

Internal Revenue Service

Department of the Treasury
Washington, DC 20224

Number: **201736016**
Release Date: 9/8/2017

Third Party Communication: None
Date of Communication: Not Applicable

Index Numbers: 9100.00-00, 9100.10-00,
9100.10-01

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CC:ITA:B06
PLR-138738-16

Date:
June 09, 2017

LEGEND

Taxpayer =

Subsidiary =

CPA =

Date A =

Year 1 =

Product and Services =

Dear

This ruling responds to a recent letter that was submitted by Taxpayer's representative, CPA. CPA has requested that the Commissioner of Internal Revenue give Taxpayer an extension of time pursuant to §§ 301.9100-1 and 301.9100-3 of the Procedure and Administration Regulations to file the duplicate copy of a completed Form 3115,

Application for Change in Accounting Method. Taxpayer should have filed a duplicate of this Form 3115, pursuant to section 6.03(1)(a)(i)(B) of Rev. Proc. 2015-13, 2015-5 I.R.B. 419, on or before Date A.

FACTS

Taxpayer represents the following facts:

Taxpayer is a domestic C corporation and a non-operating company serving as a holding company. Taxpayer files a consolidated federal income tax return with its wholly owned subsidiary, Subsidiary. Subsidiary is engaged in the trade or business of producing and providing Product and Services. Taxpayer files its consolidated return on the basis of a calendar year and uses an overall accrual method of accounting for federal income tax purposes.

Taxpayer changed Subsidiary's method of accounting for capitalizing certain indirect and mixed service costs under § 263A of the Internal Revenue Code on the advice of CPA. The accounting method changes were made for the Year 1 tax year pursuant to the automatic consent procedures of Rev. Proc. 2015-13 and Rev. Proc. 2016-29, 2016-21 I.R.B. 880.

Pursuant to section 6.03(1)(a)(i)(A), Taxpayer timely filed the original, completed Form 3115 for Subsidiary with its timely filed original consolidated federal income tax return implementing the requested change for Year 1. However, Taxpayer failed to file the duplicate copy of the Form 3115 with the appropriate office of the Internal Revenue Service no later than the date Taxpayer filed the original Form 3115 due to an error committed by a staff member of Taxpayer. See section 6.03(1)(a)(i)(B) of Rev. Proc. 2015-13. The error was discovered the day after Date A. Subsequently, CPA submitted this request for an extension of time to file the duplicate of Taxpayer's Form 3115.

RULING REQUESTED

Taxpayer requests an extension of time pursuant to §§ 301.9100-1 and 301.9100-3 to file the duplicate Form 3115 required by Rev. Proc. 2015-13 in order to make a change in method of accounting for Year 1 for capitalizing certain costs under § 263A.

LAW AND ANALYSIS

Rev. Proc. 2015-13 provides the procedures by which a taxpayer may obtain automatic consent to change certain accounting methods. A taxpayer complying with all the applicable provisions of this revenue procedure has obtained the consent of the Commissioner to change its method of accounting under § 446(e) and the Income Tax Regulations thereunder.

Section 6.03(1)(a)(i) of Rev. Proc. 2015-13 provides that a taxpayer changing an accounting method pursuant to Rev. Proc. 2015-13 must complete and file a Form 3115 in duplicate. The original must be attached to the taxpayer's timely filed (including any extensions) original federal income tax return for the year of change, and a copy (with signature) of the Form 3115 must be filed with the appropriate office of the Internal Revenue Service no earlier than the first day of the year of change and no later than when the original is filed with the federal income tax return for the year of change.

Section 301.9100(c) provides that the Commissioner has discretion to grant a reasonable extension of time under rules set forth in §§ 301.9100-2 and 301.9100-3 to make certain regulatory elections.

Sections 301.9100-1 through 301.9100-3 provide the standard the Commissioner will use to determine whether to grant an extension of time to make an election. Section 301.9100-2 provides automatic extensions of time for making certain elections. Section 301.9100-3 provides extensions of time for making elections that do not meet the requirements of § 301.9100-2.

Section 301.9100-3(a) provides that requests for relief subject to § 301.9100-3 will be granted when the taxpayer provides evidence to establish to the satisfaction of the Commissioner that the taxpayer acted reasonably and in good faith and that the granting of relief will not prejudice the interests of the Government.

CONCLUSION

Based solely on the representations submitted, this office concludes that the requirements of §§ 301.9100-1 and 301.9100-3 have been satisfied in Taxpayer's case. Accordingly, Taxpayer is granted 45 calendar days from the date of this letter to file the required duplicate of the Form 3115 (identical to the original already filed with the Internal Revenue Service) changing Subsidiary's method of accounting for capitalizing certain costs under § 263A.

Except as expressly set forth above, this office neither expresses nor implies any opinion concerning the tax consequences of the facts described above under any other provision of the Code or regulations. Specifically, we have no opinion, either expressed or implied, concerning (1) whether the accounting method change Taxpayer has attempted to make on Subsidiary's behalf is eligible to be made under the automatic consent procedures of Rev. Proc. 2015-13 and Rev. Proc. 2016-29; and (2) whether Taxpayer otherwise meets the requirements of Rev. Proc. 2015-13 to make an accounting method change for Subsidiary using Rev. Proc. 2015-13. Further, no opinion is expressed regarding the correctness of Subsidiary's proposed method for capitalizing certain indirect and mixed service costs under § 263A.

The ruling contained in this letter ruling is based upon facts and representations submitted by CPA on behalf of itself, Taxpayer and Subsidiary with accompanying penalties of perjury statements executed by appropriate parties. While this office has not verified any of the material submitted in support of this request for an extension of time to file the required Form 3115, all material is subject to verification on examination.

This ruling is directed only to Taxpayer. Section 6110(k)(3) provides that it may not be used or cited as precedent.

In accordance with the power of attorney on file with our office, we are sending copies of this letter to Taxpayer's authorized representatives.

Sincerely,

CHERYL L. OSEEKEY
Senior Counsel, Branch 6
Office of Associate Chief Counsel
(Income Tax & Accounting)

Enc.: Copy for § 6110 purposes