

Section 446 — Methods of Accounting

Announcement 2002-17

PURPOSE

This announcement reflects corrections to Rev. Proc. 2002-9 (2002-3 I.R.B. 327) (Jan. 22, 2002), which provides procedures under which taxpayers may obtain automatic consent of the Commissioner to change certain methods of accounting. Rev. Proc. 2002-9 was released by the Service on January 7, 2002, in advance of its publication in the Internal Revenue Bulletin. Except for items 2, 6, and 8 below, the corrections described in this announcement are already reflected in Rev. Proc. 2002-9 as published in the Internal Revenue Bulletin.

CORRECTIONS

1. In section 6.02(6)(b) the address to which copies of the application must be sent in the case of exempt organizations is changed to: “. . . Commissioner, Tax Exempt and Government Entities, Attention: TEGE:EO, P.O. Box 27720, McPherson Station, Washington, D.C. 20038.”

2. Section 13.01 is changed to read as follows: “Except as provided in sections 13.02 and 13.03 of this revenue procedure, this revenue procedure is effective for taxable years ending on or after December 31, 2001. The Service will return any application that is filed on or after January 7, 2002, if the application is filed with the national office pursuant to the Code, regulations, or administrative guidance other than this revenue procedure and the change in method of accounting is within the scope of this revenue procedure.”

3. In section 13.02, first sentence, the date is changed from December 31, 2001, to January 7, 2002.

4. In the DRAFTING INFORMATION paragraph, item (7) is changed to read: “for changes in methods of accounting under section 4B of the APPENDIX of this revenue procedure, Norm Paul of the Office of the Division Counsel/Associate Chief Counsel (Tax Exempt and Government Entities) at (202) 622-6060.”

5. The caption for section 4.01 of the Appendix is changed to read: *Certain uniform capitalization (UNICAP) methods used by resellers and reseller-producers*. A conforming change is made to the Table of Contents.

6. Section 4.01(1)(vi) of the Appendix is changed to read: “a reseller changing from a non-UNICAP method to a UNICAP method specifically described in the regulations (and making any attendant changes in the identification of costs subject to § 263A) in any taxable year, other than the first taxable year, that it does not qualify as a small reseller.”

7. Section 4.01(1)(c) of the Appendix is changed to read: “This change does not apply to a taxpayer making an historic absorption ratio election under §§ 1.263A-2(b)(4) or 1.263-3(d)(4), or to a taxpayer that wants to revoke an election to use the historic absorption ratio with the simplified resale method (see § 1.263A-3(d)(4)(iii)(B)).”

8. Section 4.02(1) of the Appendix is changed to read: “*Applicability*. This change applies to a producer of real or tangible personal property described in § 1.263A-2 that wants to change to a UNICAP method (or methods) specifically described in the regulations, and includes any changes in the identification of costs subject to section 263A made in connection therewith, but does not include a change for purposes of determining “section 471 costs” under the simplified production method.”

9. In section 5.01(1)(b)(iv)(D) of the Appendix, the first full sentence is changed to read: “. . . the simplified production method without the historic absorption ratio election (§ 1.263A-2(b)) . . .”

10. Section 10.01(1)(b)(i)(A) of the Appendix is changed to read: “. . . then the taxpayer must use that same inventory method for all of its non-LIFO inventory, including the inventory that is the subject of this accounting method change.”

EFFECT ON OTHER DOCUMENTS

Rev. Proc. 2002-9 is modified and clarified.
