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Department of the Treasury

Washington, DC 20224

Third Party Communication: None

Date of Communication: Not Applicable

Person To Contact:

, ID No.

Telephone Number/Fax Number:

Refer Reply To:

CC:ITA:B7

PLR-119898-18

Date:

December 18, 2018

LEGEND

Parent	=
S1	=
S2	=
S3	=
S4	=
S5	=
Firm	=
Date 1	=
Date 2	=
Date 3	=
Date 4	=
Taxable Year	=

Dear :

This letter responds to a letter dated June 14, 2018, and subsequent correspondence, submitted by your representatives on behalf of Parent, S1, S2, S3, S4, and S5 (collectively referred to as "Taxpayer"). Taxpayer is requesting an extension of time pursuant to §§ 301.9100-1 and 301.9100-3 of the Procedure and Administration Regulations to file originals, and the signed, duplicate copy of each such original, of the Forms 3115, *Application for Change in Accounting Method*, for the Taxable Year.

All references in this letter ruling to § 168 of the Internal Revenue Code are to § 168 as in effect on the day before the date of the enactment of the Tax Cuts and Jobs Act, Pub. L. No. 115-97, 131 Stat. 2054 (December 22, 2017).

FACTS

Parent represents the facts are as follows:

Parent was the common parent of an affiliated group of corporations, which includes S1, S2, S3, S4, and S5, that files consolidated federal income tax returns on a calendar year basis.

Parent engaged Firm to prepare its consolidated federal income tax return, the Form 1120, *U.S. Corporation Income Tax Return*, for the Taxable Year and to provide technical tax advice, including advice related to Taxpayer's methods of accounting. After meeting with Firm, Parent decided to change three methods of accounting: (i) S1's treatment of computer software expenditures under section 9.01 of Rev. Proc. 2018-31; 2018-22 I.R.B. 637, 672, designated automatic accounting method change number (DCN) 18; (ii) S1's method of depreciating certain property considered qualified leasehold improvement property described in § 168(e)(6) under section 6.01 of Rev. Proc. 2018-31, DCN 7; and (iii) Taxpayer's method of accounting for intangibles under section 11.05 of Rev. Proc. 2018-31, DCN 78.

In accordance with the procedures of Rev. Proc. 2015-13, 2015-5 I.R.B. 419, 432, Taxpayer should have completed a separate, original Form 3115 for each of the desired accounting method changes, and attached each of the originals to Parent's timely filed (including extensions) original, consolidated federal income tax return, Form 1120, for the Taxable Year. Further, in accordance with the procedures of Rev. Proc. 2015-13, Parent also should have timely filed (including extensions) a copy of each original Form 3115, with an original signature or a photocopy of the original signature, with the appropriate office of the Internal Revenue Service. Lastly, Parent's Form 1120 for the Taxable Year should have reflected the three accounting method changes made by Taxpayer.

Parent anticipated that it could not file its consolidated Form 1120 for the Taxable Year by the due date, without extension, Date 1. Thus, as part of Firm's engagement by Parent, Firm was tasked with preparing and submitting a Form 7004, *Application for Automatic Extension of Time to File Certain Business Income Tax, Information, and Other Returns*, for the Taxable Year, on or before Date 1. A proper and timely filed Form 7004 would have provided Parent an extension to Date 2. However, due to an inadvertent error, Firm did not electronically file the Form 7004 by Date 1. As a result, when Parent did file its consolidated Form 1120 for the Taxable Year on Date 3, the return was late. Parent's late filing of its return for the Taxable Year made the originals of the Forms 3115, reflecting DCN 18, DCN 7, and DCN 78, which Parent also filed on Date 3, late. In addition, the signed, duplicate copies of these originals, which Parent filed on Date 4, were also late. Parent received confirmation from the Internal Revenue

Service that its Form 1120 and original Forms 3115 were received on Date 3 and the signed, duplicate copies of the originals were received on Date 2. Parent represented that the consolidated Form 1120 it filed on Date 3 for the Taxable Year reflects the three accounting method changes made by S1 and Taxpayer, respectively.

RULING REQUESTED

Taxpayer requests an extension of time pursuant to §§ 301.9100-1 and 301.9100-3 to file the originals, and the signed, duplicate, copies of these originals, of the Forms 3115 required by Rev. Proc. 2015-13 to obtain the consent of the Commissioner of Internal Revenue to make accounting method changes DCN 18, DCN 7, and DCN 78 for the Taxable Year.

LAW AND ANALYSIS

Rev. Proc. 2015-13 provides the procedures by which a taxpayer may obtain automatic consent to change certain accounting methods. Section 9 of Rev. Proc. 2015-13 provides that consent of the Commissioner to change its accounting method under § 446(e) and § 1.446-1(e) of the Income Tax Regulations is granted only if the taxpayer complies with all the applicable provisions of the revenue procedure and implements the change in method 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.

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 Form 3115 must be attached to the taxpayer's timely filed (including any extension) 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 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 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 301.9100-1(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 301.9100-3(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) (requiring advance written consent of Commissioner) 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 §§ 301.9100-1 and 301.9100-3 have been satisfied. Accordingly, an extension of time is hereby granted for Parent to file the required originals and signed, duplicate copies of the Forms 3115 for the Taxable Year. In this regard, we will consider the originals and signed, duplicate copies of the Forms 3115 for the accounting method changes made by Parent for itself, S1, S2, S3, S4, and S5 on Parent's consolidated federal income tax return for the Taxable Year filed on Date 3 and Date 4, to be timely filed for purposes of section 6.03 of Rev. Proc. 2015-13. A copy of this letter should be associated with the originals and signed, duplicate copies of the Forms 3115 filed for the Taxable Year.

This letter ruling does not grant any extension of time for the filing of Parent's Form 7004 or Parent's Form 1120 for the Taxable Year.

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 or regulations. Specifically, no opinion is expressed or implied concerning whether: (1) any of the accounting method changes Taxpayer and S1 have made are eligible to be made under Rev. Proc. 2018-31 and Rev. Proc. 2015-13; (2) Taxpayer and S1 otherwise meet the requirements of Rev. Proc. 2015-13 to make the requested accounting method changes using the procedures of Rev. Proc. 2015-13; (3) Taxpayer and S1 otherwise meet the requirements of DCN 18, DCN 7, and DCN 78, respectively.

The ruling contained in this letter ruling is based upon facts and representations submitted by Parent with accompanying penalty 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 Forms 3115 pertaining to the accounting method changes (DCN 18, DCN 7, and DCN 78) for the Taxable Year, all material is subject to verification on examination.

This letter ruling is directed only to Parent, 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, we are sending a copy of this letter to Parent's authorized representatives. We are also sending a copy of this letter to the appropriate operating division director.

Sincerely,

DEENA M. DEVEREUX
Senior Technician Reviewer, Branch 7
Office of Associate Chief Counsel
(Income Tax & Accounting)

Enclosures (2):
copy of this letter
copy for section 6110 purposes

cc: