notice of Proposed Rulemaking (REG-113628-21), described in footnote 3.

making an elective payment election under § 6417. Entities described in the preceding sentence may request a change in annual accounting period under Rev. Proc. 2006-45, 2006-45 I.R.B. 851 (relating to corporations and certain other entities), Rev. Proc. 2006-46, 2006-45 I.R.B. 859 (relating to partnerships, S corporations, electing S corporations (as described therein), and personal service corporations), Rev. Proc. 85-58, 1985-2 C.B. 740 (relating to organizations exempt from federal income tax under § 501(a)), or Rev. Proc. 2002-39, 2002-22 I.R.B. 1046 (relating to entities not eligible under the automatic approval procedures), as applicable.

#### SECTION 4. PROCEDURE

.01 In-scope applicable entities changing their annual accounting period. An in-scope applicable entity that desires to change its taxable year may effectuate the change by timely filing the Form 990-T for the first effective year with the appropriate Internal Revenue Service Center. The Form 990-T must be filed by the fifteenth day of the fifth month following the close of the short period (absent filing a Form 8868, *Application for Extension of Time to File an Exempt Organization Return or Excise Taxes Related to Employee Benefit Plans*, requesting an extension to file a Form 990-T). The Form 990-T should indicate that a change of annual accounting period is being made and include a statement describing the present annual accounting period and the proposed annual accounting period. The in-scope applicable entity is not required to file Form 1128 with the Form 990-T.

.02 Automatic approval. An in-scope applicable entity that complies with all the applicable provisions of this revenue procedure will have obtained the approval of the Commissioner for a change in annual accounting period, beginning with the first

effective year.

.03 Examples.

(1) Example (1). XYZ is an applicable entity described in section 3.02(1) of this revenue procedure. XYZ is not required to file either a federal income tax return under § 6011 or an annual information return under § 6033(a) and has never filed a return or adopted a taxable year. XYZ keeps its books and records on the basis of a fiscal year that ends on September 30. In February 2023, XYZ places into service an applicable credit property, as defined in § 1.6417-1(e), that meets the requirements to generate an applicable credit under § 6417. XYZ desires to make an elective payment election under § 6417. Applying § 1.6417-2(b)(3)(i), XYZ adopts a calendar year taxable year ending on December 31, 2023, for the sole purpose of making an elective payment election under § 6417, by timely filing Form 990-T on the basis of a calendar year and by declaring on Form 990-T that XYZ has adopted as its taxable year a calendar year ending December 31, 2023. XYZ maintains adequate books and records, including a reconciliation of any differences between its regular books and records year and those of its chosen taxable year, to support making an elective payment election based on its chosen taxable year. XYZ has adopted a calendar tax year. If XYZ desires to change its taxable year to an accounting period that matches its books and records, it will be an “in-scope applicable entity” within the meaning of section 3.02 of this revenue procedure.

(2) Example (2). Same facts as Example (1), except that XYZ now wishes to conform its taxable year to its accounting period used in keeping its books and records and, accordingly, wants to change to a taxable year ending September 30 effective for

the taxable year beginning January 1, 2024, and ending September 30, 2024 (that is, the first effective year). Pursuant to section 4.01 of this revenue procedure, XYZ files a Form 990-T for the short period beginning January 1, 2024, and ending September 30, 2024, by the fifteenth day of the fifth month after the end of XYZ's short taxable year (or Tuesday, February 18, 2025, accounting for February 15 falling on a Saturday and Monday, February 17 being a Federal holiday) and attaches a statement to the Form 990-T indicating that a change of taxable year from a calendar year taxable year to a taxable year ending September 30 is being made. XYZ has changed its taxable year to a taxable year ending September 30 and has obtained the approval of the Commissioner for the requested change.

(3) Example (3). Same facts as Example (2), except that XYZ, instead of timely filing its Form 990-T on or before February 15, 2025, timely files the Form 8868 on or before February 18, 2025. XYZ is now entitled to a 6-month automatic extension to file its Form 990-T. Thus, XYZ has until August 15, 2025, to timely file the Form 990-T on which it makes the desired change in its taxable year to a taxable year ending September 30 and to obtain the approval of the Commissioner for the requested change.

## SECTION 5. RECORDS

The books and records of the in-scope applicable entity must be closed as of the last day of the first effective year. An in-scope applicable entity must continue to maintain adequate books and records. See § 6001.

## SECTION 6. EXTENSION OF TIME FOR CHANGE IN ACCOUNTING PERIOD

An in-scope applicable entity described in section 3.02 of this revenue procedure



that timely files Form 8868 is granted an automatic extension of 6 months from the original due date of Form 990-T to request a change in accounting period under section 4 of this revenue procedure. (If the entity is also filing the Form 990-T to make an elective payment election, the Form 8868 extends the due date for that election as well.)

#### SECTION 7. EFFECTIVE DATE

This revenue procedure is effective for changes in annual accounting periods of in-scope applicable entities for which the first effective year begins on or after January 1, 2024, and the period for filing the Form 990-T for such year has not yet expired.

#### SECTION 8. DRAFTING INFORMATION

The principal author of this revenue procedure is Peter A. Holiat of the Office of Associate Chief Counsel (Employee Benefits, Exempt Organizations, and Employment Taxes). For further information regarding this revenue procedure contact Mr. Holiat on (202) 317-4541 (not a toll-free call).