

Part IV – Items of General Interest

Change in Method of Accounting

Announcement 2008-84

On August 18, 2008, the Internal Revenue Service (Service) released Rev. Proc. 2008-52, 2008-36 I.R.B. 1, relating to the automatic consent procedures by which taxpayers may obtain the Commissioner's consent to make changes in methods of accounting that are described in the revenue procedure's APPENDIX. Rev. Proc. 2008-52 clarified, modified, amplified, and superseded Rev. Proc. 2002-9, 2002-1 C.B. 327, as modified and clarified by Announcement 2002-17, 2002-1 C.B. 561, modified and amplified by Rev. Proc. 2002-19, 2002-1 C.B. 696, and amplified, clarified, and modified by Rev. Proc. 2002-54, 2002-2 C.B. 432.

The automatic consent procedures of Rev. Proc. 2008-52 are generally effective as of August 18, 2008. Any application to change a method of accounting subject to the automatic consent procedures that is to be filed by a taxpayer on or after August 18, 2008, for a year of change ending on or after December 31, 2007, is required to be filed using the provisions of Rev. Proc. 2008-52.

The Service recently became aware that the August 18, 2008 effective date of Rev. Proc. 2008-52 presented an administrative burden to some taxpayers. In order to ameliorate any burden, the Service has determined that taxpayers should be allowed to

elect to apply the procedures of Rev. Proc. 2002-9 through September 15, 2008, subject to certain limitations.

Accordingly, section 12.02 of Rev. Proc. 2008-52 is modified by revising the introductory language of section 12.02 and adding a new paragraph (3). These changes read as follows:

.02 Transition rules. The following transition rules apply:

* * *

(3) No application filed by August 18, 2008.

(a) General rule. If, prior to August 18, 2008, a taxpayer has not filed an application requesting consent to change a particular method of accounting for its first taxable year ending on or before July 31, 2008, the taxpayer may elect to apply the provisions of Rev. Proc. 2002-9 with respect to such method of accounting for such taxable year. For taxpayers making such election, the timely duplicate filing requirement of section 6.02(3)(a) of Rev. Proc. 2002-9 is modified to require the copy of the application to be submitted to the National Office on or before September 15, 2008.

(b) Exception for changes from a hybrid method. As of August 18, 2008, a taxpayer may not apply the provisions of Rev. Proc. 2002-9 with respect to a change described in section 5.01 of the APPENDIX to Rev. Proc. 2002-9 if such change is not also described in either section 14.01 or 14.09 of the APPENDIX to this revenue procedure. Notwithstanding section 5.01(1)(a) of Rev. Proc. 97-27, the Service will treat as timely filed under Rev. Proc. 97-27 any Form 3115 requesting consent to a change in method of accounting that is described in section 5.01 of the APPENDIX to Rev. Proc. 2002-9 but is not described in either section 14.01 or 14.09 of the APPENDIX to this revenue

procedure for a taxpayer's first taxable year ending on or before July 31, 2008 if it is filed on or before September 15, 2008.

The final revenue procedure appears in this Internal Revenue Bulletin as Rev. Proc. 2008-52.

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