

Part III

Administrative, Procedural, and Miscellaneous

26 CFR 601.204: Changes in accounting periods and in methods of accounting.
(Also Part 1, §§ 162, 263, 446, 461, 481; 1.167(a)-3(b), 1.263(a)-4, 1.263(a)-5, 1.446-1, 1.461-4, 1.461-5, 1.481-1)

Rev. Proc. 2004-57

SECTION 1. PURPOSE

This revenue procedure allows additional time for taxpayers to comply with the requirements of section 6.02 of Rev. Proc. 2004-23, 2004-16 I.R.B. 785. Section 6.02 of Rev. Proc. 2004-23 requires certain taxpayers that seek to change to a method of accounting provided in §§ 1.263(a)-4, 1.263(a)-5, and 1.167(a)-3(b) of the Income Tax Regulations to submit a written statement containing information necessary to obtain automatic consent for the change.

SECTION 2. BACKGROUND

.01 On March 24, 2004, the Internal Revenue Service released Rev. Proc. 2004-23. Rev. Proc. 2004-23 provides procedures under which certain taxpayers may obtain automatic consent for the taxpayer's first taxable year ending on or after December 31, 2003, to change to a method of accounting provided in §§ 1.263(a)-4, 1.263(a)-5, and 1.167(a)-3(b) of the Income Tax Regulations. As a term and condition of obtaining this automatic consent, taxpayers must file Form 3115, *Application for Change in Accounting Method*, and provide therein certain information specifically required by Rev.

Proc. 2004-23.

.02 Section 6.02 of Rev. Proc. 2004-23 provides transition rules applicable to certain taxpayers that filed Form 3115 prior to April 26, 2004, and did not include in the Form 3115 all of the information required by Rev. Proc. 2004-23. In lieu of preparing and filing a new Form 3115, these transition rules permit taxpayers to prepare and file a written statement that includes all of the necessary information that was not included in the original Form 3115. Section 6.02(2) of Rev. Proc. 2004-23 requires taxpayers to submit the written statement, with an attached copy of page 1 of the original Form 3115 filed by the taxpayer, to the national office within the timely filing requirements of section 6.02(3)(a) (including the automatic extension period described in section 6.02(3)(b)(i)) of Rev. Proc. 2002-9, 2002-1 C.B. 327, as modified and clarified by Announcement 2002-17, 2002-1 C.B. 561, modified and amplified by Rev. Proc. 2002-19, 2002-1 C.B. 696, and amplified, clarified, and modified by Rev. Proc. 2002-54, 2002-2 C.B. 432.

.03 Section 6.02(3) of Rev. Proc. 2004-23 requires taxpayers to attach the written statement and a copy of the original Form 3115 to the taxpayer's federal income tax return for the taxpayer's –

- (i) first taxable year ending on or after December 31, 2003, or
- (ii) second taxable year ending on or after December 31, 2003, if the taxpayer prior to April 26, 2004, has filed the taxpayer's federal income tax return for the taxpayer's first taxable year ending on or after December 31, 2003, that includes a Form 3115, a copy of which also has been filed with the national office, and the § 481(a) adjustment included on that return was computed correctly as described in section 5 of Rev. Proc. 2004-23.

SECTION 3. ADDITIONAL TIME TO SUBMIT WRITTEN STATEMENT

.01 A taxpayer is treated as meeting the timely filing requirement of section 6.02(2) of Rev. Proc. 2004-23 if the taxpayer submits the written statement referred to in section 6.02(2) of Rev. Proc. 2004-23, along with the attached copy of page 1 of the original Form 3115 filed by the taxpayer, to the national office at the special address provided in section 4.01(3) of Rev. Proc. 2004-23 on or before the time that the taxpayer files the federal income tax return referred to in section 6.02(3)(i) or (ii) (whichever is applicable) of Rev. Proc. 2004-23.

.02 A taxpayer is treated as meeting the timely filing requirement of section 6.02(3)(ii) of Rev. Proc. 2004-23 by attaching the written statement and a copy of the original Form 3115 to the taxpayer's federal income tax return for the taxpayer's second taxable year ending on or after December 31, 2003, if the taxpayer prior to April 26, 2004, filed the taxpayer's federal income tax return for the taxpayer's first taxable year ending on or after December 31, 2003, that included a Form 3115, a copy of which also has been filed with the national office, whether or not the § 481(a) adjustment was computed correctly in the taxpayer's federal income tax return for the taxpayer's first taxable year ending on or after December 31, 2003, but only if computing the § 481(a) adjustment in accordance with section 5 of Rev. Proc. 2004-23 does not result in any change in the taxable income reported on that return.

.03 For purposes of section 3.01 of this revenue procedure, section 6.02(3)(ii) of Rev. Proc. 2004-23 is applied after taking into account section 3.02 of this revenue procedure.

.04 Sections 3.01 and 3.02 of this revenue procedure do not apply to a taxpayer

described in section 4.03(2) of Rev. Proc. 2004-23 (relating to an unauthorized change in method of accounting or change in the treatment of an item).

SECTION 4. EFFECT ON OTHER DOCUMENTS

Rev. Proc. 2004-23 is modified.

SECTION 5. EFFECTIVE DATE

This revenue procedure is effective on September 1, 2004.

SECTION 6. INQUIRIES

For further information regarding this revenue procedure, contact Grace Matuszeski of the Office of Associate Chief Counsel (Income Tax and Accounting) at (202) 622-7900 (not a toll free call).