

Internal Revenue Service

Number: **202607018**
Release Date: 2/13/2026
Index Number: 9100.02-03

Department of the Treasury
Washington, DC 20224

Third Party Communication: None
Date of Communication: Not Applicable

Person To Contact:
, ID No.

Telephone Number:

Refer Reply To:
CC:ITA:B07
PLR-114860-25

Date:
November 19, 2025

Re: Request for Extension of Time to File Statement in Lieu of Form 3115

Legend

Parent =
Applicant 1 =
Applicant 2 =
Date =
Month =
Year 1 =
Year 2 =
Firm =

Dear :

This ruling letter responds to a letter dated March 26, 2025, and subsequent correspondence submitted by Parent, requesting an extension of time pursuant to §§ 301.9100-1 and 301.9100-3 of the Procedure and Administration Regulations to file a statement in lieu of a Form 3115, Application for Change in Accounting Method (Election Statement), on behalf of Applicant 1 and Applicant 2 (hereinafter Applicant 1 and Applicant 2 are collectively referred to as Taxpayer) to change Taxpayer's method of accounting for specified research or experimental expenditures (SRE expenditures) to comply with § 174 of the Internal Revenue Code for Year 1. This letter ruling is being issued electronically as permissible under § 7.02(5) of Rev. Proc. 2025-1, 2025-1 I.R.B. 1, 34.

All references to § 174 are treated as references to § 174 as in effect for research or experimental expenditures paid or incurred in taxable years beginning after December 31, 2021, that is, after the effective date of the amendments made to § 174

by § 13206(a) of Public Law 115-97, 131 Stat. 2054 (December 22, 2017), commonly referred to as the Tax Cuts and Jobs Act.

FACTS

Parent represents that the facts are as follows:

Parent is the common parent of an affiliated group that files a consolidated federal income tax return on a Form 1120, *U.S. Corporation Income Tax Return*, on a calendar year basis. Applicant 1 is a limited liability company that is wholly owned by Parent and that is a disregarded entity for Federal income tax purposes. Applicant 2 is a member of the consolidated group of which Parent is the common parent. Taxpayer's overall method of accounting is an accrual method.

For Year 1, Taxpayer was required to change its method of accounting for SRE expenditures to comply with § 174. Parent wanted to change Taxpayer's method of accounting for Year 1. Parent believes this change in method of accounting could be implemented under the automatic change procedures of Rev. Proc. 2015-13, 2015-5 I.R.B. 419, requesting automatic consent from the Commissioner to make the method change described in § 7.02 of Rev. Proc. 2023-24, 2023-28 I.R.B. 1207, 1250. Parent was required to make this change for Year 1 by attaching the Election Statement to its consolidated federal income tax return pursuant to § 7.02(4)(a)(ii) of Rev. Proc. 2023-24.

Parent, with the assistance of Firm, timely filed its consolidated federal income tax return for Year 1 on Date. This tax return properly reflected Taxpayer's accounting method change to comply with § 174 for Year 1. However, during Month, while preparing Parent's Form 1120 for Year 2, Firm discovered that it had inadvertently failed to attach the Election Statement to Parent's consolidated federal income tax return for Year 1. Upon this discovery, Parent submitted this request for an extension of time to file the Election Statement.

RULING REQUESTED

Parent, on behalf of Taxpayer, requests an extension of time under §§ 301.900-1 and 301.9100-3 to file the statement in lieu of a Form 3115, Application for Change in Accounting Method, to obtain the consent of the Commissioner to change Taxpayer's method of accounting for specified research or experimental expenditures to comply with § 174 for Year 1.

LAW AND ANALYSIS

Rev. Proc. 2015-13 provides the procedures by which a taxpayer may obtain automatic consent to change certain accounting methods. Section 9 of Rev. Proc. 2015-13 provides that consent of the Commissioner to change its accounting method

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 the revenue procedure and implements the change in method on its federal income tax return for the requested year of change to which the original Form 3115 is attached pursuant to § 6.03 of Rev. Proc. 2015-13.

Section 7.02(4)(a)(ii) of Rev. Proc. 2023-24 provides in pertinent part that the requirement of § 1.446-1(e)(3)(i) to file a Form 3115 is waived and a statement in lieu of a Form 3115 is authorized for the change in method of accounting under § 7.02 of Rev. Proc. 2023-24 for which the year of change is the first taxable year beginning after December 31, 2021. Notwithstanding the definition of Form 3115 in § 3.07 of Rev. Proc. 2015-13, the statement in lieu of a Form 3115 that is permitted under § 7.02(4)(a)(ii) of Rev. Proc. 2023-24 is considered a Form 3115 for purposes of the automatic consent procedures of Rev. Proc. 2015-13. The requirement to file the duplicate copy, under § 6.03(1)(a) of Rev. Proc. 2015-13, is waived.

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 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 301.9100-1(b) defines a regulatory election as an election whose due date is prescribed by a regulation published in the Federal Register, or a revenue ruling, revenue procedure, notice, or announcement published in the Internal Revenue Bulletin.

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 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.

Section 301.9100-3(c)(2) imposes special rules for accounting method regulatory elections. This section provides, in relevant part, that the interests of the Government are deemed to be prejudiced except in unusual and compelling circumstances when the accounting method regulatory election for which relief is requested is subject to the procedure described in § 1.446-1(e)(3)(i) or the relief requires an adjustment under § 481(a) (or would require an adjustment under § 481(a) if the taxpayer changed to the accounting method for which relief is requested in a taxable year subsequent to the taxable year the election should have been made).

CONCLUSION

Based solely on the facts and representations submitted, we conclude that the requirements of §§ 301.9100-1 and 301.9100-3 have been satisfied. Accordingly, Parent is granted 60 calendar days from the date of this letter to file the Election Statement pertaining to the previously described accounting method change for Year 1. This filing must be made by Parent filing an amended consolidated federal income tax return for that year, and attaching a copy of this letter ruling to the amended return. A copy of this letter is enclosed for that purpose. Alternatively, if Parent files its amended return electronically, it may satisfy this requirement by attaching a statement to the amended return that provides the date and control number of the letter ruling.

Except as expressly set forth above, we express no opinion concerning the federal tax consequences of the facts described above under any other provision of the Code or regulations. Specifically, no opinion is expressed or implied, concerning: (1) whether the accounting method change that Parent is requesting an extension of time to make is eligible to be made under § 7.02 of Rev. Proc. 2023-24; (2) whether Taxpayer meets the requirements of Rev. Proc. 2015-13 to make its accounting method change; or (3) whether Taxpayer's expenditures that are the subject of its Election Statement are SRE expenditures under § 174(b).

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

In accordance with the power of attorney, we are sending a copy of this letter ruling to Parent's authorized representatives. 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 Associate Chief Counsel
(Income Tax and Accounting)

Enclosures (2): Copy of this letter
Copy for section 6110 purposes

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CC: