Application for Change in Accounting Period Form Expires 7-31-87 (Rev. August 1984 ▶ For Paperwork Reduction Act Notice, see page 1 of separate instructions. Department of the Treasury File in triplicate. Internal Revenue Service Check one: Identifying number (See specific instructions) Name of applicant (if joint return is filed, also show your spouse's name) Individual Address (Number and street) Service Center where return will be filed Partnership Estate City or town, State and ZIP code Applicant's telephone number Trust Corporation Name of person to contact Telephone number of contact person S corporation DISC Cooperative DO NOT FILE FORM 1128 if you meet any of the exceptions under General Instruction B. (Sec. 1381(a)) **Tax Exempt** DO NOT CHANGE YOUR TAX YEAR UNTIL THE COMMISSIONER HAS APPROVED YOUR REQUEST. Organization Controlled Foreign Corp. **SECTION A.—All Filers** Foreign Corp. 1 (a) Present tax year ends 1 (b) Permission is requested to change to a tax year ending 2 The period change will require a return for a short period 3 Nature of business or principal source of income Ending Beginning , 19 , 19 (Continued on page 3) MAKE NO ENTRIES BELOW—For Internal Revenue Service Use Only Approval Disapproval (see page 2) Date Chief, Corporation Tax Branch Chief, Corporation Tax Branch Date Person to Phone ▶ 202-Internal Revenue Service contact Symbols ▶ CC:C:C:1 Washington, D.C. 20224 **Approval** Based solely upon the information furnished in this application, you are granted permission to make the requested change in the accounting period indicated above, subject to the conditions checked below: You must file a return for the short period shown in this application by the due date of the return, including extensions, or, if later, within 30 days from the date of this approval. Attach a copy of this application to your return for the short period as authority for the change. Your books must be closed as of the last day of the new tax year. Returns for subsequent years must be made on the basis of a full 12months or 52-53 weeks ending on the last day of the new tax year. You must compute your income and keep your books and records (including financial reports and statements for credit purposes) on the basis of the new tax year. ☐ Your taxable income for the short period must be annualized and the tax computed in accordance with the provisions of section 443(b) and Regulations section 1.443-1(b). ☐ In computing 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-sixth of that reduction each year of a 6-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. ☐ If the short period required to effect the change of annual accounting period is a tax year in which you have a net operating loss, you must deduct the net operating loss ratably over a 6-year period beginning with the first tax year after the short period unless you meet one of the following exceptions: (a) If the net operating loss resulting from the short period is \$10,000 or less, the net operating loss can be carried back or carried over in accordance with section 172(b); or (b) If the net operating loss resulting from a short period of 9 months or longer is greater than \$10,000 and is less than the net operating loss for a full 12-month period beginning with the first day of the short period, the net operating loss can be carried back or carried over in accordance with section 172(b). If you are filing for an S corporation that has a net operating loss as defined in section 172(c) for the short period, you are not allowed a deduction from gross income of the shareholders as provided in section 1366 and 1367; but instead you must deduct one-sixth of the

net operating loss as a business expense under section 162 each year of a 6-year period commencing with the first tax year after the

short period.

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	If there is an unused general business credit or any other credit for the short period, you must carry the unused credit(s) forward. Unused credit(s) from the short period may not be carried back.
	If the change in accounting period is for a corporation, the corporation may not make an election (under section 1362(a)) to be treated as an S corporation, that would be effective for the tax year immediately following the short period.
	If there is any change in partnership interest before the partnership files its short period return, the partnership must notify this office i writing within 30 days of the change in interest.
	Any ordinary loss incurred for the short period must not create or increase a net operating loss available for carryback for any of the following named partners:
	(1)(2)
	(3)
П	If you do not wish to comply with these conditions, please let us know within 30 days from the date on this application.
	The accounting period approval granted in this ruling is directed only to the applicant who requested it and may not be used or cited as precedent.
	Disapproval
	Your application cannot be approved because:
	It was not filed on time. (See explanationbelow.) () It was dated () It was received in an envelope postmarked
П	It was prematurely filed. (See explanation below.)
	The reason given for adopting the tax year requested does not constitute a business purpose within the meaning of the Regulations. (See explanation 4 below.)
	The reason given for the change in the tax year requested is not a substantial business purpose under the Regulations. (See explanation 5 below.)
	The information given does not establish that the tax year requested is the natural business year. (See explanation 6 below.)
	Because it appears that you have been using an incorrect accounting period or the application involves returns already filed, or both, we have forwarded the application to the Internal Revenue Service Center where you file your returns. Please contact the Service Center about this matter.
	We searched our records thoroughly, but could not locate your original application. Therefore, we cannot consider your request. (See explanation 1 below.)
	It is not necessary for this office to take action. You may adopt with your first return without obtaining prior approval from the Commissioner of Internal Revenue, any tax year that meets the requirements of section 441. You must adopt your first tax year on or before the due date (not including extensions) for filing the return for that tax year. You should file your return with the Service Center for your area. (See Regulations section 1.441-1(b)(3). S Corporations see Temp. Regs. section 18.1378-1.)
	EXPLANATION OF DISAPPROVAL
	1. Regulations section 1.442-1(b)(1) provides that, to secure prior approval of a change in annual accounting period, a taxpayer must file the application by the 15th day of the second calendar month following the close of the short period.

- Regulations 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 the application by the last day of the month following the close of the tax year to be adopted.
- 3. The application was filed 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.
- 4. Regulations section 1.706-1(b) provides that, generally, a partnership may not adopt a tax year other than that of all its principal partners, unless it establishes to the satisfaction of the Commissioner that a business purpose exists for adopting such a year.
- 5. Regulations section 1.442-1(b)(1) provides that the taxpayer requesting a change in accounting period must establish that there is a substantial business purpose for making the change.
- 6. (a) Regulations section 1.706-1(b) provides that if a newly formed partnership wishes to adopt a tax year other than a calendar year where all of its principal partners are on different tax years, it must establish a business purpose for its adoption and obtain prior approval from the Commissioner. Generally, the requirement of a business purpose will be met if the desired year coincides with the partnership's natural business year. The tax year should end at, or soon after, the close of the peak business period. (See Rev. Rul. 60-182, 1960-1 C.B. 264, and Rev. Proc. 74-33, 1974-2 C.B. 489.)
 - (b) Regulations section 1.442-1(b)(1) provides that the taxpayer requesting a change in accounting period must establish that there is a substantial business purpose for making the change, and that in making its determination, the Internal Revenue Service will consider the effect of the proposed change on the taxpayer's annual business cycle. The tax year should end at, or soon after, the close of the taxpayer's peak business period. (See Rev. Proc. 74-33.)
- 7. Rev. Proc. 72-51, 1972-2 C.B. 832, provides that a request by a partnership desiring to change to, or adopt, a tax year other than that of all its principal partners generally will be approved only where the request for the adoption or change would result in a deferment of income to the partners of three months or less. This Rev. Proc. is also applicable to a change in accounting period requested by an S corporation.

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SECTION A.—All Filers (continued)	Yes	No
4 What is your overall method of accounting? ☐ Cash receipts and disbursements ☐ Accrual ☐ Other (explain):		
5 Are you an individual requesting a change from a fiscal year to a calendar year under Rev. Proc. 66-50, 1966-2 C.B. 1260?	i .	
6 Are you requesting a change for a trust under Rev. Proc. 68-41, 1968-2 C.B. 943?		
7 Are you requesting a change for a tax exempt organization under Rev. Proc. 76-9, 1976-1 C.B. 547, or 76-10, 1976-1 C.B. 548?		
8 Are you requesting a change for a corporation under Rev. Proc. 84-34, 1984-17 I.R.B. 24?		
IF ''YES,'' TO EITHER 5, 6, 7, or 8 ABOVE, FILE FORM 1128 WITH THE SERVICE CENTER. SEE GENERAL INSTRUCTION C.		
9 In the last 10 years have you changed or requested permission to change your accounting period, your overall method of accounting or the accounting treatment of any item?		
If "Yes," and there was a ruling letter issued granting permission to make the change, attach a copy. If a copy of the ruling letter is not available, explain and give date permission was granted.		
10 Do you have pending any accounting method, accounting period, ruling or technical advice request in the National Office? If "Yes," attach a statement explaining the type of request (method, period, etc.) and the specific issues involved in each request.		
11 Enter the 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.		
Third preceding year Second preceding year First preceding year Short period \$ \$ \$ \$ \$		
*Individuals enter adjusted gross income. Partnerships and S corporations enter ordinary income. Section 501(c) organizations enter unrelated business taxable income.		
12 Are you a member of a partnership, a beneficiary of a trust or estate, a shareholder of an S corporation, or a shareholder of a Domestic International Sales Corporation (DISC)? If "Yes," attach a statement showing the name, address, identifying number, tax year, percentage of interest in capital and profits, or percentage of interest of each DISC and the amount of income received from each partnership, trust, estate, S corporation, or DISC for the first preceding year and the short period.	,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,	
13 State the reasons for requesting the change. (Attach a separate sheet if you need more space.) If you are requesting a change to conform to your "natural business year," provide the information described in Rev. Proc. 74-33.		
SECTION B.—Estates or Trusts		
 Attach a statement showing the following information: 1 Name, identifying number, address and tax year of each beneficiary and whether a beneficiary is also the grantor. 2 Based on the taxable income of the estate or trust entered in Section A, item 11, show the 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 If the trust is a member of a common trust fund, show name and tax year of that fund. 4 Are you filing for a simple trust as defined in section 651? 5 Are you filing for a complex trust as defined in section 661? 		
SECTION C.—Partnerships		
1 Date business began. (See specific instructions for Section C.) ▶		
 2 Is any partner applying for a corresponding change in accounting period? 3 Attach a statement showing each partner's name, type of partner (e.g. individual, partnership, estate, trust, corporation, S corporation, DISC, etc.), address, identifying number, tax year, the percentage of interest in capital and profits, and how the interest was acquired. 		
4 Is any partner of this partnership a member of a professional corporation as defined in section 269A?		

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	SECTION D.—All Corporations	Yes	No		
1	Date of incorporation ▶				
2	Is the change being requested by a subsidiary who became a member of an affiliated group to join with the parent corporation in the filing of a consolidated return for the short period?				
3	Is the corporation a member of an affiliated group filing a consolidated return?				
4	Did the corporation pay any dividends to its shareholders during the short period?				
	If "Yes," furnish the following information:				
	(a) Taxable dividends				
	SECTION E.—S Corporations				
L	Date of election ▶				
2	Attach a statement showing each shareholder's name, address, identifying number, tax year, percentage of ownership and type of entity (e.g. individual, trust or qualified Subchapter S Trust as defined in section 1361(d)(3)). Is the corporation a newly electing S corporation required to file Form 2553, Election by a Small Business Corporation, to adopt, retain or change its accounting period?				
	If "Yes," do not file this form. See "Exceptions" in General Instruction B.	YIIIIIIII			
	SECTION F.—Tax Exempt Organizations				
L	Form of organization: ☐ Corporation ☐ Trust ☐ Other (Specify) ▶				
2_	Date of organization ►				
3	Code section under which you are recognized as exempt ▶	<i>/////////////////////////////////////</i>			
ļ 5	Are you required to file an annual return on either Form 990, 990-C, 990-PF, 990-T, 1120-H, or 1120-POL? Date exemption was grantedAttach a copy of ruling letter granting exemption. If a copy of letter is not available, attach explanation.				
5	If a private foundation, is the foundation terminating its status under section 507?				
	SECTION G.—Domestic International Sales Corporations				
l	Date of election ►				
2	Attach a statement showing the name, address, identifying number, tax year, and the percentage of ownership of each shareholder.				
	Signature—ALL FILERS (See specific instructions)				
Jno rue	ler penalties of perjury, I declare that I have examined this application, including accompanying schedules and statements, and to the best of my knowledge and be, correct, and complete. Declaration of preparer (other than applicant) is based on all information of which preparer has any knowledge.	belief it is	s		
	Applicant's name Date				
	Signature title				
	Signing Official's Name (Please print or type) Date				
	Signature of officer of the parent corporation, if applicable title				
	Signature of individual or firm preparing the application, other than applicant Date				