**Name of Applicant**

Filer name (hereinafter referred to as the “Applicant”) is requesting to make this change in accounting method for the tax year ended December 31, 2019:

|  |  |  |
| --- | --- | --- |
| **Applicant** | **EIN** | **Principal Business Activity Code** |
| FILER / LEGAL ENTITY NAME | XX-XXXXXXX | XXXXXX |

**Form 3115, Page 1 Type of Accounting Method Change and Miscellaneous Information**

The Applicant is requesting automatic change in accounting method designated change number 244 and designated change number 245 for the current taxable period ending December 31, 2019, as described below:

* Method No. 244: A change in depreciation, from an impermissible method to a permissible method. –

The Applicant reclassified assets originally placed into service after December 31, 2017 and treated as nonresidential real property having a 39 year GDS recovery period to qualified improvement property having a 15 year GDS recovery period.

* Method No. 245: A late election under IRC §168 (g)(7), (k)(5), (k)(7), and (k)(10) or revocation of the elections under IRC §168(k)(5), (k)(7), and (k)(10) –

The Applicant is making the election **or** revoking the election to treat “qualified improvement property” as ADS property depreciated over a 20-year depreciable method under IRC §168(g)(7).

The Applicant is making the election **or** revoking the election to take any additional first year depreciation on “qualified improvement property” under IRC §168(k)(7).

The Applicant is making the election **or** revoking the election to take 50% additional first year depreciation on “qualified improvement property” placed into service during the tax year including September 27, 2017 under IRC §168(k)(10).

**Part II, Question 6a**

The Applicant is not under examination. No further statement is required. If the applicant is under examination, then special filing requirements must be addressed. Please refer to the IRS Form 3115 instructions.

**Part II, Question 7a & 7b**

Yes, audit protection applies. The Applicant is requesting an automatic change, DCN 244 to change an impermissible method of accounting to a permissible method of accounting for depreciation on any item of qualified improvement property, as defined in §168(e)(6).

**Part II, Question 11**

Not required per reduced filing requirement.

**Part II, Question 12**

Not required per reduced filing requirement.

**Part II, Question 13**

Not required per reduced filing requirement.

**Part II, Question 14**

a. The Applicant is changing its method of depreciation for some assets. (Further information is provided below in response to Schedule E, Line 4a)

b. The Applicant is presently claiming less than the depreciation than allowable with respect to qualified improvement property assets as defined in §168(e)(6). The Applicant has depreciated qualified improvement property over a 39-year recovery period. The applicant has not claimed any federal tax credit with respect to the items being changed. (Further information is provided below in response to Schedule E, Line 4a)

c. The Applicant proposes to properly claim the depreciation allowable based on modifications made within the CARES Act of 2020. The Applicant proposes to depreciate qualified improvement property, as defined in §168(e)(6) over a 15-year recovery period. (Further information is provided below in response to Schedule E, Line 4a)

d. The Applicant uses the cash / accrual / a hybrid method of accounting.

**Part II, Question 15**

Not required per reduced filing requirement.

**Part II, Question 16**

Not required per reduced filing requirement.

**Part II, Question 17**

Not required per reduced filing requirement.

**Part II, Question 18**

If it is tentatively determined that the Applicant has changed its method of accounting without complying with all applicable provisions of Rev. Proc. 2019-43, the privilege of a conference is hereby requested. To arrange the time and place of such a conference, please contact the Applicant’s representative:

Name: CPA NAME

CPA COMPANY

Address: ADDRESS

CITY, STATE, ZIP CODE

Phone: (XXX) XXX-XXXX

Email: CPA EMAIL

Fax: (XXX) XXX-XXXX

**Part II, Question 19**

Not required per reduced filing requirement.

**Part IV, Question 25**

A cut-off basis is not applicable.

**Part IV, Question 26**

See the attached schedule and below embedded table outlining the summary computation for the IRC §481(a) adjustment. The methodology utilized for computing the IRC §481(a) is as follows:

1. Depreciation on reclassified asset(s) is computed by calculating the depreciation as of the original placed in service day through the last day of the prior tax year utilizing the proposed life, method, and convention.
2. Subtracting the difference in depreciation recalculated and depreciation taken by the taxpayer through the last day of the prior tax year. The net difference between the accumulated depreciation as per the recalculation and accumulated depreciation as originally filed is the §481(a) adjustment reported on the Form 3115.

**Part IV, Question 27**

If the IRC §481(a) is taxpayer unfavorable, checking this box allows the taxpayer to take the entire adjustment in the current year. The default taxpayer unfavorable is to spread the adjustment over 4 tax years.

**Schedule E, Question 1**

Not required per reduced filing requirement

**Schedule E, Question 2**

No

**Schedule E, Question 3**

No

**Schedule E, Line 4a**

Under its present method, the Applicant is claiming less depreciation than allowable on qualified improvement property assets, as defined in §168(e)(6). All assets were placed in service after December 31, 2017. Unless specifically stated otherwise, the code section under which the Applicant will depreciate or amortize property is §168. Unless specifically stated otherwise, none of the property described below was or will be subject to single, multiple, or general asset accounting.

The Applicant has depreciated Qualified Improvement Property including non-structural partition walls, flooring, ceiling finishes, electrical wiring, plumbing piping, HVAC ducting, and other interior finishes improvements as nonresidential real property with a 39-year recovery period. These assets are appropriately assigned a recovery period of 15-years under the half-year convention using the straight-line method. Additional first-year depreciation allowance as provided by §168(k) will apply for qualified assets when and if the original use of the property began with the Applicant and met the qualifications for special allowances.

**Schedule E, Line 5**

Not required per reduced filing requirement.

**Schedule E, Line 6**

Not required per reduced filing requirement.

**Schedule E, Line 7a**

The assets are and will be depreciated under IRC §168.

**Schedule E, Line 7b**

The applicable asset classification is “Qualified Improvement Property”.

**Schedule E, Line 7c**

Please see Schedule E, Line 4a above for the definition of “Qualified Improvement Property”.

**Schedule E, Line 7d**

The assets are to be depreciated over a straight-line method as outlined in IRC §168(b)(3)(G).

**Schedule E, Line 7e**

The assets are to be depreciated over a 15 year recovery period as outlined in IRC §168(e)(3)(E)(vii).

**Schedule E, Line 7f**

The assets are to be depreciated utilizing a half year convention as outlined in IRC §168(d)(1).

**Schedule E, Line 7g**

The applicant will claim additional first-year special depreciation allowance in the year the assets were placed in service where available.

**Schedule E, Line 7h**

The assets are to be will be in single asset accounts.