

FACTS

On Date 3, Taxpayer, with the assistance of Tax Advisor, faxed a Form 3115, Application for Change in Accounting Method, to change its method of accounting for certain related party transactions under § 1.267(a)-3 pursuant to section 9 of Rev. Proc. 2015-13, 2015-5 I.R.B. 419 and section 13.01 of Rev. Proc. 2022-14 for the taxable year ending Date 2, to the IRS Ogden, Utah office.

On Date 4, Taxpayer timely and electronically filed its Form 1120, U.S. Corporate Income Tax Return, for the taxable year ending Date 2. On its electronically filed Form 1120, Taxpayer reflected the impact of the automatic method change and reported the associated adjustment under § 481(a) of the Internal Revenue Code. Due to unusual circumstances and administrative oversight, Tax Advisor inadvertently failed to attach the Form 3115 to the electronically filed Form 1120 as required under section 6.03(1)(a)(i)(A) of Rev. Proc. 2015-13.

On Date 5, Tax Advisor discovered the missing Form 3115 and notified Taxpayer. Taxpayer immediately engaged Tax Advisor to request an extension of time to file the automatic method change under § 301.9100.

APPLICABLE LAW

Rev. Proc. 2015-13 and Rev. Proc. 2022-14 provide the procedures by which a taxpayer may obtain automatic consent to change certain methods of accounting. Pursuant to section 9 of Rev. Proc. 2015-13, a taxpayer that 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 original Form 3115 is attached pursuant to section 6.03 of Rev. Proc. 2015-13 has obtained the consent of the Commissioner of Internal Revenue to change its method of accounting under § 446(e) and the regulations thereunder.

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 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 original Form 3115 must be filed with the appropriate office of the IRS no earlier than the first day of the requested year of change and no later than when the original Form 3115 is filed with the federal income tax return for the requested 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.

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 301.9100-3(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 § 301.9100-3 have been satisfied. Accordingly, Taxpayer is granted 60 calendar days from the date of this letter to file the original of Form 3115 changing Taxpayer's method of accounting for certain related party transactions pursuant to § 1.267(a)-3 under Rev. Proc. 2015-13 and Rev. Proc. 2022-14, with an amended federal income tax return for the taxable year ending on Date 2.

Please attach a copy of this letter ruling to the amended return. Alternatively, taxpayers filing their returns electronically may satisfy this requirement by attaching a statement to their return that provides the date and control number of the letter ruling. Except as expressly set forth above, we express no opinion concerning the tax consequences of the facts described above under any other provision of the Code. Specifically, no opinion is expressed or implied concerning whether: (1) Taxpayer is eligible to file the Form 3115 at issue under Rev. Proc. 2015-13 and Rev. Proc. 2022-14; (2) Taxpayer otherwise meets the requirements of Rev. Proc. 2015-13 and Rev. Proc. 2022-14; or (3) Taxpayer's proposed method of accounting described in the Form 3115 is a permissible method of accounting. Further, this letter ruling does not grant an extension of time for filing Taxpayer's federal income tax return for the taxable year ending Date 2.

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.

In accordance with the Power of Attorney on file with this office, a copy of this letter is being sent to your authorized representative.

Sincerely,

/s/ Pierce W. Pandolph

Pierce W. Pandolph
Senior Technical Reviewer, Branch 2
Associate Chief Counsel (International)

cc: