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From: [REDACTED]
Sent: Wednesday, September 1, 2021 4:48 PM

To: [REDACTED]

Subject: RE: TAMIS: 7337481 - more advice from Counsel

Thanks for your patience while I explored again whether changing the accounting period could help. Unfortunately, one of the accounting experts in Counsel has confirmed that it is not a viable solution for several reasons. Take a look at Rev. Proc. 2006-46. Here is the pertinent section:

S corporations. Section 1378 and § 1.1378-1(a) provide that the taxable year of an S corporation must be a permitted year. The term “permitted year” means (1) the required taxable year (*i.e.*, a taxable year ending on December 31), (2) a taxable year elected under § 444, (3) a 52-53-week taxable year ending with reference to the required taxable year or a taxable year elected under § 444, or (4) any other accounting period for which the corporation establishes to the satisfaction of the Commissioner a business purpose.

Because the taxpayer already has a 12/31 year-end, the taxpayer would need to change to some other accounting period but would have to have a business purpose that would satisfy the Commissioner. It is Counsel’s position that a change in accounting period simply to get a refund sooner than usual (even recognizing the sympathetic nature of this case) is not a business purpose that would satisfy the Commissioner. In addition, the taxpayer would have to pay a user fee of \$5,000 for the requested change in accounting period. Further, the change of accounting period process could take several months.

I know this has been a frustrating case but I simply do not see any way to return the excess funds until the return has been filed and the liability assessed.

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– Overpaid Federal Tax Deposit, POSTN-116300-