TPR & Accounting Method Changes

Review of TPR and Disposition Rules

4 Key topics:

1. Materials and supplies at §1.162-3
   - Treatment generally same as old rules; definition modified

2. Costs to acquire/produce tangible property at §1.263(a)-1 and -2
   - Includes the “generous” safe harbors that require elections and statements at start of TY

3. Repair v capitalization at §1.263(a)-3
   - 3 ways to have an improvement

4. Complete and partial dispositions and GAAs at §1.168(i)-1 and -8 [covered in prior section]
Adopting TPR

- Latest – tyba on or after 1/1/14
- What if new rules are not reflected in your 1/1/14 depreciation and asset records?
  - Depends
    - If an election item, can’t do anything until election available (current years).
    - If a required item – need to not only adopt the new methods, but make §481(a) adjustment …
      - To act as if you were always using the required rules.

Calendar year taxpayer presumed in this discussion.

TD 9636 (9/19/13) – Final TPR

Preamble (page 57700)

“except as otherwise stated, a change to comply with final regs is a change in method of accounting to which the provisions of sections 446 and 481 and accompanying regulations apply. A taxpayer seeking to change to a method of accounting permitted in final regs must secure consent of Commissioner in accordance with § 1.446–1(e) and follow administrative procedures issued under § 1.446–1(e)(3)(ii) for obtaining Commissioner’s consent to change its accounting method. In general, a taxpayer seeking a change in method of accounting to comply with these regs must take into account a full adjustment under section 481(a).”

Accounting method changes. A change to comply with this section is a change in method of accounting to which the provisions of sections 446 and 481 and the accompanying regulations apply. A taxpayer seeking to change to a method of accounting permitted in this section must secure the consent of the Commissioner in accordance with §1.446–1(e) and follow the administrative procedures issued under §1.446–1(e)(3)(ii) for obtaining the Commissioner’s consent to change its accounting method.
What if no 3115 and §481(a) adjustment(s)?

- Looks like you did not properly adopt the new rules
  - So still on old rules
    - Can’t use new ones incl special rules such as routine mtc safe harbor
- Lost deductions possibly
- Late adoption user fee if not automatic change
  - Scope limitations not waived (so problem if under exam, for example)

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Due diligence reminders

Need to prepare proper return
Client needs to follow TPR

Includes adopting new methods and calculating 481(a) adjustment if applicable.

Remember:
- §10.21, Knowledge of client’s omission
- §10.34, Standards with respect to tax returns and documents, affidavits and other papers
- §6694 Preparer penalty
Method Change Guidance

- Rev. Proc. 2014-16
  - For amounts paid to acquire, produce, or improve tangible property (TRP regs)

- RP 2014-17
  - Generally, applies for 2012 and 2013 – changes under the earlier proposed and temporary regulations.

- Rev Proc. 2014-54
  - Covers changes:
    - To methods provided in §§1.168(i)-1, 1.168(i)-7, and 1.168(i)-8
    - Late partial disposition election under §1.168(i)-8 (for a limited time)
  - See list of changes and designated numbers in RP 2014-16 and 2014-54.
Rev Proc. 2014-16 changes (TPR)

Do you have a method change(s)?
- Most likely …
- YES

If have tangible property - depreciable property or materials and supplies.
Do you have a §481(a) adjustments?

- Yes
  - Prior method used different from new method, and changes depreciation or expensing
  - Other (see other method changes in RP 2014-16)
- No
  - Change falls under “modified 481(a) adj” rule
  - Old method really same as new method
    - Might not be true for all of your methods or assets though
    - BUT – still file 3115 to be clear you are adopting the new methods of TPR

What if minimal assets?

- Labor intensive business.
- §179 election always used in past.
- New rules are same as what you did before.
  - Really? Consider new UOP, definition of M&S, others

Then…

- File 3115 for TY beg on or after 1/1/14 to indicate adoption of new, required methods that result in no §481(a) adjustment.
Examples of method changes

- 3 years ago, A capitalized a $100,000 roof “addition” for building, but under new guidance, does not meet definition of improvement (is just a roof covering rather than a new roof) so should have been expensed.

- 3 years ago, B deducted an expenditure as a repair, but it should be treated as an improvement.

Both are change #184

One more …

- 2008, expensed cost of modifying ten new security cameras in building to capture more data (treated UOP as the building)

  - Need to also change UOP
Finding §481(a) adjustments - ASK

- What is your pre-final TPR capitalization policy including how UOP identified?
- Is your depreciation schedule correct based on final TPR?
  - Any asset missing because treated as repair pre-2014?
  - Any asset that could instead have been treated as a repair?
- Does new definition of M&S affect you?
- Were you treating M&S correctly?
  But may be no 481(a) under “modified 481(a) adj” rule

Look at all RP 2014-16 automatic method change numbers

To help identify where you may have method changes under TPR.
Reality check reminders

- If have not adopted TPR before 2014, then are adopting as of 1/1/14 (if calendar year).
- So any change to basis is done for 1/1/14
  - Basis as of 12/31/13 (old method)
  - Basis as of 1/1/14 (new method)
    - Difference is §481(a) adjustment
      - May also have § 481(a) adjustment for other items

- Engagement letter should specify who is doing what and when.

What does §481(a) adjustment do?

- When adopt new method, act as if you had always been using it.
  - Will lead to omission or duplication of income and/or expense.
- To avoid that, calculate net §481(a) adjustment.
3115 Processes under RP 2014-16

Automatic 3115
- Original on timely filed return incl extension
- Copy to Ogden (just for the special TPR changes; #21 goes to IRS N.O.)
- Signed by taxpayer

Rev. Proc. 2014-16 highlights

- For changes to methods of
  - 1.162-3
  - 1.162-4
  - 1.263(a)-1, -2 and -3
  - And temporary reg version
  - A few specified 263A methods
- Modifies the automatic change RP 2011-14
  - Adds new 10.11 Tangible Property
    - To RP 2011-14 appendix
- Scope limitations n/a
Modified §481(a) adjustment

(b) Modified section 481(a) adjustment.

(i) Final tangible property regulations. A taxpayer changing to a method of accounting under § 1.162–3 (except § 1.162–3(e)), § 1.263(a)–2(f)(2)(iii), § 1.263(a)–2(f)(3)(ii), § 1.263(a)–3(m), § 1.263A–1(e)(2)(i)(A), and § 1.263A–1(e)(3)(ii)(E) is required to calculate a section 481(a) adjustment as of the first day of the taxpayer’s taxable year of change that takes into account only amounts paid or incurred in taxable years beginning on or after January 1, 2014 (“modified section 481(a) adjustment”). Optionally, a taxpayer may take into account amounts paid or incurred in taxable years beginning on or after January 1, 2012. For guidance on computing a section 481(a) adjustment see sections 5.03 and 5.04 of this revenue procedure.

Part of change procedures 10.11

Basically, means cut-off, but still file 3115 to adopt the new methods.
Combined 3115

(5) Concurrent automatic change.
(a) A taxpayer that wants to make two or more changes in method of accounting pursuant to this section 10.11 of the APPENDIX should file a single Form 3115 for all of these changes and must enter the designated automatic accounting method change numbers for all of these changes on the appropriate line on the Form 3115. For additional guidance on filing a single application for two or more changes, see section 6.02(1)(b)(ii) of this revenue procedure.

But show §481(a) for each change #, with explanation.

Reference to section 6.02 is to Rev Proc 2011-14

RP 2014-16

- Line 12 details including any explanation to change in UOP as appropriate

Form 3115 (Rev. 12-2009)

<table>
<thead>
<tr>
<th>Part II</th>
<th>Information For All Requests (continued)</th>
</tr>
</thead>
<tbody>
<tr>
<td>12</td>
<td>If the applicant is either (i) not changing its overall method of accounting, or (ii) is changing its overall method of accounting and also changing to a special method of accounting for one or more items, attach a detailed and complete description for each of the following:</td>
</tr>
<tr>
<td>a</td>
<td>The item(s) being changed.</td>
</tr>
<tr>
<td>b</td>
<td>The applicant’s present method for the item(s) being changed.</td>
</tr>
<tr>
<td>c</td>
<td>The applicant’s proposed method for the item(s) being changed.</td>
</tr>
<tr>
<td>d</td>
<td>The applicant’s present overall method of accounting (cash, accrual, or hybrid).</td>
</tr>
</tbody>
</table>
Extra details needed for Line 12

See RP 2014-16, Change 10.11 (4)

Manner of making change

- Citation to paragraph of TPR that provides for the change, for example, §1.263(a)-3(k).
- If changing any UOP, or building structure, include detailed description.
- Complete Schedule E of 3115 if changing to capitalizing an amount and depreciating it.

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RP 2014-16

Complete Schedule E

Schedule E—Change in Depreciation or Amortization (see instructions)

Applicants requesting approval to change their method of accounting for depreciation or amortization complete this section. Applicants must provide this information for each item or class of property for which a change is requested.

**Note.** See the List of Automatic Accounting Method Changes in the instructions for information regarding automatic changes under sections 56, 167, 168, 197, 1400I, 1400I-L, or former section 168. Do not file Form 3115 with respect to certain late elections and election revocations (see instructions).

1. Is depreciation for the property determined under Regulations section 1.167(a)-11 (CLADR)? □ Yes □ No
   If "Yes," the only changes permitted are under Regulations section 1.167(a)-11(c)(1)(iii).

2. Is any of the depreciation or amortization required to be capitalized under any Code section (e.g., section 263A)? □ Yes □ No
   If "Yes," enter the applicable section ▸

3. Has a depreciation, amortization, or expense election been made for the property (e.g., the election under sections 168(f)(1), 179, or 179C)? □ Yes □ No
RP 2014-16 – small taxpayers

Avg annual GR over past 3 years < $10 million

(b) Reduced Filing Requirement for Small Taxpayers.

(i) A qualifying taxpayer, as defined in paragraph (ii) below, is required to complete only the following information on Form 3115:

(A) The identification section of page 1 (above Part I);
(B) The signature section at the bottom of page 1;
(C) Part I, line 1(a);
(D) Part II, all lines except lines 11, 13, 14, 15, and 17;
(E) Part II, line 13, if the change is to depreciating property;
(F) Part IV, lines 25 and 26; and
(G) Schedule E, if applicable.

If positive and negative 481(a) adjustments for two assets in same change #, net.

If in different change #s, don’t net.

Example:

Change 184 yields $50,000 net pos 481(a) adj
Change 192 yields $60,000 net neg 481(a) adj

Treat as 2 adjustments (don’t net)
Also

- Statistical sampling to compute 481(a) adjustment, may be available
- No user fee
- Attach 3115 to timely filed return
- Copy to Ogden (rather than National Office)

Avoid mistakes

- Read Rev Proc 2014-16
- Double check §481(a) adjustments
- Be sure basis adjusted where required
  - For AMT too.
  - For state too (if state conforms).
- Positive § 481(a)
  - Be sure don’t forget in next 3 years
Also …

- Need to understand TPR to find the method changes.
- Allow enough time.
- See where client wants to (and can) assist.

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Client owns own SFR rental

<table>
<thead>
<tr>
<th>Year</th>
<th>Old rules</th>
<th>TPR and Disp Rules</th>
</tr>
</thead>
<tbody>
<tr>
<td>2003 purchased</td>
<td>Capitalize</td>
<td>Capitalize</td>
</tr>
<tr>
<td>2006 bought refrigerator</td>
<td>Expensed (but should have capitalized)</td>
<td>Capitalize (unless falls under de minimis acq rule)</td>
</tr>
<tr>
<td>2007 Painted a room</td>
<td>Deduct</td>
<td>Deduct</td>
</tr>
<tr>
<td>2010 New Shingles on roof</td>
<td>Capitalize</td>
<td>If betterment – cap</td>
</tr>
<tr>
<td>2011 addition of new room</td>
<td>Capitalize</td>
<td>If not improvement – deduct</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>
Example – Risk of not changing

- 2010 shingles are not an improvement under new rules; so should have expensed
- So, depreciating something that is not depreciable.
- If no method change …
  - Claiming depreciation not entitled to.
  - Too late to claim the 2010 deduction, if IRS audits (no guarantee IRS will make adj for you)
    - Look at RP 2011-14, as amended, on how to make the method change.
Sample Form 3115 - Be sure to see the included comments and read

3115

Application for Change in Accounting Method

Name of file (name of parent corporation if a consolidated group) (see instructions)
Tom and Jane Doe
Identification number (see instructions)
123-45-6789
Principal business activity code number (see instructions)
Number, street, and room or suite no. If a P.O. box, see the instructions.
123 Main Street
City or town, state, and ZIP code
San Jose, CA 95138
Name of applicant(s) (if different from file) and identification number(s) (see instructions)
Jane Doe
Contact person's telephone number

If the applicant is a member of a consolidated group, check this box □
If Form 2848, Power of Attorney and Declaration of Representative, is attached (see instructions for when Form 2848 is required), check this box □

Check the box to indicate the type of applicant.
☑ Individual □ Cooperative (Sec. 1381)
□ Corporation □ Partnership
□ Controlled foreign corporation (Sec. 967) □ S corporation (Sec. 816(a))
□ 10/50 corporation (Sec. 964)(d)(2)(E) □ Insurance company (Sec. 831)
□ Qualified personal service corporation (Sec. 448(d)(2)) □ Other (specify) □
□ Exempt organization, Enter Code section □

Check the appropriate box to indicate the type of accounting method change requested.
(see instructions)
□ Depreciation or Amortization □ Financial Products and/or Financial Activities of Financial Institutions
□ Other (specify) □ Rev. Proc. 2014-16 □

Caution: To be eligible for approval of the requested change in method of accounting, the taxpayer must provide all information that is relevant to the taxpayer or to the taxpayer’s requested change in method of accounting. This includes all information requested on this Form 3115 (including its instructions), as well as any other information that is not specifically requested.

The taxpayer must attach all applicable supplemental statements requested throughout this form.

Part I Information For Automatic Change Request
1. Enter the applicable designated automatic accounting method change number for the requested automatic change. Enter only one designated automatic accounting method change number, except as provided for in guidance published by the IRS. If the requested change has no designated automatic accounting method change number, check “Other,” and provide both a description of the change and citation of the IRS guidance providing the automatic change. See instructions.
   □ (a) Change No. □ (b) Other □ Description □
   184, 186, 187, 192
2. Do any of the scope limitations described in section 4.02 of Rev. Proc. 2008-52 cause automatic consent to be unavailable for the applicant's requested change? If "Yes," attach an explanation.
   Yes □ No □

Part II Information For All Requests
3. Did or will the applicant cease to engage in the trade or business to which the requested change relates, or terminate its existence, in the tax year of change (see instructions)? □ Yes □ No
   If "Yes," the applicant is not eligible to make the change under automatic accounting request procedures.
4a. Does the applicant (or any present or former consolidated group in which the applicant was a member during the applicable tax year(s)) have any federal income tax return(s) under examination (see instructions)? □ Yes □ No
   If "No," go to line 5.
b. Is the method of accounting the applicant is requesting to change an issue (with respect to either the applicant or any present or former consolidated group in which the applicant was a member during the applicable tax year(s)) either (i) under consideration or (ii) placed in suspense (see instructions)? □ Yes □ No

Signature (see instructions)
Filer

Yes □ No

Preparer (other than filer/applicant)

Signature and date
Tom and Jane Doe, rental property owners
Name and title (print or type)

Signature of individual preparing the application and date
Henry Smith, CPA
Name of individual preparing the application (print or type)
Flint and Smith, A Professional Corp.
Name of firm preparing the application

For Privacy Act and Paperwork Reduction Act Notice, see the instructions.
Cat. No. 1026E Form 3115 (Rev. 12-2000)
Part II  Information For All Requests (continued)  

<p>| | | |</p>
<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>4c</td>
<td>Is the method of accounting the applicant is requesting to change an issue pending (with respect to either the applicant or any present or former consolidated group in which the applicant was a member during the applicable tax year(s)) for any tax year under examination (see instructions)?</td>
<td>✔</td>
</tr>
<tr>
<td>4d</td>
<td>Is the request to change the method of accounting being filed under the procedures requiring that the operating division director consent to the filing of the request (see instructions)?</td>
<td>✔</td>
</tr>
<tr>
<td>4e</td>
<td>If &quot;Yes,&quot; attach the consent statement from the director.</td>
<td></td>
</tr>
<tr>
<td>4f</td>
<td>Is the request to change the method of accounting being filed under the 80-day or 120-day window period?</td>
<td></td>
</tr>
<tr>
<td>4g</td>
<td>If &quot;Yes,&quot; check the box for the applicable window period and attach the required statement (see instructions).</td>
<td></td>
</tr>
<tr>
<td></td>
<td>80 day</td>
<td></td>
</tr>
<tr>
<td></td>
<td>120 day</td>
<td>Date examination ended</td>
</tr>
<tr>
<td>4h</td>
<td>If you answered &quot;Yes&quot; to line 4a, enter the name and telephone number of the examining agent and the tax year(s) under examination.</td>
<td></td>
</tr>
<tr>
<td>4i</td>
<td>Name</td>
<td></td>
</tr>
<tr>
<td>4j</td>
<td>Telephone number</td>
<td></td>
</tr>
<tr>
<td>4k</td>
<td>Tax year(s)</td>
<td></td>
</tr>
<tr>
<td>5a</td>
<td>Does the applicant (or any present or former consolidated group in which the applicant was a member during the applicable tax year(s)) have any Federal income tax return(s) before Appeals and/or a Federal court?</td>
<td>❌</td>
</tr>
<tr>
<td>5b</td>
<td>If &quot;Yes,&quot; enter the name of the (check the box)</td>
<td></td>
</tr>
<tr>
<td>5c</td>
<td>Appeals officer and/or</td>
<td>❌</td>
</tr>
<tr>
<td>5d</td>
<td>counsel for the government, telephone number, and the tax year(s) before Appeals and/or a Federal court.</td>
<td></td>
</tr>
<tr>
<td>5e</td>
<td>Name</td>
<td></td>
</tr>
<tr>
<td>5f</td>
<td>Telephone number</td>
<td></td>
</tr>
<tr>
<td>5g</td>
<td>Tax year(s)</td>
<td></td>
</tr>
<tr>
<td>5h</td>
<td>Has a copy of this Form 3115 been provided to the examining agent identified on line 4f?</td>
<td></td>
</tr>
<tr>
<td>5i</td>
<td>Has a copy of this Form 3115 been provided to the Appeals officer and/or counsel for the government identified on line 5a?</td>
<td></td>
</tr>
<tr>
<td>5j</td>
<td>Was the request to change the method of accounting being filed under the 80-day or 120-day window period?</td>
<td></td>
</tr>
<tr>
<td>5k</td>
<td>If &quot;Yes,&quot; check the box for the applicable window period and attach the required statement (see instructions).</td>
<td></td>
</tr>
<tr>
<td>5l</td>
<td>Name</td>
<td></td>
</tr>
<tr>
<td>5m</td>
<td>Telephone number</td>
<td></td>
</tr>
<tr>
<td>5n</td>
<td>Tax year(s)</td>
<td></td>
</tr>
<tr>
<td>6a</td>
<td>If the applicant answered &quot;Yes&quot; to line 4a and/or 5a with respect to any present or former consolidated group in which the applicant was a member during the applicable tax year(s) before Appeals and/or a Federal court, attach a statement that provides each parent corporation’s (a) name, (b) identification number, (c) address, and (d) tax year(s) during which the applicant was a member that is under examination, before an Appeals office and/or a Federal court.</td>
<td></td>
</tr>
<tr>
<td>7a</td>
<td>If, for Federal income tax purposes, the applicant is either an entity (including a limited liability company, treated as a partnership or an S corporation) is requesting a change from a method of accounting that is an issue under consideration in an examination, before Appeals, or before a Federal court, with respect to a Federal income tax return of a partner, member, or shareholder of that entity?</td>
<td></td>
</tr>
</tbody>
</table>

8a Does the applicable revenue procedure (advance consent or automatic consent) state that the applicant does not receive audit protection for the requested change (see instructions)?

8b If "Yes," attach an explanation.

9a Has the applicant, its predecessor, or a related party requested or made (under either an automatic change procedure or a procedure requiring advance consent) a change in method of accounting within the past 5 years (including the year of the requested change)?

9b If "Yes," for each trade or business, attach a description of each requested change in method of accounting (including the tax year of change) and state whether the applicant received consent.

9c If any application was withdrawn, not perfected, or denied, or if a Consent Agreement granting a change was not signed and returned to the IRS, or the change was not made or not made in the requested year of change, attach an explanation.

10a Does the applicant, its predecessor, or a related party currently have pending any request (including any concurrently filed request) for a private letter ruling, change in method of accounting, or technical advice?

10b If "Yes," for each request attach a statement providing the name(s) of the taxpayer, identification number(s), the type of request (private letter ruling, change in method of accounting, or technical advice), and the specific issue(s) in the request(s).

11 Is the applicant requesting to change its overall method of accounting?

If "Yes," check the appropriate boxes below to indicate the applicant’s present and proposed methods of accounting. Also, complete Schedule A on page 4 of this form.

Present method:  
- Cash  
- Accrual  
- Hybrid (attach description)

Proposed method:  
- Cash  
- Accrual  
- Hybrid (attach description)
If more than one 481(a) adjustment, might not want to show as one number here.
Small taxpayers must answer #26 if applicable
Part II, Line 12
The following items are being changed.

a) Items relevant to the methods of Regulation Sections 1.162-3, 1.162-4, 1.263(a)-1, 1.263(a)-2, 1.263(a)-3, as changed by TD 9636 (9/19/13).

b) Taxpayer’s present methods for materials and supplies, amounts paid to acquire or produce tangible property, and repairs versus capitalization are similar to the methods being adopted. Installation of new shingles on the roof of taxpayer’s rental property were capitalized in 2010. Under Regulation Section 1.263(a)-3 though, this does not constitute an improvement so should have been expensed under 1.162-4(a) (Change #184).

c) Adoption of the methods of Regulation Sections 1.162-3, 1.162-4, 1.263(a)-1, 1.263(a)-2, 1.263(a)-3, as changed by TD 9636 (9/19/13).

d) Overall method of accounting is the cash method.


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Part II, Line 13
Taxpayer owns a single family residence which is rented to a long-term tenant. The activity is a passive activity under Section 469 (rental activity). This rental activity is reported on Schedule E and the cash method is used.

Principal Business Activity Code - 531110 - Lessors of Residential Buildings & Dwellings (including equity REITs).
Part IV, Line 25 - Computation of §481(a) Adjustment

Change #184

Cost of shingles added in June 2010 $21,000
Depreciation claimed for 2010 through 2013 (2,706)
Adjusted basis at 12/31/13 $18,294 negative §481(a) adjustment

Under the new regulations of §1.263(a)-3, the shingles should have been treated as a repair. A negative §481(a) adjustment of $18,294 is needed to adopt the new methods of §1.162-4(a) and §1.263(a)-3 for the tax year 2014. There are no other pre-2014 items warranting change under §1.162-4(a) and §1.263(a)-3.

Part IV, Line 25 continued

Change #186

§0 §481(a) adjustment per required use of modified §481(a) adjustment effective for amounts paid or incurred in tax year beginning on or after January 1, 2014, to adopt §1.162-3(a)(1), (c)(1).

Change #187

§0 §481(a) adjustment per required use of modified §481(a) adjustment effective for amounts paid or incurred in tax year beginning on or after January 1, 2014 to adopt §1.162-3(a)(2), (c)(1).

Change #192

§0 §481(a) adjustment as prior method yielded same result as under new §1.263(a)-2.

NOTE TO PREPARE - need to list each change (see list in Rev. Proc. 2014-16, and the 481(a) adjustment.
Example - continued

- Shingles need to be removed from depreciation schedule as of 1/1/14 (date final regs effective)
- If the shingles met the definition of a betterment, no §481(a) adjustment.
- Note – was a simplified example
  - Only one §481(a) adj was needed for one asset (any others were $0; but noted on the attachment for line 25)
  - If change from repair to capitalize and depreciation – need Schedule E on page 8
  - No change in UOP
  - But did indicate was adopting new TPR methods.
Review – Risks of Not Filing Form 3115

AICPA Suggestion – letter to IRS 10/8/14

- TPR = significant use of resources by small businesses; may not have all old records needed.
- Cost of method changes > cost of annual return compliance.
- C230 concerns for practitioners.
- Suggestion – allow small business to elect to comply with TPR prospectively, either by
  1. No 3115 or §481(a) adjustment
  2. No §481(a) adj, but with 3115 (cut-off with audit protection)

AICPA – 11/5/14 meeting

- IRS Chief Counsel reps
  - Met with AICPA Tax Accounting Committee
  - Prefer §481(a) adj over cut-off
    - Why - Some taxpayers took aggressive positions in past
  - If that is not the case …
    - IRS unlikely to want to examine §481(a) adj of $0
      - Assumption is though, that $0 is incorrect.

- Tax Notes, 11/10/14
IRS Plans?????

- What will exam do?
- Is there expectation that t/p with Form 4562 should also have 3115 for 2014 return?