

Application for Change in Accounting Period

(See instructions on page 4)

To be filed in triplicate.

Please type or print	Name	Identifying number (See instructions)
	Number and street	
	City or town, State and ZIP code	

- Check one:**
- Individual
 - Partnership
 - Corporation
 - Estate or trust
 - Electing small business corporation
 - Tax exempt organization

SECTION A.—Applicable to All Filers

1(a) Present tax year ends	1(b) Permission is requested to change to a tax year ending
2 The above change will require a return for a short period Beginning _____, 19____ Ending _____, 19____	3 Return for short period will be filed with the Internal Revenue Service Center at
4(a) Nature of your business or principal source of income	4(b) Your area code and telephone number

(Continued on page 2)

MAKE NO ENTRIES BELOW—For Internal Revenue Service Use Only

► Approval Action

Based solely upon the information furnished in your application, you are granted permission to make the requested change in accounting period indicated above, subject to conditions (a) through (h) below.

► Disapproval Action

Your application cannot be approved for the following reason:

- Not timely filed. (See explanation below.)
() It was dated
() It was received in envelope postmarked
- Prematurely filed. (See explanation 3 below.)
- No record of a timely filed application in this office. (See explanation below.)

.....
Chief, Corporation Tax Branch Date

.....
Chief, Corporation Tax Branch Date

Person to contact ► Phone ► 202-..... Internal Revenue Service
Symbols ► T:C:C:1:2 Washington, D.C. 20224

Conditions Applicable to Change

(a) Upon receiving approval, make the change by filing a return for the short period on or before the due date of the return, including extensions, or by the 30th day after date of approval action, whichever is later.

(b) You must close your books as of the last day of the new tax year.

(c) Attach to your short period return a statement that shows the date and symbols of the approval action and that the change is made by authority of that approval.

(d) Use an annual basis for any taxable income shown on the short period return and figure the tax in accordance with provisions of section 443(b) of the Internal Revenue Code. Make returns for subsequent tax years on the basis of the new tax year.

(e) In figuring taxable income for the short period, accrual basis taxpayers must reduce any expense covering a 12-month period (such as taxes, insurance, vacation pay, or similar expense) to an amount bearing the same ratio to the total expense as the number of months in the short period bears to 12; and deduct one-tenth of that reduction each year of a 10-year period commencing with the first tax year after the short period. **Note.**—This condition is not applicable if you have consistently deducted such expenses on the ratable accrual method for Federal income tax purposes.

(f) If there is a short-period loss exceeding \$10,000 that is available for carryback to prior years, you must deduct one-tenth of the loss each year of the 10-year period, beginning with the first tax year after the short period.

(g) If there is an investment credit, work incentive (WIN) credit, etc.,

earned during the short period, and there is a short-period loss exceeding \$10,000 that is available for carryback to prior years, you must not claim an investment credit, work incentive (WIN) credit, etc., carryback determined for that period. Instead, you must carry the credit(s) forward beginning with the first tax year after the short period. Any unused credit(s) may be carried over to each of the ten tax years following the short period.

(h) If the change in accounting period is for a corporation, it will not attempt to make an election (under section 1372(a) of the Code) to be taxed as a small business corporation, that would be effective for the tax year immediately following the short period.

Explanation of Disapproval Action

1. Section 1.442-1(b)(1) of the Income Tax Regulations provides that to secure prior approval of a change of annual accounting period, you must file your application on or before the 15th day of the second calendar month following the close of the short period for which a return is required.

2. Section 1.706-1(b)(4)(ii) of the Income Tax Regulations provides that where a newly formed partnership is required to obtain prior approval from the Commissioner for the adoption of a tax year, the partnership must file this application by the last day of the month following the close of the tax year to be adopted.

3. You filed the application too far in advance of the end of the short period. Please use the enclosed forms to make a new application closer to the end of the short period, when more accurate information will be available.