



# Instructions for Form 3115

(Rev. February 1996)

## Application for Change in Accounting Method

Section references are to the Internal Revenue Code unless otherwise noted.

### Paperwork Reduction Act Notice

We ask for the information on this form to carry out the Internal Revenue laws of the United States. You are required to give us the information. We need it to ensure that you are complying with these laws and to allow us to figure and collect the right amount of tax.

You are not required to provide the information requested on a form that is subject to the Paperwork Reduction Act unless the form displays a valid OMB control number. Books or records relating to a form or its instructions must be retained as long as their contents may become material in the administration of any Internal Revenue law. Generally, tax returns and return information are confidential, as required by Code section 6103.

The time needed to complete and file this form will vary depending on individual circumstances. The estimated average times are:

Form	Recordkeeping	Learning about the law or the form	Preparing and sending the form to the IRS
3115	18 hr., 11 min.	4 hr., 26 min.	6 hr., 8 min.
Sch. A	4 hr., 4 min.	1 hr., 23 min.	1 hr., 31 min.
Sch. B	2 hr., 40 min.	1 hr., 35 min.	1 hr., 10 min.
Sch. C	27 hr., 44 min.	2 hr., 3 min.	3 hr., 48 min.
Sch. D	5 hr., 1 min.	1 hr., 59 min.	2 hr., 9 min.

If you have comments concerning the accuracy of these time estimates or suggestions for making this form simpler, we would be happy to hear from you. You can write to the Tax Forms Committee, Western Area Distribution Center, Rancho Cordova, CA 95743-0001. **DO NOT** send the tax form to this office. Instead, see **When and Where To File** on this page.

### General Instructions

#### Purpose of Form

File Form 3115 to request a change in either an overall accounting method or the accounting treatment of any item. A request for a change in accounting method that includes several unrelated items or submethods of accounting is treated as a separate request for each unrelated item or submethod. Accordingly, file a separate Form 3115 for each unrelated item or submethod. See Rev. Proc. 92-20, 1992-1 C.B. 685, and section 9.01 of Rev. Proc. 96-1, 1996-1 I.R.B. 8, for rules on changing an accounting method.

When filing Form 3115, applicants must determine if, since February 1996 (the current revision date of Form 3115), the IRS has published an accounting method ruling, notice, or procedure relating to the specific method being changed.

For more information, get **Pub. 538**, Accounting Periods and Methods.

#### Automatic Change Procedures

An applicant that timely files and complies with an automatic change procedure is considered to have obtained consent to change its accounting method. **No user fee is required if Form 3115 is filed under one of the following published automatic change procedures.**

- Notice 95-57, 1995-45 I.R.B. 12.—For cash method banks in the Eighth Circuit to change

to the cash method for stated interest on short-term loans made in the ordinary course of business.

- Rev. Proc. 95-33, 1995-28 I.R.B. 7.—For certain “small resellers,” “formerly small resellers,” or “reseller-producers” to change their method for costs subject to section 263A.
- Rev. Proc. 95-25, 1995-1 C.B. 701.—For taxpayers to make a historic absorption ratio election on a simplified production or simplified resale method for fewer than 3 tax years under section 263A.
- Rev. Proc. 95-19, 1995-1 C.B. 664.—To change certain methods for interest costs subject to section 263A(f) to methods required or permitted by Regulations sections 1.263A-8 through 1.263A-15.
- Rev. Proc. 94-49, 1994-2 C.B. 705.—For taxpayers with costs subject to section 263A to change to a method under Regulations sections 1.263A-1, 1.263A-2, and 1.263A-3, for the first tax year beginning on or after January 1, 1994.
- Rev. Proc. 94-29, 1994-1 C.B. 616.—To change to the principal-reduction method for loans acquired on or after a certain cut-off date.
- Rev. Proc. 92-98, 1992-2 C.B. 512.—For accrual method taxpayers selling multi-year service warranty contracts electing the service warranty income method.
- Rev. Proc. 92-75, 1992-2 C.B. 448.—For those (other than those required to use inventories) to change to an overall accrual

method, or to an accrual method along with a request to change to a special method.

- Rev. Proc. 92-74, 1992-2 C.B. 442.—For taxpayers that use inventories to change to an overall accrual method, or to an accrual method along with a request to change to a special method.
- Rev. Proc. 92-67, 1992-2 C.B. 429.—For taxpayers with one or more market discount bonds that elect a constant interest rate or revoke an election under section 1278(b).
- Rev. Proc. 92-29, 1992-1 C.B. 748.—To use an alternative method under section 461(h) for including common improvement costs in basis.
- Rev. Proc. 90-63, 1990-2 C.B. 664.—Package design costs.
- Rev. Proc. 90-37, 1990-2 C.B. 361.—To report interest under section 1281.
- Rev. Proc. 89-46, 1989-2 C.B. 597.—For cash basis taxpayers to change the method for reporting interest income on series E or EE U.S. savings bonds.
- Rev. Proc. 88-15, 1988-1 C.B. 683.—To discontinue the LIFO method.
- Rev. Proc. 85-8, 1985-1 C.B. 495.—For financial institutions using the accrual method to change the method of accounting for bad debts from the specific charge-off method to the reserve method.
- Rev. Proc. 84-76, 1984-2 C.B. 751.—To treat prepaid subscription income under the rules of section 455.
- Rev. Proc. 84-30, 1984-1 C.B. 482.—For taxpayers that use the Rule of 78’s method for interest on consumer loans.
- Rev. Proc. 74-11, 1974-1 C.B. 420.—To change a method of depreciation accounting for property under section 167.

#### Who Must File

Generally, individuals, partnerships, corporations, S corporations, personal service corporations, cooperatives, insurance companies, controlled foreign corporations, estates and trusts, and tax-exempt organizations must file Form 3115 to change their accounting method. The “applicant” is the taxpayer whose accounting method is being changed.

Applicants that are part of a related group must generally each file a separate Form 3115. However, Rev. Proc. 92-90, 1992-2 C.B. 501, provides that a single Form 3115 may be filed by a parent corporation requesting the identical accounting method change on behalf of more than one member of a consolidated group.

#### When and Where To File

Generally, applicants must file Form 3115 in the first 180 days of the tax year in which the change is requested. However, if the tax year is a short period, file Form 3115 by the last day of the short tax year.

Except for those filing under Rev. Proc. 74-11, applicants filing under any of the automatic change procedures listed in section 9.03 of Rev. Proc. 96-1, (or any successor) must file the original Form 3115 with a timely filed tax return for the year of the change. Review the applicable automatic change procedure (see list on this page) for when to file the Form 3115 copy.

Applicants, other than exempt organizations, file Form 3115 with the Internal Revenue Service, Associate Chief Counsel (Domestic), Attention: CC:DOM:CORP:T, P.O. Box 7604, Ben Franklin Station, Washington, DC 20044. Exempt organizations file with the Internal Revenue Service, Assistant Commissioner (Employee Plans and Exempt Organizations), Attention: E:EO, P.O. Box 120, Ben Franklin Station, Washington, DC 20044.

The IRS normally acknowledges receipt of a completed Form 3115 within 30 days after the applicant's filing date. If nothing has been received in 30 days of filing Form 3115, the applicant can inquire to: Internal Revenue Service, Control Clerk, CC:DOM:IT&A, Room 5508, 1111 Constitution Avenue, NW, Washington, DC 20224.

**Note:** Applicants filing under any of the automatic change procedures will not receive an acknowledgment.

See section 5.01(3) of Rev. Proc. 92-20 to file an early application.

### User Fee

Applicants filing under an automatic change procedure do not pay a user fee. Other applicants requesting a change under Rev. Proc. 92-20 must pay a user fee of \$900 for each Form 3115. Generally, a separate user fee must be paid for each member of an affiliated group that files an application. However, for rules regarding a parent corporation requesting the identical accounting method change for more than one member of a consolidated group, see Rev. Proc. 92-90, and paragraph (A)(4) of Appendix A of Rev. Proc. 96-1 (or any successor).

Taxpayers whose gross income/receipts (as defined in Appendix A of Rev. Proc. 96-1 (or any successor)) are less than \$150,000 qualify for a reduced user fee of \$500. The user fee (check or money order payable to the Internal Revenue Service) **must** be attached to Form 3115.

### Late Application

A Form 3115 that is filed after the 180-day period is a late application. However, an application filed in 90 days after the time required for filing may be considered as timely filed under Regulations section 301.9100-1, provided (a) the taxpayer establishes that it acted reasonably and in good faith, and (b) the granting of relief will not prejudice the interests of the Government. See section 5 of Rev. Proc. 92-85, 1992-2 C.B. 490.

Applications filed beyond 90 days after the due date will be presumed to jeopardize the interests of the Government except in very unusual and compelling circumstances. See section 5 of Rev. Proc. 92-20. Except for those filing under Rev. Proc. 74-11, Form 3115 is not late if it is filed after the 180-day period under any of the automatic change procedures.

Applicants filing a ruling request for an extension of time to file Form 3115 under Regulations section 301.9100-1 must pay a \$275 user fee. A taxpayer that receives an extension of time under Regulations section 301.9100-1 must also pay a separate user fee for the accounting method request. See paragraph (A)(4) of Appendix A of Rev. Proc. 96-1 (or any successor).

## Specific Instructions

Follow the instructions below to correctly complete Form 3115.

- All applicants complete Part I.
- Applicants that file under Rev. Proc. 92-20 also complete Parts II, III, and IV.
- Applicants that file under an automatic change procedure (see page 1 of the instructions) also complete lines 7-10 of Part II and lines 20-28 of Part III.
- If applicable, all applicants complete Schedules A, B, C, and D, as appropriate, to the change in method requested.

Attachments submitted with Form 3115 must show the applicant's name and identifying number. Also, indicate that the information is an attachment to Form 3115.

## Page 1

### Identifying Number

**Individuals.**—Individuals enter their social security number (SSN). If the application is for a husband and wife who file a joint income tax return, enter both SSNs.

**Others.**—The employer identification number (EIN) of an applicant other than an individual should be entered here. If the EIN is unknown because one has been applied for but not yet received, enter "Applied for."

### Address

Include the suite, room, or other unit number after the street address. If the Post Office does not deliver mail to the street address and the applicant has a P.O. box, show the box number instead of the street address.

**Person to contact.**—The person to contact must be an individual authorized to sign Form 3115, or the applicant's authorized representative. If this person is an agent for the applicant, attach **Form 2848**, Power of Attorney and Declaration of Representative.

### Type of Change Requested

Applicants check the appropriate box described below indicating the type of change being requested.

- **Depreciation or amortization.**—Check this box for a change in either (a) the computation of depreciation or amortization (e.g., the depreciation method or recovery period), or (b) the treatment of salvage proceeds or costs of removal.
- **Financial products and/or financial activities of a financial institution.**—Check this box for a change in the treatment of a financial product (e.g., accounting for debt instruments and derivatives or mark-to-market accounting), or in the financial activities of a financial institution (e.g., a lending institution, a regulated investment company, a real estate investment trust, or a real estate mortgage investment conduit).
- **Other.**—Check this box if neither of the above boxes applies to the requested change. State the type of method change being requested and, on the lines provided, enter a short description of the change (i.e., LIFO to FIFO, change within section 263A costs, deduction of warranty expenses, etc.).

## Signature

Form 3115 **MUST** be signed and dated by the applicant as discussed below. The applicant must print or type their full name below their signature.

**Individual.**—If the application is filed for a husband and wife who file a joint income tax return, the names of both should appear in the heading and both should sign.

**Partnerships.**—Show the name of the partnership followed by the signature of one of the general partners and the words "General Partner."

**Corporations, S corporations, personal service corporations, cooperatives, and insurance companies.**—Show the name of the company and the signature of the president, vice president, treasurer, assistant treasurer, or chief accounting officer (such as the tax officer) authorized to sign, and that person's official title. Receivers, trustees, or assignees must sign the application they are required to file. For a subsidiary corporation filing a consolidated return with its parent, the form also must be signed by an officer of the parent corporation.

**Controlled foreign corporations (CFCs).**—Show the name of the controlling U.S. shareholder(s) and the signature of a principal officer of each CFC.

**Estates or trusts.**—Show the name of the estate or trust and the official title and signature of the fiduciary, personal representative, executor, administrator, etc., having legal authority to sign.

**Tax-exempt organizations.**—Show the name of the organization and the signature of a principal officer or other person authorized to sign, followed by that person's official title.

**Preparer other than applicant.**—If the individual preparing the application is not the applicant, the preparer also must sign.

## Pages 2 and 3

**Line 7.**—If the applicant is a member of a related group, provide the gross receipts for each member.

The "gross receipts" includes total sales (net of returns and allowances) and amounts received for services. In addition, gross receipts includes any income from investments and from incidental or outside sources (e.g., interest, dividends, rents, royalties, and annuities). However, if the applicant is a reseller of personal property, exclude from gross receipts amounts not derived in the ordinary course of a trade or business. Gross receipts do not include amounts received for sales taxes if, under the applicable state or local law, the tax is legally imposed on the purchaser of the goods or service, and the applicant only collects the tax and remits it to the taxing authority.

**Line 13.**—True copies of all contracts, agreements, instruments, proposed disclaimers, and other documents directly related to the proposed accounting method change must be submitted with the request.

**Line 14.**—Insurance companies must also state whether the proposed method of accounting will be used for annual statement accounting purposes.

**Line 16.**—The following revenue rulings describe "Designated B" methods of accounting.

- Rev. Rul. 95-81, 1995-52 I.R.B. 6.—Real Estate Mortgage Investment Conduit residual interests cannot be treated as inventory.
- Rev. Rul. 90-65, 1990-2 C.B. 41.—Depreciable vs. nondepreciable precious metals.
- Rev. Rul. 90-40, 1990-1 C.B. 52.—Capitalization of interest.
- Rev. Rul. 88-60, 1988-2 C.B. 30.—Sale of livestock by cash basis farmers.
- Rev. Rul. 88-57, 1988-2 C.B. 36.—Rehabilitation of railroad cars.
- Rev. Rul. 86-152, 1986-2 C.B. 72.—Timber cut under section 631(a) election.
- Rev. Rul. 86-149, 1986-2 C.B. 67.—Construction costs of real estate developers.
- Rev. Rul. 86-35, 1986-1 C.B. 218.—Hybrid methods of accounting.
- Rev. Rul. 84-41, 1984-1 C.B. 130.—Manufacturer's rebates.
- Rev. Rul. 84-31, 1984-1 C.B. 127.—"Take or pay" gas purchase contracts.
- Rev. Rul. 84-27, 1984-1 C.B. 126.—Completed contract method of accounting.
- Rev. Rul. 83-106, 1983-2 C.B. 77.—Gambling revenue of casinos.
- Rev. Rul. 82-192, 1982-2 C.B. 102.—Natural business unit pooling.
- Rev. Rul. 82-134, 1982-2 C.B. 88.—Engineering firms cannot use long-term contract method.
- Rev. Rul. 81-243, 1981-2 C.B. 149.—Deferred and uncollected premiums in group term life insurance.
- Rev. Rul. 81-208, 1981-2 C.B. 108.—Crating and shipping costs under completed contract method.
- Rev. Rul. 81-176, 1981-2 C.B. 112.—Accrual of Medicaid income by nursing homes.
- Rev. Rul. 81-173, 1981-1 C.B. 314.—State franchise tax deduction.

**Line 21.**—If the requested information cannot be provided, the applicant should:

1. Estimate and provide the net section 481(a) adjustment that would have been required if the requested change had been made for the preceding year and explain why the actual amounts cannot be provided; and
2. Submit the perjury statement required by section 8.01(2) of Rev. Proc. 92-20.

If the IRS later examines the return for the year of change or for later years, it has the right to verify the perjury statement at that time.

**Line 24.**—Enter the actual number of tax years. The term "since inception" is not acceptable. However, "more than 6 years" is acceptable.

**Line 31.**—An individual authorized to represent the applicant before the IRS, to receive a copy of the requested ruling, or to perform any other act(s), must properly reflect the authorization in the power of attorney.

## Schedule A

### Part I—Change in Overall Method

All applicants filing to change their overall method of accounting must complete Part I. Rev. Procs. 92-74 and 92-75 are the automatic change procedures the applicant may use to obtain expeditious approval for an

overall change in accounting method from the cash method to an accrual method. However, if the taxpayer also wants to change a special method of accounting, the taxpayer must submit a separate Form 3115 under Rev. Proc. 92-20. Examples of special methods include the use of a long-term contract method, the method of accounting for prepaid subscription income provided in section 455, or the method of accounting for advance payments under either Rev. Proc. 71-21, 1971-2 C.B. 549, or Regulations section 1.451-5. See section 8 of Rev. Procs. 92-74 or 92-75 for details on the use of a special method.

**Lines 1a through 1g.**—Although some amounts requested here may not have been required in figuring taxable income due to the applicant's present method of accounting, include those amounts on lines 1a through 1g. Schedule A will be incomplete if these amounts are omitted.

**Note:** Do not include amounts that correct a math or posting error, errors in figuring tax liability, or an adjustment to the useful life of a depreciable asset.

**Line 1b.**—Include amounts received or reported as income that were not earned in the prior year. For example, a discount on installment loans is reported as income in the year the loans were made instead of in the year(s) the income was received or earned.

**Line 1h.**—The following example illustrates how an applicant figures the section 481(a) adjustment when changing to an accrual method, a nonaccrual-experience method, and/or the recurring item exception.

**Example.** ABC corporation, a calendar year taxpayer using the cash method of accounting, has the following items of unreported income and expense on December 31, 1994:

Accrued income . . . . .	\$250,000
Uncollectible amounts based on the nonaccrual-experience method . . . . .	50,000
Accrued expenses properly deductible (economic performance has occurred) . . . . .	75,000
Expenses eligible for recurring item exception . . . . .	5,000

ABC corporation changes to an overall accrual method for calendar year 1995. The section 481(a) adjustment is figured as follows:

Accrued income . . . . .	\$250,000
<b>Less:</b>	
Uncollectible amount . . . . .	<u>50,000</u>
Net income accrued but not received . . . . .	\$200,000
<b>Less:</b>	
Accrued expenses . . . . .	75,000
Expenses deducted as recurring item . . . . .	<u>5,000</u>
Total expenses accrued but not paid . . . . .	<u>80,000</u>
<b>Section 481(a) adjustment . . . . .</b>	<b>\$120,000</b>

**Line 2.**—If an applicant is requesting to use the method specified in section 461(h)(3) (the recurring item exception), the section 481(a) adjustment must include the amount of the additional deduction.

## Part II—Change to the Cash Method

**Limits on cash method use.**—Except as provided below, C corporations, partnerships with a C corporation as a partner, and tax shelters may not use the cash method of accounting. For this purpose, a trust subject to tax on unrelated business income under section 511 is treated as a C corporation with respect to its unrelated trade or business activities.

The limit on the use of the cash method under section 448 does not apply to:

1. Farming businesses as defined in section 448(d)(1).
2. Qualified personal service corporations as defined in section 448(d)(2).
3. C corporations and partnerships with a C corporation as a partner if the corporation or partnership has gross receipts of \$5 million or less. See section 448(c) to determine if the applicant qualifies for this exception.

Farming corporations should see section 447 for limits on the use of the cash method.

## Schedule B

Use this schedule to request a change from one LIFO inventory method or submethod to another LIFO inventory method or submethod. All applicants changing within the LIFO inventory method or submethod must complete Part I. Complete Parts II and III only if applicable.

### Part III—Change To Inventory Price Index (IPI) Computation Method

Applicants changing to the IPI computation method must use this method for all LIFO inventories.

## Schedule C

### Part I—Change in Reporting Income From Long-Term Contracts, Inventories, or Other Section 263A Assets

**Line 2a.**—Under section 460(f), the term "long-term contract" means any contract for the manufacture, building, installation, or construction of property that is not completed in the tax year in which it is entered into. However, a manufacturing contract will not qualify as long-term unless the contract involves the manufacture of (a) a unique item not normally included in finished goods inventory, or (b) any item that normally requires more than 12 calendar months to complete.

Generally, all long-term contracts entered into after July 10, 1989, that do not meet the exceptions under section 460(e) must be accounted for using the percentage of completion method. See Notice 89-15, 1989-1 C.B. 634, and section 460.

**Line 2b.**—To qualify for the contract exceptions under section 460(e), the contract must be:

1. A real property construction contract, or any other construction contract entered into by the applicant if, at the time the contract is entered into, it is expected to be completed within 2 years and the applicant's average annual gross receipts determined under section 460(e)(2) for the 3-year period preceding the tax year the contract was entered into did not exceed \$10 million; or

2. A home construction contract entered into after June 20, 1988, involving single family residences and dwelling units in buildings containing four or fewer units.

**Line 4.**—Under the simplified cost-to-cost method, only certain costs are used in determining both (a) costs allocated to the contract and incurred before the close of the tax year, and (b) estimated contract costs. These costs are: (1) direct material costs; (2) direct labor costs; and (3) allowable deductions for depreciation, amortization, and cost recovery allowances on equipment and facilities directly used to construct or produce the subject matter of the long-term contract.

### Part II—Change in Valuing Inventories

If the applicant is currently using a LIFO inventory method or submethod and is changing to another LIFO inventory method or submethod, Part II is not applicable. Use **Schedule B**, Changes Within the LIFO Inventory Method.

**Line 3.**—The rules provided in Rev. Proc. 90-63 must be used if the applicant is changing its method of accounting for package design costs.

**Line 4.**—If an applicant is subject to, but not in compliance with section 263A, the applicant must first comply with section 263A before changing an inventory valuation method.

**Line 7a.**—If the applicant properly elected the LIFO inventory method but is unable to furnish a copy of Form(s) 970, attach the following statement to Form 3115:

"I certify that to the best of my knowledge and belief (**name of applicant**) properly elected the LIFO inventory method by filing Form 970 with its return for the taxable year(s) ended (**insert date(s)**) and otherwise complied with the provisions of section 472(d) and Regulations section 1.472-3."

### Part III—Method of Cost Allocation

Applicants requesting to change their method of accounting for any property (produced or acquired) under section 263A or any long-term contracts under section 460 must complete this schedule.

If the change consists of noninventory property that is subject to section 263A, attach a detailed description of the types of property involved and an explanation detailing how that property was accounted for prior to January 1, 1987.

There are several methods available for allocating and capitalizing costs under section

263A. A change to or from any of these methods is a change in accounting method that requires IRS consent. Using the applicable regulations and notice listed below, the applicant should verify which methods are presently being used and the proposed methods that will be used before completing Schedule C, Part III.

#### Allocating Direct and Indirect Costs

- Specific identification method—Regulations section 1.263A-1(f)(2).
- Burden rate method—Regulations section 1.263A-1(f)(3)(i).
- Standard cost method—Regulations section 1.263A-1(f)(3)(ii).
- Any other reasonable allocation method—Regulations section 1.263A-1(f)(4).

#### Allocating Mixed Service Costs

- Direct reallocation method—Regulations section 1.263A-1(g)(4)(iii)(A).
- Step-allocation method—Regulations section 1.263A-1(g)(4)(iii)(B).
- Simplified service cost method:
  - Using the labor-based allocation ratio—Regulations section 1.263A-1(h)(4).
  - Using the production cost allocation ratio—Regulations section 1.263A-1(h)(5).

#### Capitalizing Additional Section 263A Costs

- Simplified production method:
  - Without historic absorption ratio election—Regulations section 1.263A-2(b)(3).
  - With historic absorption ratio election—Regulations section 1.263A-2(b)(4).
- Simplified resale method:
  - Without historic absorption ratio election—Regulations section 1.263A-3(d)(3).
  - With historic absorption ratio election—Regulations section 1.263A-3(d)(4).
- U.S. ratio method—Notice 88-104, 1988-2 C.B. 443.

## Schedule D

### Part I—Change in Reporting Advance Payments

**Line 1.**—In general, payments received for services to be performed in the future must be included in gross income in the tax year of receipt. However, Rev. Proc. 71-21 allows applicants on the accrual method, in certain circumstances, to defer for Federal income tax purposes, payments received (or amounts

due and payable) in one tax year, if the services are to be performed by the end of the succeeding tax year. Under Rev. Proc. 71-21, amounts due and payable are treated as payments received.

**Line 2.**—Advance payments received from a contract for the sale of goods can be deferred for Federal income tax purposes until the 2nd year following the receipt of substantial advance payments on the contract. See Regulations section 1.451-5 for requirements that must be met and for the definition of "substantial advance payments."

### Part II—Change in Depreciation or Amortization

#### Automatic change for section 167

**property.**—If the change is for property depreciated under section 167, the applicant may be eligible to use Rev. Proc. 74-11. See **Automatic Change Procedures** on page 1. Applicants changing their accounting method for depreciation under Rev. Proc. 74-11 are not required to pay the user fee and may file Form 3115 with the IRS Service Center where the income tax return will be filed. The original Form 3115 must be filed within 180 days after the beginning of the year of change. A copy of Form 3115 must be attached to the income tax return filed for the year of change.

#### When Not To File Form 3115

1. To make an election under section 167, section 168, or former section 168. An election under these Code sections may be made only on the tax return for the year in which the property is placed in service.

2. To revoke an election made under section 167, section 168, or former section 168. An election made under section 168(b)(2)(C), 168(b)(3)(D), or 168(g)(7) is irrevocable. To revoke any other election under section 167 or 168, file a request for a letter ruling with the IRS at the address listed under **When and Where To File** on page 1. See Rev. Proc. 96-1 (or any successor).

3. To make or revoke an election under section 13261(g)(2) or (3) of the Revenue Reconciliation Act of 1993 (relating to section 197 intangibles). The election is made only in the manner prescribed in Temporary Regulations section 1.197-1T. To revoke an election, file a request for a letter ruling with the IRS at the address listed under **When and Where To File**. See Rev. Proc. 96-1 (or any successor).

