

Tangible Property Regulations Automatic Method Changes

<u>DCN</u>	<u>Description</u>	<u>Description of Change</u>	<u>Citation</u>	RP 2011-14 & RP 2015-14 Section 481(a)	RP 2015-20 Section 481(a)
Depreciation Method Changes					
7	Depreciation or amortization	Depreciation method corrections such as recovery periods, bonus not claimed, QLIP, etc.	IRC §167 and §168	Full	n/a
199	Depreciation of leasehold improvements	To change from improperly depreciating leaseholds over the term of the lease to change to properly depreciate or amortize these leaseholds under Sections 168, 197, or 167(f)(1) for computer software.	IRC §167, §168, §197, Reg. §1.167(a)-4	Full	n/a
Materials & Supplies					
186	Non-incidentual materials and supplies	Change to deduct costs to acquire or produce non-incidentual materials and supplies in the taxable year in which they are first used or consumed.	Reg. §1.162-3(a)(1) and §1.162-3(c)(1)	Cut-off (or modified)	Cut-off
187	Incidental materials and supplies	Change to deduct costs to acquire or produce incidental materials and supplies in the taxable year in which paid or incurred.	Reg. §1.162-3(a)(2), and §1.162-3(c)(1)	Cut-off (or modified)	Cut-off
188	Non-incidentual rotatable and temporary spare parts	Change to deduct costs to acquire or produce non-incidentual rotatable and temporary spare parts in the taxable year in which the taxpayer disposes of the parts.	Reg. §1.162-3(a)(3) & §1.162-3(c)(2)	Cut-off (or modified)	Cut-off
189	Optional method for rotatable and temporary spare parts	Change to the optional method of accounting for rotatable and temporary spare parts.	Reg. §1.162-3(e)	Full	Cut-off
Acquisition & Production Costs					
190	Dealer - to deduct costs that facilitate the sale of property	Change by a dealer to deduct commissions and other transaction costs that facilitate the sale of property.	Reg. §1.263(a)-1(e)(2)	Full	Cut-off
191	Non-dealer - to capitalize costs that facilitate the sale of property	Change by a non-dealer to capitalize commissions and other costs that facilitate the sale of property.	Reg. §1.263(a)-1(e)(1)	Full	Cut-off

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192	Capitalize costs to acquire or produce property and depreciate	Change to capitalize costs to acquire or produce property and depreciating such property.	Reg. §1.263(a)-2	Full	Cut-off
193	Real property investigative costs	Change to deduct certain costs incurred in the process of investigating or otherwise pursuing the acquisition of real property (whether and which test).	Reg. §1.263(a)-2(f)(2)(iii)	Cut-off (or modified)	Cut-off
Improvements					
184	Improvements	Change to capitalize improvements to tangible property and depreciating such property including a change, if any, in identifying the unit of property, building structure, or 8 building systems.	Reg. §1.263(a)-3	Full	Cut-off
Repairs & Maintenance					
184	Repairs & maintenance	Change to deduct repairs and maintenance including a change, if any, in identifying the unit of property, building structure, or 8 building systems.	Reg. §1.162-4	Full	Cut-off
184	Routine maintenance safe harbor	To elect to expense amounts that otherwise constitute an improvement to property under the restoration rules provided the amounts were paid for incurred for recurring activities based on the taxpayer's use of the property.	Reg. §1.263(a)-3(i)	Full	Cut-off
Dispositions					
21	Removal Costs	Change to deduct costs incurred to remove tangible property in conjunction with a deductible repair or recognized disposition of property.	§1.263(a)-3(g)(2)(i), Rev. Rul. 2000-7	Full	n/a
196	Late partial disposition election	Change to make a late partial disposition election to recognize a loss on the disposition of property disposed of in prior tax years. Not applicable to tax years beginning on or after January 1, 2015.	IRC §168 and Reg. §1.168(i)-8	Full	Cut-off

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198	Partial disposition of tangible depreciable assets due to IRS adjustments	To make a late partial disposition election in the event of an IRS examination adjustment capitalizing an amount originally deducted as a repair.	IRC §168 and Reg. §1.168(i)-8	Full	n/a
200	Permissible to permissible method of accounting for depreciation of MACRS property	Includes a change from single asset accounts to multiple asset accounts for the same assets, or vice versa, to change from grouping specific items of MACRS property in multiple asset accounts to different grouping of the same assets in multiple asset accounts, change in method of identifying which assets in multiple asset accounts or which portions of assets have been disposed of, and change in method of determining the unadjusted depreciable basis of the disposed asset or the portion of the asset between reasonable methods.	Reg. §1.168(i)-1(j)(2)	Cut-off	Cut-off
205	Dispositions of a building or structural component	Includes a change in the determination of the asset disposed of, a change to recognize gain or loss upon disposition, and a change in method of determining the unadjusted basis of property disposed of.	IRC §168 and Reg. §1.168(i)-8	Full	Cut-off
206	Dispositions of tangible depreciable assets (other than a building or its structural components)	Includes a change in the determination of the asset disposed of, a change to recognize gain or loss upon disposition, and a change in method of determining the unadjusted basis of property disposed of.	IRC §168 and Reg. §1.168(i)-8	Full	Cut-off
207	Dispositions of tangible depreciable assets in a GAA	Includes a change in the determination of the asset disposed of, a change to recognize gain or loss upon disposition, and a change in method of determining the unadjusted basis of property disposed of.	IRC §168(i)(4) and Reg. §1.168(i)-1(e)(2)(viii)	Full	n/a
General Asset Accounts					
197	Revocation of general asset account election	Change to revoke a previous GAA election. Not applicable to tax years beginning on or after January 1, 2015.	IRC §168 & Reg. §1.168(i)-1	Full	n/a

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Regulatory Method					
185	Regulatory accounting method	Applicable to taxpayers in regulated industries	Reg. §1.263(a)-3(m)	Full	Cut-off
Legend					
Full	Requires the computation of a 481(a) adjustment for prior tax years.				
Cut-off	No 481(a), utilize new method beginning with the year of change.				
Modified	481(a) adjustment is calculated for 2012 and/or 2013 if method change adopted for those years.				
DCN	Form 3115 designated change number				