

# Application for Change in Accounting Method

► Information about Form 3115 and its separate instructions is at [www.irs.gov/form3115](http://www.irs.gov/form3115).

Name of filer (name of parent corporation if a consolidated group) (see instructions)		Identification number (see instructions) 12-3456789	
Sample Taxpayer		Principal business activity code number (see instructions) 812990	
Number, street, and room or suite no. If a P.O. box, see the instructions. 123 Main Street		Tax year of change begins (MM/DD/YYYY) 01/01/2017	
City or town, state, and ZIP code Anytown, CA 90210		Tax year of change ends (MM/DD/YYYY) 12/31/2017	
Name of applicant(s) (if different than filer) and identification number(s) (see instructions)		Name of contact person (see instructions) IM Sample	
		Contact person's telephone number 555-555-5555	

If the applicant is a member of a consolidated group, check this box. . . . .

If **Form 2848**, Power of Attorney and Declaration of Representative, is attached (see instructions for when Form 2848 is required), check this box. . . . .

**Check the box to indicate the type of applicant.**

<input type="checkbox"/> Individual	<input type="checkbox"/> Cooperative (Sec. 1381)
<input checked="" type="checkbox"/> Corporation	<input type="checkbox"/> Partnership
<input type="checkbox"/> Controlled foreign corporation (Sec. 957)	<input type="checkbox"/> S corporation
<input type="checkbox"/> 10/50 corporation (Sec. 904(d)(2)(E))	<input type="checkbox"/> Insurance co. (Sec. 816(a))
<input type="checkbox"/> Qualified personal service corporation (Sec. 448(d)(2))	<input type="checkbox"/> Insurance co. (Sec. 831)
<input type="checkbox"/> Exempt organization. Enter Code section ► _____	<input type="checkbox"/> Other (specify) ► _____

**Check the appropriate box to indicate the type of accounting method change being requested.**

See instructions.

<input type="checkbox"/> Depreciation or Amortization
<input type="checkbox"/> Financial Products and/or Financial Activities of Financial Institutions
<input type="checkbox"/> Other (specify) ► _____

**Caution:** To be eligible for approval of the requested change in method of accounting, the taxpayer must provide all information that is relevant to the taxpayer or to the taxpayer's requested change in method of accounting. This includes (1) all relevant information requested on this Form 3115 (including its instructions), and (2) any other relevant information, even if not specifically requested on Form 3115.

The taxpayer must attach all applicable statements requested throughout this form.

**Part I Information for Automatic Change Request**

	Yes	No
1 Enter the applicable designated automatic accounting method change number ("DCN") for the requested automatic change. Enter only one DCN, except as provided for in guidance published by the IRS. If the requested change has no DCN, check "Other," and provide both a description of the change and a citation of the IRS guidance providing the automatic change. See instructions.  a (1) DCN: <u>33</u> (2) DCN: _____ (3) DCN: _____ (4) DCN: _____ (5) DCN: _____ (6) DCN: _____ (7) DCN: _____ (8) DCN: _____ (9) DCN: _____ (10) DCN: _____ (11) DCN: _____ (12) DCN: _____ b Other <input type="checkbox"/> Description ► _____		
2 Do any of the eligibility rules restrict the applicant from filing the requested change using the automatic change procedures (see instructions)? If "Yes," attach an explanation. . . . .		X
3 Has the filer provided all the information and statements required (a) on this form and (b) by the List of Automatic Changes under which the applicant is requesting a change? See instructions. . . . .	X	

**Note:** Complete Part II and Part IV of this form, and, Schedules A through E, if applicable.

**Part II Information for All Requests**

	Yes	No
4 During the tax year of change, did or will the applicant (a) cease to engage in the trade or business to which the requested change relates, or (b) terminate its existence? See instructions. . . . .		X
5 Is the applicant requesting to change to the principal method in the tax year of change under Regulations section 1.381(c)(4)-1(d)(1) or 1.381(c)(5)-1(d)(1)? . . . . . If "No," go to line 6a. If "Yes," the applicant cannot file a Form 3115 for this change. See instructions.		X

**Sign Here**

Under penalties of perjury, I declare that I have examined this application, including accompanying schedules and statements, and to the best of my knowledge and belief, the application contains all the relevant facts relating to the application, and it is true, correct, and complete. Declaration of preparer (other than applicant) is based on all information of which preparer has any knowledge.

Signature of filer (and spouse, if joint return)	Date	Name and title (print or type)
--	------	--------------------------------

<b>Preparer</b> (other than filer/applicant)	Print/Type preparer's name	Preparer's signature	Date
	Firm's name ►		

For Privacy Act and Paperwork Reduction Act Notice, see the instructions.



<b>Part II Information for All Requests (continued)</b>	<b>Yes</b>	<b>No</b>			
<p><b>14</b> If the applicant is either <b>(i) not</b> changing its overall method of accounting, or <b>(ii)</b> changing its overall method of accounting <b>and</b> changing to a special method of accounting for one or more items, attach a detailed and complete description for each of the following (see instructions): <span style="float: right;">N/A</span></p> <p><b>a</b> The item(s) being changed.</p> <p><b>b</b> The applicant's present method for the item(s) being changed.</p> <p><b>c</b> The applicant's proposed method for the item(s) being changed.</p> <p><b>d</b> The applicant's present overall method of accounting (cash, accrual, or hybrid).</p>					
<p><b>15a</b> Attach a detailed and complete description of the applicant's trade(s) or business(es). <span style="float: right;">See att'd stmt</span></p> <p><b>b</b> If the applicant has more than one trade or business, as defined in Regulations section 1.446-1(d), describe <b>(i)</b> whether each trade or business is accounted for separately; <b>(ii)</b> the goods and services provided by each trade or business and any other types of activities engaged in that generate gross income; <b>(iii)</b> the overall method of accounting for each trade or business; and <b>(iv)</b> which trade or business is requesting to change its accounting method as part of this application or a separate application. <span style="float: right;">N/A</span></p> <p><b>Note:</b> If you are requesting an automatic method change, see the instructions to see if you are required to complete Lines 16a-c.</p>					
<p><b>16a</b> Attach a full explanation of the legal basis supporting the proposed method for the item being changed. Include a detailed and complete description of the facts that explains how the law specifically applies to the applicant's situation and that demonstrates that the applicant is authorized to use the proposed method.</p> <p><b>b</b> Include all authority (statutes, regulations, published rulings, court cases, etc.) supporting the proposed method.</p> <p><b>c</b> Include either a discussion of the contrary authorities or a statement that no contrary authority exists.</p>					
<p><b>17</b> Will the proposed method of accounting be used for the applicant's books and records and financial statements? For insurance companies, see the instructions. . . . .</p> <p>If "No," attach an explanation.</p>					
<p><b>18</b> Does the applicant request a conference with the IRS National Office if the IRS National Office proposes an adverse response?</p>					
<p><b>19a</b> If the applicant is changing to either the overall cash method, an overall accrual method, or is changing its method of accounting for any property subject to section 263A, any long-term contract subject to section 460 (see 19b), or inventories subject to section 474, enter the applicant's gross receipts for the 3 tax years preceding the tax year of change.</p> <table style="width:100%; border-collapse: collapse;"> <tr> <td style="width: 33%; border-right: 1px solid black; padding: 2px;">                     1st preceding year ended: mo. 12 yr. 2016                      \$ 2,500,000.00                 </td> <td style="width: 33%; border-right: 1px solid black; padding: 2px;">                     2nd preceding year ended: mo. 12 yr. 2015                      \$ 2,500,000.00                 </td> <td style="width: 33%; padding: 2px;">                     3rd preceding year ended: mo. 12 yr. 2014                      \$ 2,500,000.00                 </td> </tr> </table>	1st preceding year ended: mo. 12 yr. 2016 \$ 2,500,000.00	2nd preceding year ended: mo. 12 yr. 2015 \$ 2,500,000.00	3rd preceding year ended: mo. 12 yr. 2014 \$ 2,500,000.00		
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<p><b>b</b> If the applicant is changing its method of accounting for any long-term contract subject to section 460, in addition to completing 19a, enter the applicant's gross receipts for the 4th tax year preceding the tax year of change:</p> <p>4th preceding year ended: mo. _____ yr. _____ \$ _____</p>					
<b>Part III Information for Non-Automatic Change Request</b> <span style="float: right;">N/A</span>					
<p><b>20</b> Is the applicant's requested change described in any revenue procedure, revenue ruling, notice, regulation, or other published guidance as an automatic change request? . . . . .</p> <p>If "Yes," attach an explanation describing why the applicant is submitting its request under the non-automatic change procedures.</p>					
<p><b>21</b> Attach a copy of all documents related to the proposed change (see instructions).</p>					
<p><b>22</b> Attach a statement of the applicant's reasons for the proposed change.</p>					
<p><b>23</b> If the applicant is a member of a consolidated group for the year of change, do all other members of the consolidated group use the proposed method of accounting for the item being changed? . . . . .</p> <p>If "No," attach an explanation.</p>					
<p><b>24a</b> Enter the amount of <b>user fee</b> attached to this application (see instructions). ▶ \$ _____</p>					
<p><b>b</b> If the applicant qualifies for a reduced user fee, attach the required information or certification (see instructions).</p>					

<b>Part IV Section 481(a) Adjustment</b>	Yes	No
<b>25</b> Does published guidance require the applicant (or permit the applicant and the applicant is electing) to implement the requested change in method of accounting on a cut-off basis? . . . . . If "Yes," attach an explanation and do not complete lines 26, 27, and 28 below.		X
<b>26</b> Enter the section 481(a) adjustment. Indicate whether the adjustment is an increase (+) or a decrease (-) in income. ▶ \$ <u>40,000.00</u> Attach a summary of the computation and an explanation of the methodology used to determine the section 481(a) adjustment. If it is based on more than one component, show the computation for each component. If more than one applicant is applying for the method change on the application, attach a list of the <b>(a)</b> name, <b>(b)</b> identification number, and <b>(c)</b> the amount of the section 481(a) adjustment attributable to each applicant. See att'd stmt		
<b>27</b> Is the applicant making an election to take the entire amount of the adjustment into account in the tax year of change? If "Yes," check the box for the applicable elective provision used to make the election (see instructions). <input type="checkbox"/> \$50,000 de minimis election <input type="checkbox"/> Eligible acquisition transaction election		X
<b>28</b> Is any part of the section 481(a) adjustment attributable to transactions between members of an affiliated group, a consolidated group, a controlled group, or other related parties? . . . . . If "Yes," attach an explanation.		X

**Schedule A - Change in Overall Method of Accounting** (If Schedule A applies, Part I below must be completed.)

<b>Part I Change in Overall Method</b> (see instructions)																	
<b>1</b> Check the appropriate boxes below to indicate the applicant's present and proposed methods of accounting. <b>Present method:</b> <input type="checkbox"/> Cash <input checked="" type="checkbox"/> Accrual <input type="checkbox"/> Hybrid (attach description)  <b>Proposed method:</b> <input checked="" type="checkbox"/> Cash <input type="checkbox"/> Accrual <input type="checkbox"/> Hybrid (attach description)																	
<b>2</b> Enter the following amounts as of the close of the tax year preceding the year of change. If none, state "None." Also, attach a statement providing a breakdown of the amounts entered on lines 2a through 2g.																	
<table style="width:100%; border-collapse: collapse;"> <tr> <td style="width: 80%;"><b>a</b> Income accrued but not received (such as accounts receivable) . . . . .</td> <td style="text-align: right;">\$ None</td> </tr> <tr> <td><b>b</b> Income received or reported before it was earned (such as advanced payments). Attach a description of the income and the legal basis for the proposed method. . . . .</td> <td style="text-align: right;">None</td> </tr> <tr> <td><b>c</b> Expenses accrued but not paid (such as accounts payable). . . . .</td> <td style="text-align: right;">40,000.00</td> </tr> <tr> <td><b>d</b> Prepaid expenses previously deducted . . . . .</td> <td style="text-align: right;">None</td> </tr> <tr> <td><b>e</b> Supplies on hand previously deducted and/or not previously reported . . . . .</td> <td style="text-align: right;">None</td> </tr> <tr> <td><b>f</b> Inventory on hand previously deducted and/or not previously reported. Complete Schedule D, Part II . . . . .</td> <td style="text-align: right;">None</td> </tr> <tr> <td><b>g</b> Other amounts (specify). Attach a description of the item and the legal basis for its inclusion in the calculation of the section 481(a) adjustment. ▶ N/A</td> <td style="text-align: right;">None</td> </tr> <tr> <td><b>h</b> <b>Net section 481(a) adjustment</b> (Combine lines 2a-2g.) Indicate whether the adjustment is an increase (+) or decrease (-) in income. Also enter the net amount of this section 481(a) adjustment amount on Part IV, line 26. . . . .</td> <td style="text-align: right;">\$ 40,000.00</td> </tr> </table> <p style="text-align: right; margin-right: 20px;">See att'd stmt</p>	<b>a</b> Income accrued but not received (such as accounts receivable) . . . . .	\$ None	<b>b</b> Income received or reported before it was earned (such as advanced payments). Attach a description of the income and the legal basis for the proposed method. . . . .	None	<b>c</b> Expenses accrued but not paid (such as accounts payable). . . . .	40,000.00	<b>d</b> Prepaid expenses previously deducted . . . . .	None	<b>e</b> Supplies on hand previously deducted and/or not previously reported . . . . .	None	<b>f</b> Inventory on hand previously deducted and/or not previously reported. Complete Schedule D, Part II . . . . .	None	<b>g</b> Other amounts (specify). Attach a description of the item and the legal basis for its inclusion in the calculation of the section 481(a) adjustment. ▶ N/A	None	<b>h</b> <b>Net section 481(a) adjustment</b> (Combine lines 2a-2g.) Indicate whether the adjustment is an increase (+) or decrease (-) in income. Also enter the net amount of this section 481(a) adjustment amount on Part IV, line 26. . . . .	\$ 40,000.00	
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<b>3</b> Is the applicant also requesting the recurring item exception under section 461(h)(3)? . . N/A . . . . . <input type="checkbox"/> Yes <input type="checkbox"/> No																	
<b>4</b> Attach copies of the profit and loss statement (Schedule F (Form 1040) for farmers) and the balance sheet, if applicable, as of the close of the tax year preceding the year of change. Also attach a statement specifying the accounting method used when preparing the balance sheet. If books of account are not kept, attach a copy of the business schedules submitted with the federal income tax return or other return (such as, tax-exempt organization returns) for that period. If the amounts in Part I, lines 2a through 2g, do not agree with the amounts shown on both the profit and loss statement and the balance sheet, attach a statement explaining the differences. See attachments																	
<b>5</b> Is the applicant making a change to the overall cash method under Rev. Proc. 2002-28 (DCN "33")? . . . . . <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No If "Yes," attach a statement that provides the applicant's NAICS code. See instructions.																	

<b>Part II Change to the Cash Method for Non-Automatic Change Request</b> (see instructions) N/A	
Applicants requesting a change to the cash method must attach the following information:	
<b>1</b> A description of inventory items (items whose production, purchase, or sale is an income-producing factor) and materials and supplies used in carrying out the business.	
<b>2</b> An explanation as to whether the applicant is required to use the accrual method under any section of the Code or regulations.	

**Schedule B - Change to the Deferral Method for Advance Payments** (see instructions)

N/A

- 1 If the applicant is requesting to change to the deferral method for advance payments described in section 5.02 of Rev. Proc. 2004-34, 2004-1 C.B. 991, attach the following information:
  - a A statement explaining how the advance payments meet the definition in section 4.01 of Rev. Proc. 2004-34.
  - b If the applicant is filing under the automatic change procedures, the information required by section 8.02(3)(a)-(c) of Rev. Proc. 2004-34.
  - c If the applicant is filing under the non-automatic change procedures, the information required by section 8.03(2)(a)-(f) of Rev. Proc. 2004-34.
- 2 If the applicant is requesting to change to the deferral method for advance payments described in Regulations section 1.451-5(b)(1)(ii), attach the following information:
  - a A statement explaining how the advance payments meet the definition in Regulations section 1.451-5(a)(1).
  - b A statement explaining what portions of the advance payments, if any, are attributable to services, whether such services are integral to the provisions of goods or items, and whether any portions of the advance payments that are attributable to non-integral services are less than five percent of the total contract prices. See Regulations sections 1.451-5(a)(2)(i) and (3).
  - c A statement explaining that the advance payments will be included in income no later than when included in gross receipts for purposes of the applicant's financial reports. See Regulations section 1.451-5(b)(1)(ii).
  - d A statement explaining whether the inventorable goods exception of Regulations section 1.451-5(c) applies and if so, when substantial advance payments will be received under the contracts, and how the exception will limit the deferral of income.

**Schedule C - Changes Within the LIFO Inventory Method** (see instructions)

N/A

**Part I General LIFO Information**

Complete this section if the requested change involves changes within the LIFO inventory method. Also, attach a copy of all **Forms 970**, Application To Use LIFO Inventory Method, filed to adopt or expand the use of the LIFO method.

- 1 Attach a description of the applicant's present and proposed LIFO methods and submethods for each of the following items:
  - a Valuing inventory (for example, unit method or dollar-value method).
  - b Pooling (for example, by line or type or class of goods, natural business unit, multiple pools, raw material content, simplified dollar-value method, inventory price index computation (IPIC) pools, vehicle-pool method, etc.).
  - c Pricing dollar-value pools (for example, double-extension, index, link-chain, link-chain index, IPIC method, etc.).
  - d Determining the current-year cost of goods in the ending inventory (such as, most recent acquisitions, earliest acquisitions during the current year, average cost of current-year acquisitions, rolling-average cost, or other permitted method).
- 2 If any present method or submethod used by the applicant is not the same as indicated on Form(s) 970 filed to adopt or expand the use of the method, attach an explanation.
- 3 If the proposed change is not requested for all the LIFO inventory, attach a statement specifying the inventory to which the change is and is not applicable.
- 4 If the proposed change is not requested for all of the LIFO pools, attach a statement specifying the LIFO pool(s) to which the change is applicable.
- 5 Attach a statement addressing whether the applicant values any of its LIFO inventory on a method other than cost. For example, if the applicant values some of its LIFO inventory at retail and the remainder at cost, identify which inventory items are valued under each method.
- 6 If changing to the IPIC method, attach a completed Form 970.

**Part II Change in Pooling Inventories**

- 1 If the applicant is proposing to change its pooling method or the number of pools, attach a description of the contents of, and state the base year for, each dollar-value pool the applicant presently uses and proposes to use.
- 2 If the applicant is proposing to use natural business unit (NBU) pools or requesting to change the number of NBU pools, attach the following information (to the extent not already provided) in sufficient detail to show that each proposed NBU was determined under Regulations sections 1.472-8(b)(1) and (2):
  - a A description of the types of products produced by the applicant. If possible, attach a brochure.
  - b A description of the types of processes and raw materials used to produce the products in each proposed pool.
  - c If all of the products to be included in the proposed NBU pool(s) are not produced at one facility, state the reasons for the separate facilities, the location of each facility, and a description of the products each facility produces.
  - d A description of the natural business divisions adopted by the taxpayer. State whether separate cost centers are maintained and if separate profit and loss statements are prepared.
  - e A statement addressing whether the applicant has inventories of items purchased and held for resale that are not further processed by the applicant, including whether such items, if any, will be included in any proposed NBU pool.
  - f A statement addressing whether all items including raw materials, goods-in-process, and finished goods entering into the entire inventory investment for each proposed NBU pool are presently valued under the LIFO method. Describe any items that are not presently valued under the LIFO method that are to be included in each proposed pool.



**Part III Method of Cost Allocation** (Complete this part if the requested change involves either property subject to section 263A or long-term contracts as described in section 460.) See instructions.

**Section A - Allocation and Capitalization Methods**

Attach a description (including sample computations) of the present and proposed method(s) the applicant uses to capitalize direct and indirect costs properly allocable to real or tangible personal property produced and property acquired for resale, or to allocate direct and indirect costs required to be allocated to long-term contracts. Include a description of the method(s) used for allocating indirect costs to intermediate cost objectives such as departments or activities prior to the allocation of such costs to long-term contracts, real or tangible personal property produced, and property acquired for resale. The description must include the following:

- 1 The method of allocating direct and indirect costs (for example, specific identification, burden rate, standard cost, or other reasonable allocation method).
- 2 The method of allocating mixed service costs (for example, direct reallocation, step-allocation, simplified service cost using the labor-based allocation ratio, simplified service cost using the production cost allocation ratio, or other reasonable allocation method).
- 3 Except for long-term contract accounting methods, the method of capitalizing additional section 263A costs (for example, simplified production with or without the historic absorption ratio election, simplified resale with or without the historic absorption ratio election including permissible variations, the U.S. ratio, or other reasonable allocation method).

**Section B - Direct and Indirect Costs Required to be Allocated**

Check the appropriate boxes showing the costs that are or will be fully included, to the extent required, in the cost of real or tangible personal property produced or property acquired for resale under section 263A or allocated to long-term contracts under section 460. Mark "N/A" in a box if those costs are not incurred by the applicant. If a box is not checked, it is assumed that those costs are not fully included to the extent required. Attach an explanation for boxes that are not checked.

	Present method	Proposed method
1 Direct material		
2 Direct labor		
3 Indirect labor		
4 Officers' compensation (not including selling activities)		
5 Pension and other related costs		
6 Employee benefits		
7 Indirect materials and supplies		
8 Purchasing costs		
9 Handling, processing, assembly, and repackaging costs		
10 Offsite storage and warehousing costs		
11 Depreciation, amortization, and cost recovery allowance for equipment and facilities placed in service and not temporarily idle		
12 Depletion		
13 Rent		
14 Taxes other than state, local, and foreign income taxes		
15 Insurance		
16 Utilities		
17 Maintenance and repairs that relate to a production, resale, or long-term contract activity		
18 Engineering and design costs (not including section 174 research and experimental expenses)		
19 Rework labor, scrap, and spoilage		
20 Tools and equipment		
21 Quality control and inspection		
22 Bidding expenses incurred in the solicitation of contracts awarded to the applicant		
23 Licensing and franchise costs		
24 Capitalizable service costs (including mixed service costs)		
25 Administrative costs (not including any costs of selling or any return on capital)		
26 Research and experimental expenses attributable to long-term contracts		
27 Interest		
28 Other costs (Attach a list of these costs.)		

Part III Method of Cost Allocation (continued) See instructions.

Section C - Other Costs Not Required To Be Allocated (Complete Section C only if the applicant is requesting to change its method for these costs.)

Table with 3 columns: Line number, Description, Present method, Proposed method. Rows 1-11 list various costs like Marketing, Research, Bidding, etc.

Schedule E - Change in Depreciation or Amortization. See instructions.

N/A

Applicants requesting approval to change their method of accounting for depreciation or amortization complete this section. Applicants must provide this information for each item or class of property for which a change is requested.

Note: See the Summary of the List of Automatic Accounting Method Changes in the instructions for information regarding automatic changes under sections 56, 167, 168, 197, 1400I, 1400L, or former section 168. Do not file Form 3115 with respect to certain late elections and election revocations. See instructions.

- 1 Is depreciation for the property determined under Regulations section 1.167(a)-11 (CLADR)?
2 Is any of the depreciation or amortization required to be capitalized under any Code section such as, section 263A?
3 Has a depreciation, amortization, expense, or disposition election been made for the property such as, the election under sections 168(f)(1), 168(i)(4), 179, 179C, or Regulations section 1.168(i)-8(d)?
4 a To the extent not already provided, attach a statement describing the property subject to the change.
b If the property is residential rental property, did the applicant live in the property before renting it?
c Is the property public utility property?
5 To the extent not already provided in the applicant's description of its present method, attach a statement explaining how the property is treated under the applicant's present method...
6 If the property is not currently treated as depreciable or amortizable property, attach a statement of the facts supporting the proposed change to depreciate or amortize the property.
7 If the property is currently treated and/or will be treated as depreciable or amortizable property, provide the following information for both the present (if applicable) and proposed methods:
a The Code section under which the property is or will be depreciated or amortized...
b The applicable asset class from Rev. Proc. 87-56, 1987-2 C.B. 674, for each asset depreciated under section 168 (MACRS) or under section 1400L; the applicable asset class from Rev. Proc. 83-35, 1983-1 C.B. 745, for each asset depreciated under former section 168 (ACRS); an explanation why no asset class is identified for each asset for which an asset class has not been identified by the applicant.
c The facts to support the asset class for the proposed method.
d The depreciation or amortization method of the property, including the applicable Code section...
e The useful life, recovery period, or amortization period of the property.
f The applicable convention of the property.
g Whether the additional first-year special depreciation allowance...
h Whether the property was or will be in a single asset account, a multiple asset account, or a general asset account.



**Sample Taxpayer**

**EIN: 12-3456789**

**Attachments to Form 3115, *Application for Change in Accounting Method***

**DCN 33**

**Y/E: December 31, 2017**

**Part II, Line 7b**

Since the Applicant is not under Examination, Rev. Proc. 2015-13 does not require an attached statement.

**Part II, Line 11b**

The Applicant adopted the tangible property regulations using the negative election procedures of Rev. Proc. 2015-20 for the taxable year-ended December 31, 2015.

**Part II, Line 15a**

The Applicant operates a personal services business, which is described by PBA code 812990 and presently uses the accrual method as its overall method of accounting.

**Part IV, Line 25**

The Applicant calculated its income under both the prior and proposed methods as of October 1, 2016. The difference between these methods was taken into account as the section 481(a) adjustment. The only accounts relevant to this method change were accounts payable and salaries payable.

*DCN 33*

Accounts Payable	\$ 15,000
Accrued Payroll	<u>25,000</u>
Section 481(a) Adj.	\$ 40,000

**Schedule A, Part 1, Line 5**

The Applicant is making a change to the overall cash method under Rev. Proc. 2002-28. Its NAICS code is 812990. See Part II, Line 15a for additional information.