

Internal Revenue Service

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Department of the Treasury
Washington, DC 20224

Third Party Communication: None

Date of Communication: Not Applicable

Person To Contact:

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PLR-114662-24

Date:

February 12, 2025

Legend

Taxpayer =

CPA =

Applicant =

Date A =

Date B =

Year A =

Date C =

Dear :

This ruling responds to a letter that was submitted by Taxpayer's representative, CPA. CPA has asked 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 duplicate copy of two Forms 3115, Application for Change in Accounting Method. This request is being made by Taxpayer on behalf of Applicant

FACTS

CPA and Taxpayer represents the following facts:

Taxpayer is a C corporation that incorporated on Date A. Taxpayer files a consolidated federal income tax return on a calendar-year basis.

On Date B, Taxpayer acquired Applicant. Applicant, as a subsidiary of Taxpayer, was included in Taxpayer's consolidated federal income tax return for Year A.

Taxpayer engaged CPA to prepare two Forms 3115 on behalf of Applicant. In the first Form 3115, Taxpayer was requesting permission for Applicant to change from the cash receipts and disbursements method of accounting to an accrual method of accounting and to also defer advance payments. In the second Form 3115, Taxpayer was requesting permission for Applicant to capitalize costs under § 263A of the Internal Revenue Code.

After preparing both Forms 3115, CPA informed Taxpayer that copies of both forms should be signed and dated by an officer of Taxpayer prior to faxing or mailing them to the appropriate office of the Internal Revenue Service. CPA also informed Taxpayer that it needed to complete these acts "ahead of the deadline" for the filing of Taxpayer's Year A's tax return. Taxpayer did not complete these acts.

On Date C, Taxpayer filed its consolidated federal income tax return for Year A. The original Forms 3115 for Applicant were attached to this return, and the return reflected the desired two accounting changes.

Later, Taxpayer discovered that it had failed to mail the duplicate copies of the Forms 3115 to the appropriate Service location. See section 6.01(1)(a)(i)(B) of Rev. Proc. 2015-13, 2015-5 I.R.B. 419. CPA later submitted this request for an extension of time to file the duplicate copies of the Forms 3115.

RULING REQUESTED

Taxpayer requests an extension of time pursuant to §§ 301.9100-1 and 301.9100-3 to file the duplicate copies of the Forms 3115 required by Rev. Proc. 2015-13 in order to:

1. Change Applicant's method of accounting to an accrual method of accounting and defer advance payments, and
2. Change Applicant's method of accounting 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 301.9100-1(c) provides that the Commissioner has discretion to grant a reasonable extension of time under rules 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.

§ 301.9100-2 provides automatic extensions of time for making certain elections.

§ 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 required duplicate copies of the Forms 3115 (identical to the original copies already filed with the Service) changing:

1. Applicant's method of accounting to an accrual method of accounting and defer advance payments, and
2. Applicant's method of accounting under § 263A

With the appropriate Service location. Please attach a copy of this letter ruling to each duplicate copy.

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 changes Taxpayer has tried to make on behalf of Applicant are eligible to be made under the automatic consent

procedures of Rev. Proc. 2015-13 or whether Taxpayer otherwise meets the requirements of Rev. Proc. 2015-13 to make accounting method changes using Rev. Proc. 2015-13. Further, we express no opinion regarding the propriety of either of Applicant's proposed methods of accounting.

The ruling contained in this letter ruling is based upon facts and representations submitted by CPA or 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 Forms 3115, all material is subject to verification on examination.

This ruling is directed only to Taxpayer and Applicant. 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,

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

cc:

ATTN:

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