

- If there is an unused general business credit or any other credit for the short period, you must carry the unused credit(s) forward. Unused credit(s) from the short period may not be carried back.
- If the change in accounting period is for a corporation, the corporation may not make an election (under section 1362(a)) to be treated as an S corporation, that would be effective for the tax year immediately following the short period.
- If there is any change in partnership interest before the partnership files its short period return, the partnership must notify this office in writing within 30 days of the change in interest.
- Any ordinary loss incurred for the short period must not create or increase a net operating loss available for carryback for any of the following named partners:
 (1) _____ (2) _____
 (3) _____
- If you do not wish to comply with these conditions, please let us know within 30 days from the date on this application. The accounting period approval granted in this ruling is directed only to the applicant who requested it and may not be used or cited as precedent.

Disapproval

Your application cannot be approved because:

- It was not filed on time. (See explanation _____ below.)
 () It was dated _____
 () It was received in an envelope postmarked _____
- It was prematurely filed. (See explanation _____ below.)
- The reason given for adopting the tax year requested does not constitute a business purpose within the meaning of the Regulations. (See explanation 4 below.)
- The reason given for the change in the tax year requested is not a substantial business purpose under the Regulations. (See explanation 5 below.)
- The information given does not establish that the tax year requested is the natural business year. (See explanation 6 below.)
- The tax year requested would cause income to one or more of the partners or to the shareholders of an S corporation to be deferred more than 3 months. (See explanation 7 below.)
- Because it appears that you have been using an incorrect accounting period or the application involves returns already filed, or both, we have forwarded the application to the Internal Revenue Service Center where you file your returns. Please contact the Service Center about this matter.
- We searched our records thoroughly, but could not locate your original application. Therefore, we cannot consider your request. (See explanation 1 below.)
- It is not necessary for this office to take action. You may adopt with your first return without obtaining prior approval from the Commissioner of Internal Revenue, any tax year that meets the requirements of section 441. You must adopt your first tax year on or before the due date (not including extensions) for filing the return for that tax year. You should file your return with the Service Center for your area. (See Regulations section 1.441-1(b)(3). S Corporations see Temp. Regs. section 18.1378-1.)

EXPLANATION OF DISAPPROVAL

1. Regulations section 1.442-1(b)(1) provides that, to secure prior approval of a change in annual accounting period, a taxpayer must file the application by the 15th day of the second calendar month following the close of the short period.
2. Regulations section 1.706-1(b)(4)(ii) provides that, where a newly formed partnership is required to obtain prior approval from the Commissioner for the adoption of a tax year, the partnership must file the application by the last day of the month following the close of the tax year to be adopted.
3. The application was filed too far in advance of the end of the short period. Please use the enclosed forms to make a new application closer to the end of the short period, when more accurate information will be available.
4. Regulations section 1.706-1(b) provides that, generally, a partnership may not adopt a tax year other than that of all its principal partners, unless it establishes to the satisfaction of the Commissioner that a business purpose exists for adopting such a year.
5. Regulations section 1.442-1(b)(1) provides that the taxpayer requesting a change in accounting period must establish that there is a substantial business purpose for making the change.
6. (a) Regulations section 1.706-1(b) provides that if a newly formed partnership wishes to adopt a tax year other than a calendar year where all of its principal partners are on different tax years, it must establish a business purpose for its adoption and obtain prior approval from the Commissioner. Generally, the requirement of a business purpose will be met if the desired year coincides with the partnership's natural business year. The tax year should end at, or soon after, the close of the peak business period. (See Rev. Rul. 60-182, 1960-1 C.B. 264, and Rev. Proc. 74-33, 1974-2 C.B. 489.)
 (b) Regulations section 1.442-1(b)(1) provides that the taxpayer requesting a change in accounting period must establish that there is a substantial business purpose for making the change, and that in making its determination, the Internal Revenue Service will consider the effect of the proposed change on the taxpayer's annual business cycle. The tax year should end at, or soon after, the close of the taxpayer's peak business period. (See Rev. Proc. 74-33.)
7. Rev. Proc. 72-51, 1972-2 C.B. 832, provides that a request by a partnership desiring to change to, or adopt, a tax year other than that of all its principal partners generally will be approved only where the request for the adoption or change would result in a deferment of income to the partners of three months or less. This Rev. Proc. is also applicable to a change in accounting period requested by an S corporation.

SECTION A.—All Filers (continued)

	Yes	No								
4 What is your overall method of accounting? <input type="checkbox"/> Cash receipts and disbursements <input type="checkbox"/> Accrual <input type="checkbox"/> Other (explain):										
5 Are you an individual requesting a change from a fiscal year to a calendar year under Rev. Proc. 66-50, 1966-2 C.B. 1260?										
6 Are you requesting a change for a trust under Rev. Proc. 68-41, 1968-2 C.B. 943?										
7 Are you requesting a change for a tax exempt organization under Rev. Proc. 76-9, 1976-1 C.B. 547, or 76-10, 1976-1 C.B. 548?										
8 Are you requesting a change for a corporation under Rev. Proc. 84-34, 1984-17 I.R.B. 24? IF "YES," TO EITHER 5, 6, 7, or 8 ABOVE, FILE FORM 1128 WITH THE SERVICE CENTER. SEE GENERAL INSTRUCTION C.										
9 In the last 10 years have you changed or requested permission to change your accounting period, your overall method of accounting or the accounting treatment of any item? If "Yes," and there was a ruling letter issued granting permission to make the change, attach a copy. If a copy of the ruling letter is not available, explain and give date permission was granted.										
10 Do you have pending any accounting method, accounting period, ruling or technical advice request in the National Office? If "Yes," attach a statement explaining the type of request (method, period, etc.) and the specific issues involved in each request.										
11 Enter the taxable income* or (loss) for the three tax years immediately before the short period and for the short period. If necessary, estimate the amount for the short period. <table style="width:100%; border:none;"> <tr> <td style="text-align:center;">Third preceding year</td> <td style="text-align:center;">Second preceding year</td> <td style="text-align:center;">First preceding year</td> <td style="text-align:center;">Short period</td> </tr> <tr> <td>\$ _____</td> <td>\$ _____</td> <td>\$ _____</td> <td>\$ _____</td> </tr> </table> <i>*Individuals enter adjusted gross income. Partnerships and S corporations enter ordinary income. Section 501(c) organizations enter unrelated business taxable income.</i>	Third preceding year	Second preceding year	First preceding year	Short period	\$ _____	\$ _____	\$ _____	\$ _____		
Third preceding year	Second preceding year	First preceding year	Short period							
\$ _____	\$ _____	\$ _____	\$ _____							
12 Are you a member of a partnership, a beneficiary of a trust or estate, a shareholder of an S corporation, or a shareholder of a Domestic International Sales Corporation (DISC)? If "Yes," attach a statement showing the name, address, identifying number, tax year, percentage of interest in capital and profits, or percentage of interest of each DISC and the amount of income received from each partnership, trust, estate, S corporation, or DISC for the first preceding year and the short period.										
13 State the reasons for requesting the change. (Attach a separate sheet if you need more space.) <i>If you are requesting a change to conform to your "natural business year," provide the information described in Rev. Proc. 74-33.</i>										

SECTION B.—Estates or Trusts

Attach a statement showing the following information:

1 Name, identifying number, address and tax year of each beneficiary and whether a beneficiary is also the grantor.		
2 Based on the taxable income of the estate or trust entered in Section A, item 11, show the distribution deduction and the taxable amounts distributable to each beneficiary for the 2 tax years immediately before the short period and for the short period.		
3 If the trust is a member of a common trust fund, show name and tax year of that fund.		
4 Are you filing for a simple trust as defined in section 651?		
5 Are you filing for a complex trust as defined in section 661?		

SECTION C.—Partnerships

1 Date business began. (See specific instructions for Section C.) ▶		
2 Is any partner applying for a corresponding change in accounting period?		
3 Attach a statement showing each partner's name, type of partner (e.g. individual, partnership, estate, trust, corporation, S corporation, DISC, etc.), address, identifying number, tax year, the percentage of interest in capital and profits, and how the interest was acquired.		
4 Is any partner of this partnership a member of a professional corporation as defined in section 269A? If "Yes," attach a separate sheet providing the name, address, identifying number, tax year, percentage of interest in capital and profits, and the amount of income received from each professional corporation for the first preceding year and the short period.		

SECTION D.—All Corporations

	Yes	No
1 Date of incorporation ▶		
2 Is the change being requested by a subsidiary who became a member of an affiliated group to join with the parent corporation in the filing of a consolidated return for the short period? If "Yes," DO NOT FILE THIS FORM. SEE "EXCEPTIONS" IN GENERAL INSTRUCTION B.		
3 Is the corporation a member of an affiliated group filing a consolidated return? If "Yes," attach a statement showing (a) the name, address, identifying number used on the consolidated return, the tax year and the Internal Revenue Service Center where the taxpayer files the return; and (b) the name, address, and identifying number of each member of the affiliated group. Designate the parent corporation and the taxable income or (loss) of each member for the 3 years before the short period.		
4 Did the corporation pay any dividends to its shareholders during the short period? If "Yes," furnish the following information:		
(a) Taxable dividends	\$	
(b) Nontaxable dividends (explain how determined)	\$	

SECTION E.—S Corporations

1 Date of election ▶		
2 Attach a statement showing each shareholder's name, address, identifying number, tax year, percentage of ownership and type of entity (e.g. individual, trust or qualified Subchapter S Trust as defined in section 1361(d)(3)).		
3 Is the corporation a newly electing S corporation required to file Form 2553, Election by a Small Business Corporation, to adopt, retain or change its accounting period? If "Yes," do not file this form. See "Exceptions" in General Instruction B.		

SECTION F.—Tax Exempt Organizations

1 Form of organization: <input type="checkbox"/> Corporation <input type="checkbox"/> Trust <input type="checkbox"/> Other (Specify) ▶		
2 Date of organization ▶		
3 Code section under which you are recognized as exempt ▶		
4 Are you required to file an annual return on either Form 990, 990-C, 990-PF, 990-T, 1120-H, or 1120-POL?		
5 Date exemption was granted _____ Attach a copy of ruling letter granting exemption. If a copy of letter is not available, attach explanation.		
6 If a private foundation, is the foundation terminating its status under section 507?		

SECTION G.—Domestic International Sales Corporations

1 Date of election ▶		
2 Attach a statement showing the name, address, identifying number, tax year, and the percentage of ownership of each shareholder.		

Signature—ALL FILERS (See specific instructions)

Under penalties of perjury, I declare that I have examined this application, including accompanying schedules and statements, and to the best of my knowledge and belief it is true, correct, and complete. Declaration of preparer (other than applicant) is based on all information of which preparer has any knowledge.

----- Applicant's name -----	----- Date -----
----- Signature -----	----- title -----
----- Signing Official's Name (Please print or type) -----	----- Date -----
----- Signature of officer of the parent corporation, if applicable -----	----- title -----
----- Signature of individual or firm preparing the application, other than applicant -----	----- Date -----