

Internal Revenue Service

Department of the Treasury
Washington, DC 20224

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Person To Contact:
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Telephone Number:

Refer Reply To:
CC:ITA:B07
PLR-122228-24

Date:
May 2, 2025

In re:

Private Letter Ruling Request

Legend

Taxpayer	=	
Advisor 1	=	
Advisor 2	=	
Taxable Year	=	
Month 1	=	
Month 2	=	
Date 1	=	
Date 2	=	
Date 3	=	
Date 4	=	
State Z	=	

Dear :

This ruling responds to Taxpayer's request for a letter ruling dated December 9, 2024. In that letter, Taxpayer requests the consent of the Commissioner of Internal Revenue (Commissioner) to grant an extension of time pursuant to §§ 301.9100-1 and 301.9100-3 of the Procedure and Administrative Regulations to file the duplicate copy of the Form 3115, *Application for Change in Accounting Method*, (duplicate copy) with the

Ogden, UT office of the Internal Revenue Service (Service) to change its method of accounting described below, effective for Taxable Year, as required under section 6.03(1)(a)(i)(B) of Rev. Proc. 2015-13, 2015-5 I.R.B. 419, 432.

This letter ruling is being issued electronically in accordance with Rev. Proc. 2024-1, 2024-1 I.R.B. 1. A paper copy will not be mailed.

FACTS

Taxpayer is a partnership formed under the laws of State Z and is a partnership for federal income tax purposes. Taxpayer files a Form 1065, *U.S. Return of Partnership Income*, on a calendar-year basis using an accrual method of accounting.

Taxpayer engaged Advisor 1 to prepare its federal income tax return for Taxable Year during Month 1. Taxpayer engaged Advisor 2 to prepare a cost segregation study for certain property during Month 2. On Date 1, Advisor 1 filed a Form 7004, *Application for Automatic Extension of Time to File Certain Business Income Tax, Information, and Other Returns*, to request an automatic six-month extension of time to file returns and supporting forms and statements for Taxable Year, extending the due date for Taxpayer's Taxable Year return to Date 2.

As a result of the cost segregation study, Taxpayer engaged Advisor 1 to prepare and file the Form 3115 for Taxable Year, requesting automatic consent from the Commissioner to make the method changes described in sections 6.01 (impermissible to permissible method of accounting for depreciation or amortization) and 6.18 (qualified improvement property placed in service after December 31, 2017) of Rev. Proc. 2024-23, 2024-23 I.R.B. 1334. Advisor 1 also prepared Taxpayer's Form 1065 for Taxable Year implementing the method changes requested on the Form 3115, including the necessary adjustments under § 481(a) of the Internal Revenue Code. Advisor 1 timely filed Taxpayer's return on Date 3.

However, due to an administrative error, an employee at Advisor 1 discovered, on Date 4, that the duplicate copy was inadvertently not filed. Shortly thereafter, Advisor 1 informed Taxpayer of Advisor 1's error, and suggested filing for relief under §§ 301.9100-1 and 301.9100-3. Taxpayer therefore filed this letter ruling request.

RULING REQUESTED

Taxpayer requests 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 its Form 3115, *Application for Change in Accounting Method*, for Taxable Year.

LAW

Rev. Proc. 2015-13, as clarified and modified by Rev. Proc. 2015-33, 2015-24 I.R.B. 1067, and further modified by Rev. Proc. 2016-1, 2016-1 I.R.B. 1, Rev. Proc. 2017-59, 2017-48 I.R.B. 543, Rev. Proc. 2021-26, 2021-22 I.R.B. 1163, and Rev. Proc. 2021-34, 2021-35 I.R.B. 337, provides the procedures by which a taxpayer may obtain automatic consent to change certain methods of accounting. Section 9 of Rev. Proc. 2015-13 provides that the consent of the Commissioner to change a taxpayer's method of accounting under § 446(e) and § 1.446-1(e) of the Income Tax Regulations is granted only if the taxpayer complies with all the applicable provisions of Rev. Proc. 2015-13 and implements the change in method of accounting on its federal income tax return for the requested year of change to which the Form 3115 is attached pursuant to section 6.03 of Rev. Proc. 2015-13.

Section 6.03(1)(a)(i) of Rev. Proc. 2015-13 provides that a taxpayer changing a method of accounting under the automatic change procedures of Rev. Proc. 2015-13 must complete and file a Form 3115 in duplicate. The original Form 3115 must be attached to the taxpayer's timely filed (including any extensions) original federal income tax return for the year of change, and a signed copy of the Form 3115 must be filed with the IRS office in Ogden, UT no earlier than the first day of the requested year of change and no later than the date that the taxpayer files the original Form 3115 with the federal income tax return for the requested year of change.

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

Section 301.9100-1(b) defines a regulatory election as an election whose due date is prescribed by regulations published in the Federal Register, a revenue ruling, revenue procedure, notice, or announcement published in the Internal Revenue Bulletin. The requested accounting method change is a regulatory election because the due date of the change is prescribed in § 1.446-1(e) and section 6.03(1)(a)(i) of Rev. Proc. 2015-13.

Section 301.9100-1(c) provides that the Commissioner has discretion to grant a reasonable extension of time under the rules set forth in §§ 301.9100-2 and 301.9100-3 to make certain regulatory elections.

Section 301.9100-3(a) provides that requests for relief subject to § 301.9100-3 will be granted when the taxpayer provides evidence 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 Commissioner.

If specific facts have changed since the original deadline that make the election advantageous to the taxpayer, the Service ordinarily will not grant relief.

Section 301.9100-3(c)(1) provides that the Service will grant a reasonable extension of time only when doing so will not prejudice the interests of the government. The interests of the Government are prejudiced if granting relief would result in a taxpayer having a lower tax liability in the aggregate for all taxable years affected by the election than the taxpayer would have had if the election had been timely made.

ANALYSIS

The facts submitted by Taxpayer indicate Taxpayer intended to file the duplicate copy of the Form 3115, that its failure to file it was inadvertent, and that Taxpayer is not using hindsight in requesting relief. Moreover, Taxpayer requested this relief before its failure to file the duplicate copy of the Form 3115 was discovered by the Service. Finally, Taxpayer acted reasonably and in good faith, and the interests of the Government will not be prejudiced by the granting of relief under § 301.9100-3.

CONCLUSION

Based solely on the facts as represented and the applicable law, we conclude that the requirements of §§ 301.9100-1 and 301.9100-3 have been satisfied in Taxpayer's case. Accordingly, Taxpayer is granted an extension of 60 calendar days from the date of this letter to file the duplicate copy of the Form 3115 for Taxable Year. Taxpayer must attach a copy of this letter ruling to the duplicate copy. Provided Taxpayer meets these filing requirements, we will consider the duplicate copy for Taxable Year to be timely filed under the procedures of Rev. Proc. 2015-13.

Except as expressly provided herein, no opinion is expressed or implied concerning the tax consequences of any aspect of any transaction or item discussed or referenced in this letter. Specifically, no opinion is expressed or implied concerning whether: (1) the accounting method changes discussed in this private letter ruling are described in sections 6.01 and 6.18 of Rev. Proc. 2024-23 or are eligible to be made under the automatic change procedures of Rev. Proc. 2015-13; (2) Taxpayer otherwise meets the requirements of Rev. Proc. 2015-13 to make these accounting method changes using the procedures of that revenue procedure; or (3) Taxpayer's methods of accounting for its depreciable tangible property at issue in this request are permissible.

The rulings contained in this letter are based upon information and representations submitted by the taxpayer and accompanied by a penalty of perjury statement executed by an appropriate party. While this office has not verified any of the material submitted in support of the request for a ruling, it is subject to verification on examination.

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

Pursuant to the Form 2848, Power of Attorney and Declaration of Representative, on file, we are sending a copy of this letter to Taxpayer's authorized representative. We are also sending a copy of this letter ruling to the appropriate IRS operating division official.

Sincerely,

BRUCE C. CHANG
Assistant to the Branch Chief, Branch 7
Office of the Associate Chief Counsel
(Income Tax & Accounting)

cc: