INTERNAL REVENUE SERVICE
NATIONAL OFFICE TECHNICAL ADVICE MEMORANDUM

September 14, 2006

Third Party Communication: None
Date of Communication: Not Applicable

Number: **200738014**
Release Date: 9/21/2007

Index (UIL) No.: 446.04-00, 263A.07-00
CASE-MIS No.: TAM-125295-06

District Director
LMSB, Communications, Technology & Media (LM:CTM)

Taxpayer's Name:
Taxpayer's Address:

Taxpayer's Identification No
Year(s) Involved:
Date of Conference:

LEGEND:

Taxpayer =

Representatives =

Services =

Asset =

Amount A =

Amount B =

Amount C =

Amount D =

Amount E =

Amount F =

Amount G =

Amount H =

Amount I =

Amount J =

Amount K =

Affirmative Issue 1 =

Affirmative Issue 2 =

Affirmative Issue 3 =

ISSUE:

Whether Taxpayer's method of accounting for mixed service costs was an issue under consideration, within the meaning of section 3.09(1) of Rev. Proc. 2002-9, 2002-1 C.B. 327, as modified and clarified by Announcement 2002-17, 2002-1 C.B. 561, modified and amplified by Rev. Proc. 2002-19, 2002-1 C.B. 696, and amplified, clarified, and modified by Rev. Proc. 2002- 54, 2002-2 C.B. 432, when Taxpayer filed the Form 3115 C on August 22, 2005.

CONCLUSION:

Taxpayer's method of accounting for mixed service costs was an issue under consideration, within the meaning of section 3.09(1) of Rev. Proc. 2002-9, when Taxpayer filed the Form 3115 C on August 22, 2005.

FACTS:

Taxpayer, a provider of Services, uses an overall accrual method and a calendar taxable year. On September 11, 2003, Taxpayer submitted a Form 3115 ("Form 3115 A") effective for the taxable year seeking permission to change its method of accounting with respect to self-constructed property pursuant to § 263A of the Internal Revenue Code and the Income Tax Regulations thereunder. Form 3115 A was filed under the automatic consent procedures of Rev. Proc. 2002-9.

In its Form 3115 A, Taxpayer proposed to allocate mixed service costs under the simplified service cost method for all qualified property using the labor-based allocation ratio permitted by § 1.263A-1(h)(4). Taxpayer included in its Form 3115 A an explanation of the legal reasoning supporting the proposed change that discussed its qualification to use the simplified service cost method for its mixed service costs and its position on the issue of when assets are produced on a routine and repetitive basis. Taxpayer reported on the Form 3115 A that its proposed change in accounting method resulted in a § 481(a) adjustment of Amount A that would be reported in 2002. In 2003, Taxpayer reported a § 481(a) adjustment of Amount B related to its Form 3115 A. Taxpayer filed a superseding Form 3115 ("Form 3115 B") on or about February 13, 2004, which related to the same change in method of accounting requested on Form 3115 A, specifically its accounting method for mixed service costs.

Taxpayer's tax returns for and were placed under examination in April 2005. During May of 2005, Taxpayer informed the Team Coordinator involved in the examination of three claimed adjustments, Affirmative Issue 1, Affirmative Issue 2, and Affirmative Issue 3, to its and tax returns. Affirmative Issue 1, Affirmative Issue 2, and Affirmative Issue 3 all proposed adjustments relating to the change in method of accounting requested on its Form 3115 A and contain the following paragraph:

> Effective for the tax year, Taxpayer filed Form 3115, *Application for Change in Accounting Method*, under Rev. Proc. 2002-9 and Notice 2003-59. Under the new method, Taxpayer will determine the amount of mixed service costs related to self constructed assets that are required to be capitalized under the simplified service cost with the labor based allocation method. For book purposes, Taxpayer will continue to use its current method.

The Team Manager and Team Coordinator responsible for examining Taxpayer's returns met with Taxpayer on May 25, 2005. The purpose of the meeting was to disclose the issues that were going to be examined and the time line for the audit. The Examining Team verbally indicated during the meeting that the change in method of accounting on Form 3115 A for self-constructed property would be audited. Taxpayer was further advised that the Internal Revenue Service (Service) was looking into the issue of self-constructed property under § 263A with numerous other taxpayers throughout the country in Services and related industries.[1]

The Service issued to Taxpayer on June 3, 2005 IDRs No. 8, No. 9, No. 10 and No. 11, which relate to Form 3115 A.

IDR No. 8 states:

> Subject: 2002 – Affirmative Issue 1
> Description of documents requested: For the 1120-2002: Schedule M-1, Line 8, reported an [Amount C] tax expense for Uniform Capitalization Rate. Your [Affirmative Issue 1] has requested that this amount be decreased to [Amount D], which results in additional taxable income of [Amount E]. Please provide all workpapers [sic] and supporting documentation used in the determination of the above amounts.

IDR No. 9 states:

> Subject: 2003 – Affirmative Issue 2
> Description of documents requested: For the 1120-2003: Schedule M-1, Line 5, reported an [Amount F] book expense for Uniform Capitalization Rate. Your [Affirmative Issue 2] has requested that this amount be increased to [Amount G], which results in additional taxable income of [Amount H]. Please provide all workpapers [sic] and supporting documentation used in the determination of the above amounts.

[1] The Examining Team and Taxpayer do not agree on each of the following alleged facts. At the May 25, 2005 meeting, the Examining Team advised Taxpayer that the definition of "routine and repetitive" was the main area of contention. Taxpayer does not agree it was so advised. The Team Coordinator read from his outline at the May 25, 2005 meeting, which included statements regarding "routine and repetitive." Taxpayer states it was not so advised, that it was not provided with a copy of the outline, and that it had not been made aware of the outline's content until after it filed a Form 3115 on August 22, 2005 related to its mixed service costs. On several occasions after May 25, 2005 but before August 11, 2005, the Team Coordinator mentioned to Taxpayer that the definition of "routine and repetitive" was the main area of contention. Taxpayer does not agree that it was so advised.

IDR No. 10 states:

> Subject: 2003 – 263A M-1
> Description of documents requested: For the 1120-2003: Schedule M-1, Line 8, reported a [Amount I] tax expense for Uniform Capitalization Rate. Please provide all workpapers [sic] and supporting documentation used in the determination of the above amounts.

IDR No. 11 states:

> Subject: 2002 – Form 3115-263A
> Description of documents requested: For the 1120-2002: This IDR relates to your change in method of accounting for determining the capitalizable portion of mixed service costs. The total IRC section 481(a) adjustment on [Form 3115 A] for 2002 is [Amount J]. Note – the actual M-1 on the 2002 return was [Amount K]. Please provide all schedules, worksheets, detailed computations, written procedures, and other documents used to compute the [sic] 481(a) adjustment above.

The Team Coordinator spoke with Taxpayer on July 25, 2005 about its IDR responses. Taxpayer agreed to bring in the requested documentation for its responses to IDRs No. 8, No. 9, No. 10 and No. 11 and to have Representatives available to explain their content.

On August 2, 2005, the Service released Rev. Rul. 2005-53, 2005-35 I.R.B. 425, clarifying the types of property that qualify as eligible under §§ 1.263A-1(h)(2)(i)(D) and 1.263A-2(b)(2)(i)(D) and how the terms “routine and repetitive” are interpreted for this purpose.

On August 3, 2005, the Treasury Department and Service released for publication final and temporary regulations (T.D. 9217 [70 FR 44467]) and, by cross reference, proposed regulations (REG-121584-05 [70 FR 44535]) concerning the capitalization of costs under the simplified service cost method and the simplified production method for self-constructed assets that are constructed on a routine and repetitive basis in the ordinary course of a taxpayer’s business.

A meeting was held on August 9, 2005 with the Team Coordinator, Taxpayer, and Representatives. Taxpayer provided documentation for the § 263A calculation for taxable year ending December 31, 20 and a summary schedule that detailed the claimed § 263A computation for taxable years 19 through 20 . Taxpayer’s documentation contained an index and work papers that supported Taxpayer’s

computation of the § 481(a) adjustment reflected on its Form 3115 A. The Team Coordinator asked if the documentation identified the self-created assets that were subject to § 263A in the computation. Taxpayer stated that the documentation did not identify specific assets and that creating a list of the actual assets would be a huge undertaking. Taxpayer stated that all assets that were coded as Asset on the books were included in the computation. The Team Coordinator orally asked Taxpayer to provide a description of the kinds of assets that are typically created and classified as Asset and to provide copies of the documentation for the § 263A computation. This is the first request, oral or otherwise, for the Asset description that Taxpayer had received at this point.

Taxpayer determined that it was required to change from the simplified service cost method effective for 2005 based on the published guidance released in August 2005 involving self-constructed property under § 263A. Accordingly, Taxpayer filed a Form 3115 ("Form 3115 C") to change its method of accounting pursuant to § 1.263A-1T(k) and Rev. Proc. 2002-9. Taxpayer sent via FedEx to the National Office its Form 3115 C for delivery on August 22, 2005. Taxpayer placed a copy of the Form 3115 C on the Team Coordinator's desk on August 22, 2005.

Shortly after August 22, 2005, the Service asked Taxpayer to explain its position that its method of accounting for mixed service costs under § 263A and the regulations thereunder was not under consideration when it filed its Form 3115 C. Taxpayer provided the Service on August 31, 2005 with a memorandum articulating its position that its method of accounting for mixed service costs was not under consideration when it filed its Form 3115 C to change from the simplified service cost method.

Subsequent to the taxpayer filing the Form 3115 C, the Service issued IDR No. 40 to Taxpayer on October 27, 2005. IDR No. 40 states:

> Description of documents requested: This is a follow-up to IDR [No.] 11. Provide a summary schedule, by year, of the self-constructed assets that are included in your [Form 3115 A] simplified method change. The summary should show the dollar amount of assets for each year by class life, ie., [sic] 3-year, 5-year, 7-year, 10-year, 12-year, 15-year, 20-year, 25-year, 27.5 year, 39-year, 40-year property. Provide a description of the types of assets and the production processes that are involved in self-constructing the assets in each class life.

The Service issued IDR No. 44 to Taxpayer on January 5, 2006. IDR No. 44 states in relevant part:

> For the 1120-2002: This is a follow-up to IDR [No.] 11. On September 11, 2003, you filed [Form 3115 A], in which permission was requested to change the method of accounting for self-constructed property pursuant to 263A [sic] and the regulations there under [sic]. You proposed to allocate mixed service costs under the simplified service cost method for all qualified property using the labor-based allocation ratio allowed by Treas. Reg. [sic] 1.263A-1(h)(4).

The IDR also asked Taxpayer to explain, among other items, why certain of its self-constructed assets to which it applied the simplified service cost method as of September 11, 2003 when it filed the Form 3115 A qualified as "routine and repetitive" as defined in Rev. Rul. 2005-53.

The question of whether Taxpayer's method of accounting for its mixed service costs was an issue under consideration at the time Taxpayer filed the Form 3115 C was referred to the National Office for technical advice.

LAW AND ANALYSIS:

Section 446(e) provides that, except as otherwise expressly provided in Chapter 1 of the Code, a taxpayer who changes the method of accounting on the basis of which he regularly computes his income in keeping his books shall, before computing his taxable income under the new method, secure the consent of the Secretary.

Section 1.446-1(e)(2)(i) provides that, except as otherwise expressly provided in Chapter 1 of the Code and the regulations thereunder, a taxpayer who changes the method of accounting employed in keeping his books shall, before computing his income upon such new method for purposes of taxation, secure the consent of the Commissioner. Consent must be secured whether or not such method is proper or is permitted under the Code or regulations thereunder.

Section 1.446-1(e)(3)(ii) provides that the Commissioner may prescribe administrative procedures under which taxpayers will be permitted to change their methods of accounting. The administrative procedures shall prescribe those terms and conditions necessary to obtain the Commissioner's consent to effect the change and to prevent amounts from being duplicated or omitted.

Section 481(a) provides that in computing the taxpayer's taxable income for any taxable year (1) if such computation is under a method of accounting different from the method under which the taxpayer's taxable income for the preceding taxable year was computed, then (2) there shall be taken into account those adjustments which are determined to be necessary solely by reason of the change in order to prevent amounts from being duplicated or omitted, except there shall not be taken into account any

adjustment in respect of any taxable year to which this section does not apply unless the adjustment is attributable to a change in the method of accounting initiated by the taxpayer.

Section 1.263A-1(h) provides a simplified method for determining capitalizable mixed service costs incurred during the taxable year with respect to eligible property (i.e., the aggregate portion of mixed service costs that are properly allocable to the taxpayer's production or resale activities).

Section 1.263A-1T(k)(1) provides in relevant part that a change in a taxpayer's treatment of mixed service costs to comply with § 1.263A-1T is a change in method of accounting to which the provisions of sections 446 and 481 and the regulations thereunder apply. See § 1.263A-7. For a taxpayer's first taxable year ending on or after August 2, 2005, the taxpayer is granted the consent of the Commissioner to change its method of accounting to comply with § 1.263A-1T, provided the taxpayer follows the administrative procedures, as modified by paragraphs (k)(2) through (4) of § 1.263A-1T, issued under § 1.446-1(e)(3)(ii) for obtaining the Commissioner's automatic consent to a change in accounting method.

Section 1.263A-1T(k)(2) provides that any limitations on obtaining the automatic consent of the Commissioner do not apply to a taxpayer seeking to change its method of accounting to comply with § 1.263A-1T for its first taxable year ending on or after August 2, 2005.

Section 1.263A-1T(k)(3) provides that a taxpayer that changes its method of accounting in accordance with § 1.263A-1T(k) to comply with § 1.263A-1T does not receive audit protection if its method of accounting for mixed service costs is an issue under consideration at the time the application is filed with the national office.

Rev. Proc. 2005-53 provides guidance as to what types of property constitute "eligible property" under § 263A and the regulations thereunder. Specifically, Rev. Proc. 2005-53 holds in relevant part that a taxpayer's production of property will be considered "routine and repetitive" for purposes of §§ 1.263A-1(h)(2)(i)(D) and 1.263A-2(b)(2)(i)(D) only if the property is mass-produced (i.e., numerous identical goods are manufactured using standardized designs and assembly line techniques) or the produced property has a high degree of turnover (i.e., the costs of production are recovered over a relatively short amount of time).

Rev. Proc. 2002-9 provides the exclusive procedures by which a taxpayer may obtain the automatic consent of the Commissioner to make the changes in method of accounting described in that revenue procedure's APPENDIX.

Section 3.09(1) of Rev. Proc. 2002-9 provides that a taxpayer's method of accounting for an item is an issue under consideration for the taxable years under examination if the taxpayer receives written notification (for example, by examination

plan, information document request (IDR), or notification of proposed adjustments or income tax examination changes) from the examining agent(s) specifically citing the treatment of the item as an issue under consideration. For example, a taxpayer's method of pooling under the dollar-value, last-in, first-out (LIFO) inventory method is an issue under consideration as a result of an examination plan that identifies LIFO pooling as a matter to be examined, but it is not an issue under consideration as a result of an examination plan that merely identifies LIFO inventories as a matter to be examined. Similarly, a taxpayer's method of determining inventoriable costs under § 263A is an issue under consideration as a result of an IDR that requests documentation supporting the costs included in inventoriable costs, but it is not an issue under consideration as a result of an IDR that requests documentation supporting the amount of cost of goods sold reported on the return. The question of whether a method of accounting is an issue under consideration may be referred to the national office as a request for technical advice under the provisions of Rev. Proc. 2001-2, 2001-1 I.R.B. 79 (or any successor).

We have been asked to rule on whether Taxpayer's method of accounting for mixed service costs was an issue under consideration, within the meaning of section 3.09(1) of Rev. Proc. 2002-9, when Taxpayer filed the Form 3115 C on August 22, 2005. To make this determination, we must decide whether Taxpayer received written notification from the examining agent(s) specifically citing the treatment of mixed service costs as an issue under consideration prior to August 22, 2005.

The Examining Team issued IDRs No. 8, No. 9, No. 10 and No. 11 to Taxpayer on June 3, 2005. These four IDRs constitute the only pertinent written documents received by Taxpayer from the Examining Team before August 22, 2005.

IDRs No. 8, No. 9 and No. 10 make no direct reference to Taxpayer's service costs or mixed service costs. Considered in isolation, therefore, these IDRs would not be sufficient to place under consideration Taxpayer's method of accounting for mixed service costs. However, IDRs No. 8, No. 9 and No. 10 do refer to Affirmative Issue 1, Affirmative Issue 2, and Affirmative Issue 3, which Taxpayer submitted to the examining agents in May 2005. Affirmative Issue 1, Affirmative Issue 2, and Affirmative Issue 3 all relate to Form 3115 A and Taxpayer's method of accounting for mixed service costs, which are expressly referenced and described in some detail. Affirmative Issue 1, Affirmative Issue 2, and Affirmative Issue 3 would be sufficient to place under consideration Taxpayer's method of accounting for mixed service costs if they had been issued by the examining agent rather than Taxpayer. Accordingly, IDRs No. 8, No. 9 and No. 10 are also sufficient to place under consideration Taxpayer's method of accounting for mixed service costs because they expressly reference Affirmative Issue 1, Affirmative Issue 2, and Affirmative Issue 3.

IDR No. 11 cites Taxpayer's "method of accounting for determining the capitalizable portion of mixed service costs." On its face, this satisfies the requirement

of section 3.09 of Rev. Proc. 2002-9 that the written notice specifically cite the treatment of the item (mixed service costs), and thus Taxpayer's method of accounting for mixed service costs was placed under consideration by the issuance of IDR No. 11.

Of the examples cited in section 3.09(1), IDR No. 11 is most analogous to the first sentence in the second example. "Similarly, a taxpayer's method of determining inventoriable costs under § 263A is an issue under consideration as a result of an IDR that requests documentation supporting the costs included in inventoriable costs, ..." IDR No. 11 requested documentation supporting the capitalizable portion of its mixed service costs under § 263A included in Taxpayer's § 481(a) adjustment involving the simplified service cost method of accounting for its mixed service costs. However, IDR No. 11 is even more specific and narrowly tailored than the example and precisely identifies the item, mixed service costs, as opposed to the larger grouping of "all inventoriable costs under § 263A" in the example.

Taxpayer raises a number of arguments why IDR No. 11 was not sufficient to place under consideration its method of accounting for mixed service costs.

1. Specificity of IDR No. 11

Taxpayer argues that IDR No. 11 does not place under consideration its method of accounting for mixed service costs because it lacks the specificity required by section 3.09 of Rev. Proc. 2002-9.

a. Reference to simplified service cost method

Taxpayer asserts that IDR No. 11 lacks specificity because it does not explicitly identify the simplified service cost method as Taxpayer's method of accounting for mixed service costs. Section 3.09 of Rev. Proc. 2002-9 provides that the written notice must specifically cite "the treatment of the item" as an issue under consideration. We do not believe that this language requires the written notice to include the label or title of a method of accounting (such as "simplified service cost method" or "simplified production method") to achieve the requisite level of specificity. The simplified service cost method is only one of several methods of accounting that may be used to account for mixed service costs. The reference in IDR No. 11 to Taxpayer's "method of accounting for determining the capitalizable portion of mixed service costs" is sufficient in itself to specifically cite Taxpayer's "treatment" of mixed service costs as an issue under consideration.

Further, we do not see how the additional reference to the simplified service cost method would have provided material information or clarification. Taxpayer was aware that its "treatment" of mixed service costs was the simplified service cost method. In addition, IDR No. 11 references Taxpayer's Form 3115 A, which Taxpayer filed for the sole purpose of changing its method of accounting to allocate mixed service costs

under the simplified service cost method for all qualified property using the labor-based allocation ratio under § 263A and the regulations thereunder. In addition, Taxpayer wrote an explanation of the legal reasoning supporting the proposed change in its Form 3115 A that discussed its qualification to use the simplified service cost method for its mixed service costs and included its position on assets produced on a routine and repetitive basis. Taxpayer only had one change in method of accounting for its mixed service costs, and there can be no doubt that its "method of accounting for determining the capitalizable portion of mixed service costs" is the simplified service cost method.

b. Item under examination

Taxpayer argues that IDR No. 11 lacks specificity because the "item" at issue is the simplified service cost method itself, and IDR No. 11 does not specifically cite its treatment of the simplified service cost method as an issue under consideration as required by section 3.09 of Rev. Proc. 2002-9. This argument is based upon an incorrect construction of the term "item," which refers to a class or type of revenue or expense to which a method of accounting applies. The "item" at issue is Taxpayer's mixed service costs, rather than Taxpayer's method of accounting for such costs or Taxpayer's use of the simplified service cost method. Properly construed, therefore, section 3.09 of Rev. Proc. 2002-9 requires that the written notice specifically cite the treatment of Taxpayer's mixed service costs, which IDR No. 11 does.

c. Deficiencies of accounting method

Taxpayer argues that IDR No. 11 lacks specificity because it does not indicate that there were questions about whether Taxpayer was qualified to use the simplified service cost method or whether Taxpayer's production was routine or repetitive. Section 3.09 of Rev. Proc. 2002-9 requires only that the written notice cite the "treatment of the item" as an issue under consideration in the examination. There is no requirement that an examining agent list every possible deficiency or impropriety of the treatment to achieve the requisite specificity. Such a requirement would be impractical and pointless.

Similarly, section 3.09 of Rev. Proc. 2002-9 imposes no requirement that the examining agent have subjective knowledge suggesting that the treatment of the item is improper at the time when written notification is issued. An examining agent can place the treatment of an item under consideration in the planning stage of an examination and prior to the issuance of IDRs or the performance of any substantive work to identify improprieties in the treatment of the item. See the discussion in PLRs 200142001 and 200424004.

Accordingly, IDR No. 11 does not lack specificity because it fails to reference particular reasons why Taxpayer's treatment of mixed service costs might be improper.

2. Examination limited to § 481(a) adjustment

Taxpayer argues that IDR No. 11's only purpose was to reconcile numbers and verify the accuracy of the § 481(a) adjustment associated with its Form 3115 A. Taxpayer maintains that verifying the calculation of the § 481(a) adjustment of an accounting method change is a completely separate issue from examining the propriety of the old and new accounting methods. Therefore, Taxpayer argues, its method of accounting for mixed service costs was not placed under consideration when the Service inquired as to the accuracy of its § 481(a) adjustment in IDR No. 11.

We disagree. IDR No. 11 requests documentation that would support the classification and amounts of costs that went into the computation of the § 481(a) adjustment on the Form 3115 A related to its change in method of accounting for mixed service costs. The examination of the § 481(a) adjustment necessarily implies that Taxpayer's old and new accounting methods for mixed service costs will be examined. Indeed, we believe that it is impossible to examine a § 481(a) adjustment (except in the trivial sense of verifying arithmetic) without also examining the old and new methods.

The statutorily defined function of a § 481(a) adjustment is to prevent duplications and omissions of income or deductions caused by the change from one accounting method to another. Examining a § 481(a) adjustment requires determining the existence and nature of any duplications or omissions and verifying their amounts. This cannot be done without understanding the operation of the old and new methods of accounting. Thus, examining a § 481(a) adjustment requires an examination of the old and new methods of accounting, and a written notice referencing a § 481(a) adjustment places under consideration the item involved in the underlying change in method of accounting.

3. Subsequent issuance of IDRs No. 40 and No. 44

Taxpayer places emphasis on the fact that the Service issued IDRs No. 40 and No. 44 after it filed its Form 3115 C. Taxpayer asserts that, for the first time, these IDRs addressed the simplified service cost method for its property using a labor-based allocation ratio allowed by the regulations and requested information on Asset produced on a routine and repetitive basis. Taxpayer further contends that if the issue of its use of the simplified service cost method for its mixed service costs was already under consideration, there would have been no need to send these additional IDRs.

As stated above, we believe the issue of Taxpayer's method of accounting for mixed service costs was under consideration before it filed its Form 3115 C, so we do not agree with Taxpayer that IDRs No. 40 and No. 44 first addressed Taxpayer's use of the simplified service cost method. We also reject Taxpayer's contention that the Service did not need to issue IDRs No. 40 and No. 44 if the simplified service cost method was under consideration, and consequently, their issuance is proof that its

method of accounting for mixed service costs was not under consideration. The Service may issue information document requests it feels are necessary to obtain the relevant information to the issues under examination during the course of an audit. Also discussed earlier, information document requests are often issued at the beginning of an exam and before the agents have identified any improprieties or deficiencies with issues under examination. Accordingly, it is often the case that the Service will issue IDRs throughout the audit cycle to follow-up on a previously issued examination plan or IDR. All we can take from the issuance of IDR No. 40 and IDR No. 44 is that the Service sought to obtain additional information concerning Taxpayer's use of the simplified service cost method.

Based on the facts of this case, we conclude that Taxpayer's method of accounting for mixed service costs was an issue under consideration, within the meaning of section 3.09(1) of Rev. Proc. 2002-9, when Taxpayer filed the Form 3115 C on August 22, 2005. Accordingly, Taxpayer does not have audit protection for its change in method of accounting request made pursuant to § 1.263A-1T(k)(1) on its Form 3115 C for its mixed service costs.

CAVEAT(S):

A copy of this technical advice memorandum is to be given to the Taxpayer. Section 6110(k)(3) of the Code provides that it may not be used or cited as precedent.