

Internal Revenue Service

Department of the Treasury
Washington, DC 20224

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March 28, 2012

In Re: Request for Extension of Time to File Form 3115, Application for Change in Method of Accounting.

Legend

Taxpayer =

Subsidiary =

Preparer =

Tax Professional =

Year 1 =

Date 1 =

Date 2 =

Dear :

This letter is in reply to a private letter ruling request dated March 8, 2012, filed by Taxpayer on behalf of its consolidated group member, Subsidiary. Taxpayer requests an extension of time under § 301.9100-1(c) of the Procedure and Administration

Regulations on behalf of Subsidiary to file a signed Form 3115, Application for Change in Accounting Method, for the taxable year beginning Date 1 as required by section 6.02(3) of Rev. Proc. 2011-14, 2011-1 C.B. 330. This request was made in accordance with § 301.9100-3.

Preparer prepared Subsidiary's federal tax return for its taxable year ended Date 2. Subsidiary decided to change the number and composition of its natural business unit pools under the dollar-value LIFO method of identifying inventory under § 1.472-8(b)(1) of the Income Tax Regulations. Taxpayer states that the change is described in section 22.10 of the APPENDIX of Rev. Proc. 2011-14.

Preparer prepared the Form 3115 and the proposed change in method of accounting was implemented by Subsidiary. A copy of this Form 3115 was timely filed with the IRS national office in accordance with section 6.02(3) of Rev. Proc. 2011-14. However, Taxpayer failed to attach the original application to its timely filed, original, consolidated, federal tax return as required by section 6.02(3) of Rev. Proc. 2011-14.

Recently, Tax Professional discovered and informed Taxpayer of the failure to attach the original Form 3115 to the Year 1 federal tax return. Promptly, Taxpayer filed this request for an extension of time to file the original Form 3115 with its timely filed Year 1 federal tax return.

Section 1.1502-77(a)(1) provides that generally the common parent of a group filing a consolidated federal income tax return for a given year is the sole agent for the group regarding all matters relating to the tax liability for that consolidated return year for each member of the group. Section 1.1502-77(a)(2)(i) expressly includes a subsidiary's election to change its method of accounting, or to amend an election or choice previously made by the subsidiary, in a list of examples of matters for which the parent is the subsidiary's sole agent.

Rev. Proc. 2011-14 provides the procedures by which a taxpayer may obtain automatic consent to change certain methods of accounting. A taxpayer satisfying all applicable requirements of this revenue procedure is deemed to have obtained the consent of the Commissioner to change its method of accounting under § 446(e) and associated regulations.

Section 6.02(3)(a) of Rev. Proc. 2011-14 provides that a taxpayer changing a method of accounting pursuant to Rev. Proc. 2011-14 must complete two separate steps. Step one requires the taxpayer to attach the original Form 3115 to the taxpayer's timely filed original federal income tax return for the year of change. Step two requires the taxpayer to file a signed copy of the Form 3115 with the national office no earlier than the first day of the year of change, and no later than the date the original Form 3115 is filed with the taxpayer's 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 the rules set forth in §§ 301.9100-2 and 301.9100-3 to make certain regulatory elections. 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 301.9100-2 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.

Requests for relief under § 301.9100-3 will be granted when a taxpayer provides evidence to establish to the satisfaction of the Commissioner (1) that the taxpayer acted reasonably and in good faith, and (2) that granting relief will not prejudice the interests of the Government. See § 301.9100-3(a).

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, we hereby grant an extension of time for Taxpayer to file the necessary original of the Form 3115 with the Year 1 federal tax return. This extension shall be for a period of 30 days from the date of this ruling. Please attach a copy of this ruling to the Form 3115.

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

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, we express no opinion as to whether Subsidiary qualifies to make its change in accounting method under the provisions of Rev. Proc. 2011-14. Nor do we express any opinion as to whether Subsidiary has changed to an appropriate method of accounting.

This ruling is directly only to Taxpayer, who requested it. 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 this office, copies of this letter are being sent to Taxpayer's authorized representatives.

Sincerely,

ROY HIRSCHHORN
Chief, Branch 6
Office of Associate Chief Counsel
(Income Tax & Accounting)

Enclosure:
copy for section 6110 purposes