

## Internal Revenue Service

Number: **201931002**  
Release Date: 8/2/2019

Index Number: 9100.00-00, 9100.10-00,  
9100.10-01

Department of the Treasury  
Washington, DC 20224

Third Party Communication: None  
Date of Communication: Not Applicable

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CC:ITA:B06  
PLR-106399-19

Date:  
May 7, 2019

### Legend

Taxpayer =

Applicant =

CPA =

Date A =

Date B =

Year 1 =

Dear :

This ruling responds to a recent letter that was submitted by Taxpayer's representative, CPA. CPA has requested that the Commissioner of Internal Revenue give Taxpayer an extension of time pursuant to §§ 301.9100-1 and 301.9100-3 of the Procedure and Administration Regulations to file the original of a Form 3115, Application for Change in Accounting Method, on behalf of Applicant. Taxpayer should have filed this Form 3115, pursuant to section 6.03(1)(a)(i) of Rev. Proc. 2015-13, 2015-5 I.R.B. 419, on or before Date A.

## FACTS

Taxpayer represents the following facts:

Applicant is a corporation. Prior to Year 1, it used the cash receipts and disbursements method of accounting (cash method). In Year 1, Applicant was acquired by Taxpayer, also a corporation, and ceased to qualify as a qualified personal service corporation, as defined in § 448 of the Internal Revenue Code. After the acquisition, Applicant became a member of the “consolidated group” of which Taxpayer is the parent. Taxpayer engaged CPA to prepare and file a consolidated return, as defined in § 1501, for its consolidated group. CPA was also engaged to prepare a Form 3115 to change Applicant’s method of accounting from the cash method to an accrual method, using the automatic consent procedures of Rev. Proc. 2015-13, and Rev. Proc. 2018-31, 2018-22 I.R.B. 637.

Taxpayer timely filed Form 7004, Application for Automatic Extension of Time to File Certain Business Income Tax, Information, and Other Returns, which provided Taxpayer an extension until Date A to file its consolidated return for Year 1.

In completing its duties, CPA filed the duplicate copy of the Form 3115 with the appropriate office of the Internal Revenue Service on Date A. See section 6.03(1)(a)(i) of Rev. Proc. 2015-13. However, CPA failed to file both Taxpayer’s consolidated return, and the required-to-be-attached original of Taxpayer’s Form 3115, on or before Date A due to a problem with CPA’s return filing computer software. CPA filed the return with the original of the Form 3115 on Date B, after the software problem was resolved. The consolidated return was filed on a basis consistent with Applicant’s method change having been properly implemented. CPA subsequently submitted this request for an extension of time to file the original of Taxpayer’s Form 3115.

## RULING REQUESTED

Taxpayer requests an extension of time pursuant to §§ 301.9100-1 and 301.9100-3 to file the original Form 3115 required by Rev. Proc. 2015-13 in order to change Applicant’s overall method of accounting for Year 1 from the cash method to an accrual method.

## 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 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 standard 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.

### 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 original of the Form 3115 (identical to the duplicate copy already filed with the Service) changing Applicant's overall method of accounting for Year 1 with an amended consolidated return for that year. Please attach a copy of this letter ruling to the amended return.

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 change Taxpayer has attempted to make on behalf of Applicant is eligible to be made under the automatic consent procedures of Rev. Proc. 2015-13 and Rev. Proc. 2018-31, or whether Taxpayer otherwise meets the requirements of Rev. Proc. 2015-13 to make accounting method changes using Rev. Proc. 2015-13. We express no opinion regarding Applicant's accounting method for any specific items of income or expense under the proposed accrual method. Lastly, we emphasize that this letter ruling does not grant any extension of time for the filing of Taxpayer's consolidated return for Year 1. Taxpayer is

subject to any appropriate penalty and interest resulting from its failure to have its tax return timely filed.

The ruling contained in this letter ruling is based upon facts and representations submitted by CPA on behalf of itself, Taxpayer, and Applicant, 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 Form 3115, all material is subject to verification on examination.

This ruling is directed only to Taxpayer. 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 Taxpayer's authorized representative.

Sincerely,

Cheryl L. Oseekey  
Senior Counsel, Branch 6  
(Income Tax & Accounting)

Enc.: Copy for § 6110 purposes

cc: