

Internal Revenue Service

Department of the Treasury
Washington, DC 20224

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CC:ITA:B06
PLR-121573-23

Date:
February 15, 2024

LEGEND

Taxpayer =

CPA =

Year =

Date A =

Date B =

Dear :

This ruling responds to a recent letter that was submitted by Taxpayer's representative, CPA. CPA has requested that the Commissioner of the Internal Revenue Service give Taxpayer an extension of time pursuant to §§ 301.9100-1 and 301-9100-3 of the Procedure and Administration Regulations to file the original Form 3115, Application for Change in Accounting Method. Taxpayer should have filed this Form 3115, pursuant to section 6.03(1)(a)(i) 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 corporation. Prior to Year, Taxpayer was an S Corporation and used the cash receipts and disbursements method (cash method) of accounting as its overall method of accounting. In Year, Taxpayer revoked its S corporation election and converted to C corporation status effective on the first day of Year. As a C corporation, Taxpayer determined that it was ineligible under § 448(a) of the Internal Revenue Code to use the cash method for its overall method of accounting.

Taxpayer engaged CPA to prepare and file its Form 1120, U.S. Corporation Income Tax Return, for taxable year Year and to prepare and file its Form 3115, Application for Change in Accounting Method, for taxable year Year to change Taxpayer's overall method of accounting to an accrual method using the automatic consent procedures of Rev. Proc. 2015-13 and Rev. Proc. 2022-14, 2022-7 I.R.B. 502. Taxpayer timely filed Form 7004, Application for Automatic Extension of Time to File Certain Business Income Tax, Information, and Other Returns, which provided Taxpayer an extension until Date A to file its federal income tax return for Year.

In completing its duties, CPA electronically filed Taxpayer's Form 1120 and mailed the duplicate copy of Form 3115 to the appropriate location in Ogden, UT on Date A. See section 6.03(1)(a)(i) of Rev. Proc. 2015-13. The return was filed on a basis consistent with Taxpayer's method change having been properly implemented. However, on or around Date B, CPA discovered that, through inadvertence, it had failed to upload the original Form 3115 to Taxpayer's timely electronically filed Form 1120. See section 6.03(1)(a)(i)(A) of Rev. Proc. 2015-13. CPA subsequently submitted this request for an extension of time to file Taxpayer's original Form 3115.

RULING REQUESTED

Taxpayer requests an extension of time pursuant to §§ 301.9100-1 and 301.9100-3 to file the original Form 3115 required by Rev. Proc. 2015-13 to change its overall method of accounting under § 446(e).

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 301.9100-1(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 this case. Accordingly, Taxpayer is granted 45 calendar days from the date of this letter to file the original Form 3115 (identical to the duplicate copy already filed with the Internal Revenue Service) changing Taxpayer's overall method of accounting to an accrual method for Year. Please attach a copy of this letter ruling to the amended return.

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 whether the accounting method change Taxpayer has attempted to make is eligible to be made under the automatic consent procedures of Rev. Proc. 2015-13 and Rev. Proc. 2022-14, or whether Taxpayer otherwise meets the requirements of Rev. Proc. 2015-13 to make accounting method changes using Rev. Proc. 2015-13. We express no opinion regarding Taxpayer's accounting method for any specific items of income or expense under the proposed accrual method.

The ruling contained in this letter ruling is based upon facts and representations submitted by CPA on behalf of itself and Taxpayer, 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 will send a copy of this letter to each of Taxpayer's authorized representatives.

Sincerely,

ANNA W. GLEYSTEN
Senior Counsel, Branch 6
(Income Tax & Accounting)

cc: