Application for Change in Accounting Method

Department of the Treasury Internal Revenue Service

► See instructions specifically for "Automatic Changes in Accounting Method" and "When Not To File Form 3115". All applicants must complete pages 1 and 2.

OMB No. 1545-0152 Expires 11-30-95

Name of applicant (if joint return is filed, also give spouse's name) Number, street, and room or suite no. (If a P.O. box, see page 2 of instructions.)		Identifying number (see instructions)			
		Applicant's area code and telephone number/Fax number			
City	or town, state, and ZIP code	District Director's office having jurisdiction			
Name	e of person to contact (If not applicant, power of attorney must be submitted.)	Contact person's telephone number/Fax number			
Che	ck one of the following boxes:	Check the box(es) for other schedules that will be of	completed and		
	ndividual	attach only the completed schedule(s) to pages 1 and 2	•		
	Corporation S Corporation	Schedule A-Change in Overall Method of	Accounting		
_	Cooperative Insurance Co. (Sec. 816(a))	Schedule B-Changes Within the LIFO Invent	•		
	Insurance Co. (Sec. 81)	Schedule C-Change in the Treatment of L	•		
	Qualified Personal Service Corporation ☐ Other (specify) ►	Contracts, Inventories, or Other Section 2	•		
(Sec. 448(d)(2)) Exempt organization. Enter code section ▶	Schedule D-Miscellaneous Changes in Me Accounting			
1a	Tax year of change begins (mo., day, yr.) ▶	and ends (mo., day, yr.) ▶			
b	Enter the 180th day of the tax year ▶				
	on page 2, see Late Applications in the instructions.				
2a	Enter the principal business activity designated on the latest filed incor	ne tax return ▶			
b	Enter business activity code no. (if applicable) (see instructions) ▶				
3	Approval is requested to change (see instructions):				
a	○ Overall method of accounting from present method ►				
b	☐ The accounting treatment of (identify item) ►				
	from present method ► to Attach a separate statement of all relevant facts, including a detailed des				
	of the legal basis (statutes, regulations, published rulings, etc.) for mak		Ехріанаціон		
c	If a change is requested on Item 3b above, check the present overall r				
	☐ Accrual ☐ Cash ☐ Hybrid If "Hybrid" is checked, attack	-	Yes No		
d	Number of tax years present method has been used by the applicant. (See				
е	Is the present method a "Designated A" method as defined in section	3.07 of Rev. Proc. 92-20?			
f	Is the present method a "Designated B" method as defined in section	3.09 of Rev. Proc. 92-20?			
	If "Yes" to Item 3e or 3f, indicate the designating document				
g	Is the present method a "Category A" method as defined in section 3.0				
h	Has the applicant entered into a transaction to which section 381(c)(4) of				
4-	the applicant considering this type of transaction during the tax year of				
4a	Is this the first tax year the applicant is required to change its method of accound if "Yes," state which section is applicable ▶	~			
b	Does the applicant produce or acquire property for resale subject to se				
D	If "Yes," Schedule C, Part III must be completed if the costs to be cha				
52	Has the applicant or any member of the affiliated group been contacte				
Ju	schedule an examination of any of its Federal income tax returns, or is a				
	Proc. 92-20)? If "Yes," indicate which window period under section 6 of				
b	If "Yes," has a copy of Form 3115 been sent to the district director? S	ee section 10.06 of Rev. Proc. 92-20			
С	Does the applicant have any Federal income tax returns under considera				
	court? See section 4 of Rev. Proc. 92-20				
d	If "Yes," has the applicant attached a written agreement from the appe				
6a	In the last 6 years has the applicant applied for or changed its tax year, its treatment of any item? If "Yes," attach a statement describing the change	nges and the year of change			
b	If "Yes," has a ruling letter granting approval been received? Attach a				
	letter was received but the change was not made. Members of an affili				
С	Does the applicant, an affiliated corporation, or any other related corp tax year ruling, or technical advice request in the National Office?				
d	If "Yes," indicate the name(s) of the corporation, type of request (met	hod, tax year, etc.), and the specific issue invol	lved in each		

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7a b	Enter the NOL (if a	ny) that wil	•	change .				I		
С					fy)					
d		-	•	-	change			. \$		
8a		_	up are to complete ite ears preceding the yea		b, 7c, and 7d on a co le (See instructions)	nsolida	ited basis.			
Ju	1st preceding year ended: mo.	yr.	2nd preceding year ended: mo.	yr.	3rd preceding year ended: mo.	yr.	4th preceding year ended: mc) .	yr.	
	\$		\$		\$		\$			
8b	Taxable income for	the 4 tax	years preceding the ye	ar of chan	ige. (See instructions.)					
	1st preceding year ended: mo.	yr.	2nd preceding year ended: mo.	yr.	3rd preceding year ended: mo.	yr.	4th preceding year ended: mo	D.	yr.	
	\$		\$		\$		\$		Yes	No
9a	Doos the applicant	havo more	than one trade or bus	inoss2					163	140
b					See instructions.) .					
10a			•	-	idated return for the ta					
b				-	er, address, tax year, a	-	-			
С					e the method of accou					
A	•				et section 481(a) adjust					
u			ated group? If "Yes," a							
е			- .		and 6b, for each memb					
11	Are any of the item	ns involved	in determining the ne	t section 4	481(a) adjustment attrik	outable	to transactions b	etween		
		_			s," attach an explanatio					
12a					ancial reporting purpos					
b		-	•		ne new method of acc	ounting	conforms to GA/	AP and		
	whether it will clear	iy renect ii	ncome for Federal inco	ine tax pu	rposes.					
13	Enter the net section 481(a) adjustment for the year of change, and the net section					Prec	eding yea	ar		
13	481(a) adjustment that would have been required if the requested change had been									
	made for the tax year preceding the year of change. (See Item 13 in the instr					\$	<u> </u>	\$	1	
									Yes	No
14 15	•			•	ange been reduced in a		•			
13	If the net section 481(a) adjustment is less than \$25,000 for the year of change, does the applicant elect to take the entire net section 481(a) adjustment into account in the year of change?									
		(-, -, -, -, -, -, -, -, -, -, -, -, -, -			cklist					
16	Is Form 2848, Pow	er of Attor	ney and Declaration of		tative, attached to this	applicat	tion?	► □ Y	es 🗌	No
17	Does the applicant	request a	conference of right at	the IRS N	ational Office? (See ins	truction	ıs.) >	► □ Y	es 🗌	No
18	Enter amount of Us	ser Fee att	ached to this application	on. (See in	structions on page 1.)			\$		
			Signature—All	Applica	ants (See instruct	ions.)				
Unde	r penalties of perjury, I o	declare that I	have examined this applic	ation, inclu	ding accompanying schedon applicant) is based on al	iles and s	statements, and to the	he best of	my knov	vledge
and b	elief, it is true, correct,	and comple	te. Declaration of prepare	r (other tha	n applicant) is based on al	l informa	tion of which prepa	rer has an	y knowle	edge.
		Applica	nt		Pare	nt corp	oration (if appli	icable)		
	Office	er's signatur	e and date		D	rent Offic	cer's signature and	date		
	One	o. o signatul	S Line duto		F	. o.a. onl	oo, o orginature and			
	Name	and title (p				Name a	nd title (print or type	e)		
	immot.wo/-\ -£: '' ' ' '		ouing the							
S	ignature(s) of individual	or tirm prep	paring the application and	aate	Nan	e ot tirm	preparing the appli	ication		

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Name of applicant as shown on page 1	Identifying number	

Schedule A—Change in Overall Method of Accounting

Attach copy(ies) of the profit and loss statement (Schedule F (Form 1040) for farmers) and the balance sheet, if applicable, as of the close of the tax year preceding the year of change. On a separate sheet, state the accounting method used when preparing the balance sheet. If books of account are not kept, attach a copy of the business schedules submitted with the

Federal income tax return or other return (e.g., tax-exempt organization returns) for that period. If the amounts in Part I, Item 1 do not agree with those shown on both the profit and loss statement and the balance sheet, explain the differences on a separate sheet.

Гаі	Change in Overall Meth	ou (See Ilistit	uctions.)					
1	Enter the following amounts as of the breakdown of the items that make up				nange. If no	one, state "None."	Also provid	de a
				Show by () how treated on last year's return:				:
			Amount		led in income ted as exper		ed from inco ducted as ex	
а	Income accrued but not received		\$					
b	Income received or reported before it State nature of income ▶							
С	Expenses accrued but not paid							
d	Other (specify) ►							
е	Prepaid expense previously deducted	1						
f	Supplies on hand previously deducted	d		_				
g	•							
	Inventory reported on applicant's							
	return							
	Enter the difference			-				
h	Net section 481(a) adjustment (add lin	nes 1a—1g)	\$					
2	Type of inventory ►	.ee .u .g, ,	Ψ					
3	Method used to value inventory:		Cost or market, v	vhichever is	lower [Other (attach ex	(nlanation)	
4	Method of identifying costs in inventor		Specific identifica					
5а	If changing to the accrual method, is	,	•		ccrual-expe		· 	s ☐ No
b	If "Yes," indicate the system to be us							odic
6	If changing to the accrual method, is							S 🗌 No
Par	t II Change to the Cash Me	ethod (Also cor	mplete Part I. Far	mers comple	ete Part III i	nstead of Part II. S	See instruct	tions.)
1	Describe the applicant's trade or bus	iness (including	operations, servi	ces performe	ed, and typ	es of activities, if r	more than	one).
2	Describe the applicant's investment in			ment used ir	the trade	or business, and t	he relation	ship
	between these items and the services							
3	Describe inventory items (items that p							S.
4	Indicate the number of employees, sh	nareholders, par	tners, associates	, etc., and d	escribe the	ir duties in carrying	g out the	
_	applicant's business. Attach a schedule showing the age o	f ragainables for	r the 4 tay years	nrocodina th	o year of a	hango		
5 6	Attach a profit and loss statement ba							
	t III Farmers—Change to the						·	
	Is the applicant a corporation or a part		•			•		
	or less in each of its tax years beginn				-		. ☐ Yes	☐ No
b	If "No," is the applicant eligible for an			see instruc	ctions)		. 🗌 Yes	☐ No
2	Gross Receipts and Inventory Information	ation					_	
		1st preceding y	r. 2nd precedin	g yr. 3rd pr	eceding yr.	4th preceding yr.	5th prec	eding yr.
а	Gross receipts from farming							
b	Inventory: Crops, etc							
	Livestock held for sale:							
	Purchased							
	Raised							
	Livestock held for draft, breeding,							
	sport, or dairy purposes:							
	Purchased							
	Raised							
	. star involutory, , , , , , ,		1			1		

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Name of applicant as shown on page 1

Identifying number

Schedule B—Changes Within the LIFO Inventory Method

Part I LIFO Information

Complete this section if the requested change involves changes within the LIFO inventory method. Check ($\sqrt{\ }$) the appropriate boxes in 1, 2, 3, or 4 showing both the present method and the proposed method. If the present method shown in boxes 1, 2, 3, or 4 is not the same as the method shown on Form(s) 970, attach an explanation. **Note:** Attach the copy(ies) of the **Form 970(s)**, Application to Use LIFO Inventory Method, filed to adopt or expand the use of the method.

1	Method for valuing inventories:	Present method	Proposed method
а	Unit method		
b	Dollar value method.		
2	Method for pooling:		
а	By line, type, or class of goods (Regulations section 1.472-8(c))		
b	Natural business unit (Regulations section 1.472-8(b)(1))		
С	Multiple pools (Regulations section 1.472-8(b)(3)(i))		
d	Raw material content (Regulations section 1.472-8(b)(3)(ii))		
е	Simplified dollar value method (section 474)		
f	Pooling method authorized by Regulations section 1.472-8(e)(3)(iv)		
g	Other (describe)		
3	Method used to figure the cost of goods in the closing inventory over those in the opening inventory:		
а	Most recent purchases		
b	Earliest acquisitions during the year		
С	Average cost of purchases during the year		
d	Other (describe)		
4	Method for pricing dollar value pools:		
а	Double-extension method		
b	Index method*		
С	Link-chain method*		
d	Inventory Price Index computation method (see instructions)		
е	Other method*		
	* An example of an "other method" is the retail method using the Bureau of Labor Statistics (BLS) department store indexes. If the applicant is requesting to change to one of these methods, submit: (1) a description of the particular method, and (2) the reasons why the use of the double-extension and/or index method(s) is impractical or unsuitable for each pool.		
Par	t II Additional Information		
1	Will the change(s) indicated above apply to all of the applicant's inventory?	🗆	Yes 🗌 No
2	If the change(s) indicated above applies to specific inventory pools, identify the pool(s) and describe	the contents of	
3	Is the applicant requesting a change in method for its LIFO inventory that is not indicated in Part I at If "Yes," explain. ▶		Yes No
² ar	t III Change in Pooling LIFO Inventories		
1	List and describe each dollar value pool and show the base year of each pool under the present and	proposed poo	ling methods.
2	Applicants engaged in the manufacturing or processing of goods and proposing to use natural busin	ess unit (NBU)	pools:
а	Attach a description of the applicant's organization, facilities, manufacturing processes, and product li	nes in sufficien	detail to show
	that each proposed NBU pool complies with Regulations section 1.472-8(b).		
b	Does the applicant have inventories of items purchased and held for resale?	🗆	Yes 🗌 No
	If "Yes," attach a statement indicating that these items will not be included in any proposed NBU poor	ol.	
С	Are all items, including raw materials, goods in process, and finished goods entering into the entire	inventory	
	investment for each proposed NBU pool, presently valued under the LIFO method?	\square	Yes No
	If "No," attach an explanation.		
3	Applicants engaged in the manufacturing or processing of goods:		
а	If proposing to use the multiple pooling method, attach information to show that each proposed pool	will consist of a	group of items

- **a** If proposing to use the multiple pooling method, attach information to show that each proposed pool will consist of a group of items that are substantially similar.
- **b** If proposing to use raw material content pools, attach information to show that each proposed pool will consist of items that are substantially similar.
- 4 Applicants engaged in the wholesaling or retailing of goods purchased from others:
- **a** Attach information to show that each of the proposed pools is based upon customary business classifications of the applicant's trade or business.
- **b** If proposing to use natural business unit pools, attach an explanation as to why the natural business unit pooling is appropriate.

Identifying number

Sch	edule C—Change in the Treatment of Long-Term Contracts, Inventor	ies, or Other	Section 263	A Ass	ets
Pai	Change in Reporting Income From Long-Term Contracts (See ins below.)	tructions. Com	plete this par	t and I	Part III
1 2	Are the applicant's contracts long-term contracts as defined in section 460? Is the applicant a manufacturer or a processor?			Yes Yes	☐ No☐ No
3	Will the applicant elect the simplified cost-to-cost method for determining the degree			Yes	☐ No
a 4a	Is the same method used for reporting income from all long-term contracts?		·	Yes	☐ No
b	If "No," explain other method(s). ►				
5a	Do any (or all) of the applicant's contracts qualify for any of the exceptions under secertain construction contracts?		□ AII □	Yes	☐ No
b	If "Yes," provide a separate cost allocation worksheet (Part III below) for the contrapercentage of completion method under Regulations section 1.451-3(c)(2), if applications	acts and the m		compu	uting the
С	If "Yes" or "No" to 5a, is the applicant in compliance with section 460? If "No," attach an explanation.		🗆	Yes	☐ No
6a	Is the change requested for all contracts that were outstanding at the beginning of the	ne tax vear of ch	nange?	Yes	□ No
b	If "No," explain. ▶				
7a b 8	Are the applicant's contracts either cost-plus long-term contracts or Federal long-ter If "Yes," answer Items 3 through 6 above for each of those contracts. Also complete	m contracts? . Part III below.	🗆		☐ No
Par	Net adjustment required under section 481(a)	Part III if applic	⊅ :able)		
1	Describe inventory goods being changed ►				
2	Describe inventory goods (if any) not being changed ►				
3	Does the proposed change involve a change in the treatment of package design cos			Yes	☐ No
4	Is the applicant's present inventory valuation method in compliance with section 263			Yes	☐ No
5a	Check (/) the appropriate boxes below that identify the present and proposed		–		
	inventory identification and valuation methods being changed and the present inventory		eing Changed		tory Not Changed
	identification and valuation methods not being changed.	Present method	Proposed method		t method
	Identification methods:	Present method	Proposed method	Presen	. method
	Specific identification				
	FIFO				
	LIFO*				
	Valuation methods:				
	Cost				
	Cost or market, whichever is lower				
	Retail cost				
	Retail, lower of cost or market				
h	Other (attach explanation)				
b	*If LIFO, attach the copy(ies) of Form 970 filed to adopt or expand the use of the me		1		
6	Attach the computation used to determine the section 481(a) adjustment. If the sec		stment is base	d on m	ore than
Par	one component, show the computation for each component. It III Method of Cost Allocation				
		rod for rocalo un	dor section 26	2A or al	llocated
	plete this part if the requested change involves either produced or acquirerty subject to section 263A or to long-term contracts to long-term contracts				llocateu
subje	ect to section 460. Check (\checkmark) the appropriate boxes in checked, it is assu	med that those	costs are not for	ully incl	
	ion A to indicate the allocation and capitalization methods to the extent required				
	sed under the present and proposed methods. Check (/) explanation. Mark appropriate boxes in Sections B and C showing which costs, by the applicant w				
	or both the present and proposed methods, are fully long-term contract		p. 524511011, 10	-u.o, Oi	
	ded, to the extent required, in the cost of property				
Sec	tion A—Allocation and Capitalization Methods (See instructions.)				
1	Method of allocating indirect costs:		Present method	Propose	ed method
	Specific identification				
	Standard cost				
	Burden rate (attach explanation)				
	Other (attach explanation)			1	

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Sec	tion A—Allocation and Capitalization Methods (Continued)		
2	Method of allocating service costs:	Present method	Proposed method
	Direct reallocation		
	Labor-based simplified service cost		
	Simplified resale service cost		
	Simplified service cost		
	Step-allocation		
	Other (attach explanation)		
3	Method of capitalizing additional section 263A costs (including service costs):		
	Simplified production		
	Alternative simplified resale		
	U.S. ratio		
	Simplified resale		
	Modified resale		
<u></u>	Other (attach explanation)	iono 2/24 one	1 451 \
Sec	tion B—Direct and Indirect Costs Required to be Allocated (See Regulations under section 1)	ons 263A and	1 451.)
1	Direct material		
2	Direct labor		
3	Repairs that relate to a production, resale, or long-term contract activity		
4	Maintenance		
5	Utilities		
6 7	Rent		
8	Indirect materials and supplies		
9	Tools and equipment		
10	Quality control and inspection		
11	Taxes other than state, local, and foreign income taxes		
12	Depreciation, amortization, and cost recovery allowance for equipment and facilities placed in service		
	and not temporarily idle		
13	Depletion		
14	Administrative costs (not including any costs of selling or any return on capital)		
15	Direct or indirect costs of other administrative, service, or support function or department		
16	Officers' compensation (not including selling activities)		
17	Insurance		
18	Employee benefits		
19	Research and experimental expenses attributable to long-term contracts		
20	Rework labor, scrap, and spoilage		
21	Bidding expenses incurred in the solicitation of particular contracts ultimately awarded to the		
22	applicant		
22	Engineering and design costs (not including section 174 research and experimental expenses). Storage and warehousing costs including a portion of allocable general and administrative costs*.		
23 24	Purchasing costs including a portion of allocable general and administrative costs		
24 25	Handling, processing, assembly, and repackaging costs including a portion of allocable general and		
20	administrative costs		
26	Interest		
27	Other costs (Attach a list of such costs.)		
	* Resalers may distinguish between off-site and on-site storage and do not have to capitalize on-site		
	storage costs. Check if the applicant is only allocating off-site storage costs		
Sec	tion C—Other Costs (Not required to be allocated)	T	
1	Repairs that do not relate to a production, resale, or long-term contract activity		
2	Research and experimental expenses not included on line 19 above		
3	Bidding expenses not included on line 21 above		
4	Marketing, selling, advertising, and distribution expenses		
5	General and administrative costs attributable to the performance of services that do not directly		
,	benefit or are not incurred by reason of a particular production, resale, or long-term contract activity		
6 7	Income taxes		
7 8	Other costs (Attach a list of such costs.)		

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Name	e of applicant as shown on page 1	Identifyin	g number	-
Sch	edule D—Miscellaneous Changes in Method of Accounting			
	t I Change in Reporting Interest on Loans and Other Debt Obligations (See inst	ructions	.)	
1	Change requested for interest on: Installment loans Commercial loans	140110110	/	
•	☐ Other loans (attach explanation) ▶			
	Other debt obligations (attach explanation) >			
2	Amount of earned or realized interest that has not been reported on the applicant's return as of the en		1	
	tax year preceding the year of change		\$	
3	Amount of unearned or unrealized interest that has been reported on the applicant's return as of the			
	the tax year preceding the year of change		\$	
4	Do the applicant's installment loans meet the definition of short-term consumer loans as defined in Re		□ v	
	83-40, 1983-1 C.B. 774?		☐ Yes	☐ No
	interest (discount) under Rev. Rul. 83-84, 1983-1 C.B. 97, see Rev. Proc. 84-30, 1984-1 C.B. 482.	merest	method for	reporting
5	Method of rebating in event of prepayment of loans ▶			
6	Does the applicant's requested method change involve any of the following items? (check appropriate			
	☐ Points ☐ Service fees ☐ Commitment fees			
	If any box(es) above are checked, attach a description of any interest and/or fees charged.			
7	If the "Points" box is checked:			
а	Are the points for the use or forbearance of money (interest)?		Yes	☐ No
b	Are the points deductible by the borrower under section 461(g)(2)?			☐ No
С	If the borrower pays the points prior to settlement, are they refundable if the loan is not made?			☐ No
d	What type of loan(s) (commercial, residential, home mortgage, etc.) do the points apply?			
8	If more than one box is checked in Item 6, attach the section 481(a) adjustment for the year of change	e and for	the 3 prec	eding tax
•	years attributable to each item checked.	! -!		
9	Is the applicant's requested method change subject to the rules for bonds, debt instruments, and other of indebtedness under section 1272, 1274, or 1281?		☐ Yes	□ No
10a	If any of the boxes in question 6 are checked and question 9 is checked "No," does the proposed		05	
	change comply with Rev. Rul. 70-540, 1970-2 C.B. 101?		☐ Yes	☐ No
b	If "Yes," explain how Rev. Rul. 70-540 applies. ►			
Day	Change in Depreciation Under Section 147 (See instructions.)			
	t Change in Depreciation Under Section 167 (See instructions.)			
	licants requesting approval to change their method of accounting for depreciation under section 167 m information must be supplied for each account for which a change is requested.	ust comp	lete this se	ection.
	e: Certain changes in methods of accounting for depreciation may be filed with the service center wher	o the inc	omo tav rot	urn will
be fi	es. Certain changes in methods of accounting for depreciation may be filed with the service certail when iled. See Rev. Proc. 74-11, 1974-1 C.B. 420 for the methods covered. For information regarding election	ns and el	ection revo	cations
unde	er section 168, see the instructions.			
1	Date of acquisition of the property being depreciated ▶			
2a	Is the applicant the original owner or the first user of the property?			☐ No
b	If residential property, did the applicant live in the home before renting it?			☐ No
3	Is depreciation claimed 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).			
4	Is the property public utility property?			∐ No
5	Location of the property (city and state) ▶			
6	Description of the property Cost or other basis of the property and adjustments made to the property (exclude land)			
7 8	Cost or other basis of the property and adjustments made to the property (exclude land)			
9	Depreciation claimed in prior tax years (depreciation reserve)		\$	
10	Estimated remaining useful life of the property			
11	If the declining balance method is requested, show percentage of straight line rate ▶			

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Par	t III Change in Treatment of Property Used in a Trade or Business (See instructions.)
	Indicate the type of property for which the change in accounting method is requested. For each type of property checked, provide a complete description and a list of items that is representative of that type of property.
	 □ Depreciable asset(s) subject to section 167. □ Materials and supplies used in operations and deductible as a deferred expense under Regulations section 1.162-3. □ Incidental materials and supplies for which no record of consumption is kept or no physical inventories are taken.
	Parts that are repeatedly repaired and reused.
	Parts that are repeatedly repaired and reused that qualify as "standby replacement parts" as defined in Rev. Rul. 69-200,
	1969-1 C.B. 60.
	Parts that qualify as "emergency spare parts" as defined in Rev. Rul. 81-185, 1981-2 C.B. 59.
Day	Other (specify) Change in Paparting Advance Developer (See instructions)
	Change in Reporting Advance Payments (See instructions.)
1	If the applicant is requesting to defer advance payment for services, complete the following: Provide a description of the income to be deferred, a sample contract and the applicant's authority for deferring the income.
b	Does the service agreement request that all services be performed by the end of the next succeeding tax year? \square Yes \square No
С	Is the agreement for contingent services?
d	If "Yes," answer the following questions:
	(1) Is the service agreement related to merchandise that is sold, leased, installed, or constructed by the applicant? Yes No
	(2) If "Yes," does the applicant offer to sell, build, lease, install, or construct without the service agreement? Yes No
	(3) What method will be used to determine the amount of income earned in a tax year? (Check one)☐ Statistical basis ☐ Straight line ratable basis ☐ Other (attach explanation)
2	If the applicant is requesting to defer advance payment for goods, complete the following:
	Describe the advance payments as they occur in the normal course of business.
_	Is the deferral in accordance with Regulations section 1.451-5?
3	Is the applicant changing its method for customer deposits?
а	
b	Are deposits fully refundable at the request of the customer? (Attach an explanation of the refund policy.)
С	Is interest paid on the deposits?
d	Are deposits required only for certain customers?
	If "Yes," explain which customers are required to make deposits.
4	Is the applicant requesting to defer advance payments for prepaid subscription income? (See section 455 and Rev. Proc. 84-76, 1984-2 C.B. 751.)
5	Is the applicant requesting to defer advance payments for membership dues under section 456?
6	If the applicant has advance payments for any other item, complete the following: Describe the income
	State the legal basis (statutes, regulations, published rulings, etc.) for requesting approval to change the method of reporting
	advance payments. ▶
Par	Other Changes in Method of Accounting (See instructions.)