



DEPARTMENT OF THE TREASURY
INTERNAL REVENUE SERVICE
WASHINGTON, D.C. 20224

OFFICE OF
CHIEF COUNSEL

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CC:ITA:B07:
GENIN-109916-10

Dear _____ :

Thank you for your letter dated February 19, 2010, in which you ask whether the taxpayer could elect to use a one-year spread period for a net positive § 481(a) adjustment in lieu of using the adjustment period specified in § 5.04(1) of Rev. Proc. 2008-52, 2008-36 I.R.B. 587. I hope the following general information is helpful.

Section 5.03 of Rev. Proc. 2008-52 provides that unless otherwise provided in the revenue procedure, a taxpayer making a change in method of accounting under the revenue procedure must apply § 481(a) and take into account a § 481(a) adjustment in the manner provided in section 5.04 of the revenue procedure.

Section 5.04(1) of Rev. Proc. 2008-52 provides that except as otherwise provided in § 5.04(3), the APPENDIX of the revenue procedure, or in other published guidance in the Internal Revenue Bulletin, the § 481(a) adjustment period is four taxable years for a net positive § 481(a) adjustment.

Section 5.04(3) of Rev. Proc. 2008-52 provides rules for when a § 481(a) adjustment period may be shortened or accelerated. For instance, a taxpayer may elect to use a one-year § 481(a) adjustment period in lieu of using the adjustment period otherwise provided by the revenue procedure for a positive adjustment if the net § 481(a) adjustment is less than \$25,000.

This letter is advisory only and has no binding effect on the Service. See Rev. Proc. 2010-1, 2010-1 I.R.B. 1, 7.

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If you have any questions, please contact me at _____, or _____, I.D.
No. _____, at _____.

Sincerely,

Grant D. Anderson
Senior Counsel, Branch 7
(Income Tax & Accounting)