

# Application for Change in Accounting Period

(See instructions on page 4)

**File in triplicate.**

Please type or print

Name of applicant (if joint return is filed, show names of you and your spouse)

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
- DISC
- Tax exempt organization

**Paperwork Reduction Act Notice**

We ask for the information to carry out the Internal Revenue laws of the United States. The information is used to ensure that you are complying with these laws and so that we can figure and collect the right amount of tax. You are required to give us this information.

**SECTION A.—All Filers**

**1 (a)** Present tax year ends

**2** The above change will require a return for a short period

Beginning

Ending

, 19

, 19

**4 (a)** Nature of your business or principal source of income

**1 (b)** Permission is requested to change to a tax year ending

**3** Return for short period will be filed with the Internal Revenue Service Center at

**4 (b)** Your area code and telephone number

(Continued on page 2)

**MAKE NO ENTRIES BELOW—For Internal Revenue Service Use Only**

**► Approval**

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.

The accounting period change granted is directed only to the taxpayer who requested it and may not be used or cited as precedent.

.....  
Chief, Corporation Tax Branch

Date

**► Disapproval**

Your application cannot be approved because:

- Not filed on time. (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

Person to contact ►

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

**Conditions Applicable to Change After Receiving Approval**

**(a)** You must make the change by filing a return for the short period by the due date of the return, including extensions, or by the 30th day after date of approval, 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 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 Code section 443(b). 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 condition (f) is applicable and there is an investment credit, work incentive (WIN) credit, etc., earned during the short period, 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 Code section 1372 (a)) 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**

**1.** Regulation section 1.442-1(b)(1) 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.** Regulation section 1.706-1(b)(4)(ii) 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.

**SECTION A.—All Filers (continued)**

	Yes	No
<b>5</b> What is your overall method of accounting? <input type="checkbox"/> Cash receipts and disbursements <input type="checkbox"/> Accrual <input type="checkbox"/> Other (explain):	/	/
<b>6</b> Within the last 10 years, have you changed or asked for permission to change your accounting period? . . . . . If "Yes," explain, giving previous accounting period and the accounting period to which you changed. If prior approval was granted, give date of letter and symbols shown on it.	/	/
<b>7</b> Enter your taxable income* or (loss) for the three tax years immediately before the short period and for the short period. If necessary, estimate the amount for the short period. <div style="display: flex; justify-content: space-between; font-size: small;"> <span>Third preceding year</span> <span>Second preceding year</span> <span>First preceding year</span> <span>Short period</span> </div> \$..... \$..... \$..... \$..... <i>*Individuals enter adjusted gross income. Partnerships enter ordinary income. Section 501(c) organizations enter amount of unrelated business taxable income.</i>	/	/
<b>8 (a)</b> Are you a member of a partnership? . . . . .	/	/
<b>(b)</b> Are you a beneficiary of a trust or an estate? . . . . .	/	/
<b>(c)</b> Are you a shareholder of an electing small business corporation? . . . . .	/	/
<b>(d)</b> If 8(a), 8(b), or 8(c) is "Yes," enter below the name, tax year, percentage of interest in capital and profits, and the amount of income received from each partnership, trust, estate, or small business corporation for the first preceding year and the short period. (Attach a separate sheet if you need more space.)	/	/
<b>9</b> Are you a cooperative within the meaning of, and filing under, Code section 1381(a)? . . . . .	/	/
<b>10</b> If operations for the short period result in a (estimated) loss, show any amount available for carryback to earlier years . . . . . \$	/	/
<b>11</b> If you are engaged in a trade or business, enter the following for the tax year before the short period: <b>(a)</b> Gross sales, if on accrual method . . . . . \$ <b>(b)</b> Gross receipts, if on cash receipts and disbursements method . . . . . \$	/	/
<b>12</b> Are you an individual asking to change from a fiscal year to a calendar year under Rev. Proc. 66-50? (See specific instructions for Section A, Item 12, page 4.) . . . . .	/	/
<b>13</b> State your reasons for requesting the change. (Attach a separate sheet if you need more space.)	/	/

**SECTION B.—Estates or Trusts Only**

**Attach a statement showing the following information:**

- 1** Name, social security number, address and tax year of each beneficiary and whether a beneficiary is also the grantor.
- 2** The taxable income of the estate or trust, its distribution deduction, and the taxable amounts distributable to each beneficiary for the 2 tax years immediately before the short period and for the short period.
- 3** Dates during the year when distributions are made or are required to be made.
- 4** If you will not make distribution on these dates in the future, explain.
- 5** If the amount distributed or required to be distributed is not approximately the same for each period, explain.
- 6** If the trust is a member of a common trust fund, show name and tax year of that fund.
- 7** Are you requesting the change under Rev. Proc. 68-41? (See specific instructions for Section B, page 4.) . . . . .

**SECTION C.—Partnerships Only**

	Yes	No
<b>1</b> Date business began. (See specific instructions for Section C, page 4.) ►	/	/
<b>2</b> Is any partner applying for a corresponding change in accounting period? . . . . .	/	/
<b>3</b> Attach a statement showing each principal partner's name, social security number, address, tax year, the percentage of interest in capital and profits, and how the interest was acquired.	/	/
<b>4</b> Transfer of partnership: Have any partners acquired their interest in partnership capital and profits within the 25 months before the date of this application? . . . . . If "Yes," show on an attached statement the names and tax years of the partners, percentage of their interests in partnership capital and profits, and when and how those interests were acquired.	/	/
<b>5</b> Are any members of the partnership related to one another? . . . . . If "Yes," show on an attached statement the names and relationships.	/	/
<b>6</b> Do all partners derive their principal gross income from the partnership? . . . . . If "No," show on an attached statement the names of the partners who do not.	/	/
<b>7</b> Show on an attached statement any capital gains or losses for the 3 tax years before the short period and for the short period.	/	/
<b>8</b> Are any partners aware of a disposition of an interest in the partnership by another partner during the short period or in the subsequent tax year? . . . . .	/	/



## General Instructions

(References are to the Internal Revenue Code)

**A. Purpose.**—Form 1128 is an application to change an annual accounting period. Partnerships can also use the form to adopt an accounting period.

If you need more information, see **Publication 538, Accounting Periods and Methods.**

**B. Who Must File Form 1128.**—Generally, individuals, partnerships, corporations (including electing small business corporations, DISCs and foreign corporations), estates, trusts, and tax exempt organizations must file Form 1128 to change accounting periods.

**Exceptions:** Form 1128 is not required to be filed by: (a) an employee plan or employee trust using Form 5308, Request for Change in Plan/Trust Year; (b) a corporation that meets the terms of Regulation section 1.442-1(c) and files the required statement instead of Form 1128; (c) a subsidiary corporation required to change its annual accounting period to file a consolidated return with its parent (see Regulation section 1.442-1(d)); (d) an existing partnership, if all the principal partners have the same tax year that the partnership is requesting or if they all change to that tax year at the same time (a principal partner is one who has a 5% or more interest in partnership profits or capital); (e) a new partnership that is adopting a tax year other than the calendar year, if all the principal partners have the same tax year that the partnership is requesting or if they all change to that tax year at the same time; or (f) a new partnership that is adopting a calendar year, even if all its principal partners do not have the same tax year.

**Note:** A new partnership not described in (e) or (f) above must apply for advance approval of its tax year. The application may be made either on Form 1128 or by letter. An application by letter must state that the new partnership is adopting a tax year and must include the information requested in sections A and C and in the signature area of Form 1128.

**C. Restrictions.**—IRS will generally approve Form 1128 if you establish a substantial business purpose or if you and your spouse want to use the same tax year so you can file a joint return, and you and the Commissioner agree to the terms, conditions, and adjustments under which the change or adoption will be made. In determining whether you have established a substantial business purpose, IRS will consider all facts and circumstances relating to the change or adoption, including tax consequences. Among nontax factors, IRS will consider the effect of the change on your annual business activity cycle. The agreement between you and the Commissioner under which the change or adoption will be made shall, if appropriate, provide terms, conditions, and adjustments necessary to prevent a substantial distortion of income.

IRS will not approve Form 1128 if the effect would distort income reported. Examples of income distortion include:

(1) Deferring part of your income or shifting many of your deductions to another year in order to reduce your tax substantially.

(2) Deferring income or shifting deductions for any other person, such as a partner, a beneficiary, or a small business corporation's shareholder.

(3) Creating a short period with either:

(a) a large net operating loss or

(b) for an electing small business corporation, substantial amounts treated as long-term capital gain.

**D. Filing Form 1128.**—Generally, Form 1128 is due by the 15th day of the second calendar month after the short period ends. For example, a filer who changes to the calendar year must file Form 1128 by February 15 of the next year. Generally, Form 1128 must be filed in triplicate with the Commissioner of Internal Revenue, Washington, D.C. 20224, Attention T:C:C: 1:2.

**Exceptions:** If you are filing Form 1128 for reason (1), (2), or (3) below, file it with the director of the service center where you filed your return.

- (1) If you are an individual filing to change from a fiscal year to a calendar year under Rev. Proc. 66-50, 1966-2 C.B. 1260.
- (2) If you are a trustee or co-trustee requesting a change under Rev. Proc. 68-41, 1968-2 C.B. 943.
- (3) If you are an exempt organization requesting a change under Rev. Proc. 76-9, 1976-1 C.B. 547, or 76-10, 1976-1 C.B. 548, file an original Form 1128 only.

For partnerships, see Specific Instructions for Section C.

**E. 52-53 Week Tax Year.**—If you want to change to or from a 52-53 week tax year and also want to change the month your tax year ends, you must get advance approval. See Regulation sections 1.441-2(c)(4) and 1.1502-76(a)(1).

**F. Attachments.**—On any attachments show the taxpayer's name, identifying number, and address; also show the date and that the sheet is an attachment to Form 1128.

## Specific Instructions

All filers complete section A and the signature area. Individual taxpayers complete only these two parts; other filers also complete the section that applies to them.

**Name.**—If the application concerns a husband and wife who file a joint return, enter both names.

**Identifying number.**—If you are an individual taxpayer, you should enter your social security number; however, if you are engaged in a trade or business, enter your employer identification number (EIN). All other taxpayers should enter their EIN.

### Section A.—All Filers

**Items 1(a) and 1(b).**—If either ending date represents a 52-53 week accounting period, show on item 1 with the ending date whether you elected the period under section 441(f)(1)(A) or 441(f)(1)(B). For more details, see Regulation section 1.441-2(a) and (b).

For a new partnership adopting a tax year, also write "ADOPTION" in item 1(a).

**Item 12.**—Check "yes" if you are an individual: changing from a fiscal year to a calendar year; receiving income from only wages, salaries, interest, dividends, capital gains, pensions, annuities, rents, or royalties; and meeting all the provisions of Rev. Proc. 66-50. By meeting these provisions, you will be deemed to have obtained the Commissioner's approval to change the accounting period.

Other individuals check "no."

## Section B.—Estates or Trusts

**Item 7.**—Trustees or co-trustees who meet the provisions of Rev. Proc. 68-41 will be deemed to have obtained the Commissioner's approval to change the accounting period of the trust.

## Section C.—Partnerships

You must get the Commissioner's advance approval to change or adopt a partnership's accounting period unless you meet the exceptions (d), (e), and (f) under General Instruction B. Partners must also get advance approval to change their accounting periods.

A new partnership that must get the Commissioner's advance approval to adopt an accounting period (see Note under General Instruction B) has until the end of the month after the new period ends to file the application.

**Example:** To adopt a fiscal year ending September 30, you must file Form 1128 by the end of the next month, October 31. It might be to your advantage, however, to file as soon as possible after the partnership's business begins. IRS can process your application sooner, and partners might be saved the inconvenience of having to file amended individual returns if the application is disapproved.

For an unincorporated organization that qualifies as an "investing partnership" or that explores mineral property under an "operating agreement," see section 761(a)(1) or (2) and applicable regulations.

**Item 1.**—Enter the first date a business transaction results in a tax consequence such as receiving income or incurring an expense.

### Section F.—Tax exempt organizations

**Item 5(b).**—An organization that meets the terms of Rev. Proc. 76-9, will be deemed to have obtained the Commissioner's approval to change its accounting period. A central organization should follow Rev. Proc. 76-10 to apply for a group change in accounting period for all its subordinate organizations.

These Revenue Procedures do not apply to: farmers' cooperatives exempt from Federal income tax under section 521; organizations that have unrelated business income defined in section 512(a) and do not meet the terms of section 3.03 of Rev. Proc. 76-9; and organizations that are private foundations defined in section 509(a).

**Signature.**—Form 1128 **MUST** be signed.

**Individual.**—If this application concerns a husband and wife who file a joint return, both must sign.

**Estate or trust.**—Show the name of the estate or trust and the signature and title of the fiduciary or other person legally authorized to sign.

**Partnership.**—Show the partnership name, followed by the signature of one of the partners and the phrase "Member of partnership."

**Corporation, electing small business corporation, DISC, or foreign corporation.**—Show the name of the corporation and the signature of the president or other corporate officer authorized to sign, followed by his or her corporate title.

**Tax exempt organization.**—Show the name of the organization and the signature of a principal officer or other person authorized to sign, followed by his or her title.

**Preparer other than partner, officer, etc.**—Sign on the bottom line on page 3 and, unless you are self-employed, show the name of the firm that employs you. If you file on an applicant's behalf, include a power of attorney. Show any specific acts the power of attorney grants, such as representation before IRS.