

26 CFR 601.601: Rules and regulations.

(Also Part 1, §§ 168, 263A, 446, 448; 1.168(i)-4, 1.168(k)-1, 1.168(k)-2, 1.263A-1, 1.263A-4, 1.446-1, 1.448-1T.)

Rev. Proc. 2020-13

SECTION 1. PURPOSE

.01 This revenue procedure provides procedures applicable to a taxpayer in a farming business regarding the application of § 263A of the Internal Revenue Code (Code). Prior to the enactment of Public Law 115-97, 131 Stat. 2054 (Dec. 22, 2017), commonly referred to as the Tax Cuts and Jobs Act (TCJA), a taxpayer in a farming business could elect under § 263A(d)(3) to have § 263A not apply to certain plants produced by the taxpayer's farming business. Section 13102 of the TCJA added new § 263A(i) to the Code, which provides that § 263A does not apply to a taxpayer, other than a tax shelter (as defined in § 448(d)(3) of the Code), for a taxable year in which the taxpayer qualifies as a small business taxpayer by satisfying the gross receipts test in § 448(c) of the Code.

.02 Section 5 of this revenue procedure provides the exclusive procedures for a taxpayer that elected under § 263A(d)(3) to have § 263A not apply to certain plants produced by the taxpayer in a farming business if the taxpayer: (1) wants to revoke its

election under § 263A(d)(3); (2) qualifies as a small business taxpayer within the meaning of § 263A(i); and (3) wants to apply the exemption from § 263A that is provided in § 263A(i) beginning with such revocation taxable year.

.03 Section 6 of this revenue procedure provides the exclusive procedures for a taxpayer in a farming business that uses the exemption from the application of § 263A provided under § 263A(i) if the taxpayer: (1) no longer qualifies as a small business taxpayer eligible to use the exemption under § 263A(i); and (2) wants to make an election under § 263A(d)(3) and the accompanying regulations for certain plants produced by the taxpayer in a farming business for the first taxable year in which the taxpayer is ineligible to use the exemption in § 263A(i).

SECTION 2. BACKGROUND

.01 Section 263A generally requires direct costs and an allocable portion of indirect costs of certain property produced or acquired for resale by a taxpayer to be included in inventory costs, in the case of property that is inventory in the hands of the taxpayer, or to be capitalized, in the case of other property.

.02 Section 263A(d)(3) and its accompanying regulations allow certain taxpayers that are not required to use an accrual method of accounting under § 447 (relating to certain corporations engaged in farming) or § 448(a)(3) (relating to tax shelters) to make an election to have § 263A not apply to certain costs related to certain plants produced in any farming business carried on by such taxpayer. Section 263A(e)(4) and § 1.263A-4(a)(4) of the Income Tax Regulations generally define the term “farming business” as a trade or business involving the cultivation of land or the raising or

harvesting of any agricultural or horticultural commodity, including: the trade or business of operating a nursery or sod farm; the raising or harvesting of trees bearing fruit, nuts, or other crops; the raising of ornamental trees (other than evergreen trees that are more than 6 years old at the time they are severed from their roots); and the raising, shearing, feeding, caring for, training, and management of animals. See § 1.263A-4 for specific guidance on the application of § 263A and the accompanying regulations to farming businesses.

.03 If the election under § 263A(d)(3) is made, the taxpayer and any related person in a farming business are subject to special rules provided in § 263A(e)(1) and (2). Under these special rules, the plants produced by the taxpayer are treated as § 1245 property, if not otherwise § 1245 property, and any gain resulting from any disposition of a plant is recaptured to the extent of the total amount of the deductions that, but for the election, would have been required to be capitalized with respect to the plant. In addition, the special rules require that the alternative depreciation system (ADS), as described in § 168(g)(2), be applied to all property used predominantly in any farming business of the taxpayer or related person and placed in service in any taxable year during which the election is in effect.

.04 Section 263A(d)(3)(D) and § 1.263A-4(d)(1) provide that an election under § 263A(d)(3) not to capitalize costs under § 263A for certain plants produced in the taxpayer's farming business is a method of accounting under § 446 and, once made, may be revoked only with the consent of the Secretary of the Treasury or his delegate. A taxpayer must file a change in method of accounting request using the non-automatic

change procedures of Rev. Proc. 2015-13, 2015-5 I.R.B. 419, (or its successor) to revoke its election under § 263A(d)(3) before applying § 263A to such capitalizable costs.

.05 Section 13102 of the TCJA added § 263A(i), which provides that § 263A does not apply to a taxpayer, other than a tax shelter prohibited from using the cash receipts and disbursements method under § 448(a)(3), for a taxable year in which the taxpayer meets the gross receipts test of § 448(c). Section 263A(i) applies to taxable years beginning after December 31, 2017.

.06 The exemption provided in § 263A(i) does not require a taxpayer to apply the special rules provided in § 263A(e)(1) and (2) relating to the treatment of plants produced by the taxpayer as § 1245 property or, in the case of the taxpayer or related person, to use ADS for all property predominantly used in any farming business of the taxpayer or related person. However, any plant as defined in section 4.06 of this revenue procedure that is or has been treated as § 1245 property with respect to taxable years before the year in which the revocation is effective continues to be treated as § 1245 property. See §§ 263A(e)(1)(A)(ii), 1245(a)(3) and 1.1245-3(c).

.07 Some taxpayers have inquired whether they must file a Form 3115, Application for Change in Accounting Method, to revoke the election under § 263A(d)(3) and to apply the exemption under § 263A(i) for the same taxable year. A taxpayer that revokes its election under § 263A(d)(3) and applies the exemption under § 263A(i) for the same taxable year is not changing its treatment of plants produced in the taxpayer's farming business under § 263A. Consequently, there is not a change in method of

accounting under § 446(e). However, the consent of the Commissioner of Internal Revenue (Commissioner) is needed to revoke the election under § 263A(d)(3) pursuant to §§ 263A(d)(3)(D) and 1.263A-4(d)(1). Section 5 of this revenue procedure provides the exclusive procedures for obtaining the consent of the Commissioner to revoke the election under § 263A(d)(3) by a taxpayer in a farming business if the taxpayer:

(1) meets the requirements of § 263A(i); (2) previously elected under § 263A(d)(3) to have § 263A not apply to certain plants produced by the taxpayer in a farming business; and (3) wants to apply the exemption from § 263A provided in § 263A(i) for the same taxable year as the taxable year it revokes its election under § 263A(d)(3).

.08 The Department of the Treasury and the Internal Revenue Service (IRS) also are aware that a taxpayer in a farming business - may become ineligible for the exemption to capitalization under § 263A(i) because, for example, the taxpayer no longer satisfies the gross receipts test in § 448(c). Such a taxpayer might want to make an election under § 263A(d)(3) for the first taxable year the taxpayer is no longer eligible to apply § 263A(i). Section 6 of this revenue procedure provides the exclusive procedures for a taxpayer in a farming business if the taxpayer: (1) uses the exemption to capitalization under § 263A(i) with respect to a farming business; (2) is no longer eligible to use the exemption under § 263A(i) because the taxpayer no longer meets the requirements of § 263A(i); and (3) wants to make the election under § 263A(d)(3) and the accompanying regulations for the first taxable year the taxpayer is no longer eligible to apply § 263A(i).

SECTION 3. SCOPE

This revenue procedure applies to a taxpayer that:

.01 Is an eligible small business taxpayer, as defined in section 4.01 of this revenue procedure, that wants to revoke its election made under § 263A(d)(3), and in the same taxable year, apply the exemption under § 263A(i); or

.02 Is a former eligible small business taxpayer, as defined in section 4.02 of this revenue procedure, that wants to make an election under § 263A(d)(3) in the first taxable year that the taxpayer no longer qualifies to use the exemption under § 263A(i); or

.03 Is a related person, as defined in section 4.03 of this revenue procedure, of either:

(1) An eligible small business taxpayer, as defined in section 4.01 of this revenue procedure, or

(2) A former eligible small business taxpayer, as defined in section 4.02 of this revenue procedure.

SECTION 4. DEFINITIONS

.01 Eligible small business taxpayer. An eligible small business taxpayer is a taxpayer, other than a tax shelter as defined in § 448(d)(3), that meets the § 448(c) gross receipts test, as defined in section 4.05 of this revenue procedure, and that:

(1) made a valid election under § 263A(d)(3) for plants produced in the taxpayer's farming business for a taxable year prior to the taxable year for which the taxpayer wants to revoke such election; and

(2) properly implemented the election under § 263A(d)(3).

.02 Former eligible small business taxpayer. A former eligible small business taxpayer is a taxpayer whose method of accounting is not to capitalize costs under § 263A based on the exemption provided in § 263A(i), and for the taxable year:

(1) becomes ineligible to use the exemption under § 263A(i); and

(2) is eligible to and wants to elect under § 263A(d)(3) not to capitalize costs under § 263A for certain plants produced in the taxpayer's farming business.

.03 Related person. A related person is as defined in § 1.263A-4(d)(4)(iii).

.04 Farming business. A farming business is as defined in § 263A(e)(4) and § 1.263A-4(a)(4).

.05 Gross receipts test. The gross receipts test is as defined § 448(c).

.06 Plant. A plant is as defined in § 1.263A-4(a)(4)(A).

SECTION 5. PROCEDURES FOR ELIGIBLE SMALL BUSINESS TAXPAYERS TO REVOKE THE ELECTION MADE UNDER § 263A(d)(3) AND TO APPLY § 263A(i)

.01 In general. An eligible small business taxpayer has the consent of the Commissioner to revoke its election made under § 263A(d)(3) and § 1.263A-4(d)(3) (§ 263A(d)(3) election) and apply the exemption under § 263A(i) for the same taxable year if the taxpayer complies with the procedures provided in this section 5. See section 5.03 of this revenue procedure for the effect of the revocation of the § 263A(d)(3) election on the depreciation of property used in a farming business of the eligible small business taxpayer or related person. A valid § 263A election revoked pursuant to this revenue procedure remains in effect with respect to taxable years before the year in which the revocation is effective. An eligible small business taxpayer

that revokes its own § 263A(d)(3) election but also is a related person to a taxpayer that made a § 263A(d)(3) election that has not also been revoked must continue to apply § 1.263A-4(d)(4)(ii) for taxable years that the unrevoked § 263A(d)(3) election is in effect.

.02 Time and manner of revocation.

(1) In general. Except as provided in section 5.02(2) of this revenue procedure, an eligible small business taxpayer revokes its § 263A(d)(3) election under this section 5 on its original federal income tax return, including extensions, for the taxable year for which the taxpayer wants to revoke its § 263A(d)(3) election (revocation year), by:

(a) Continuing not to capitalize costs of plants produced in its farming business under § 263A;

(b) Applying section 5.03 of this revenue procedure for determining depreciation of property predominantly used in a farming business of the eligible small business taxpayer or related person; and

(c) Continuing to treat plants that are or have been treated as § 1245 property for prior taxable years as § 1245 property. See §§ 263A(e)(1)(A)(ii), 1245(a)(3) and 1.1245-3(c).

(2) Making a revocation of § 263A(d)(3) election for a taxable year beginning in 2018. If an eligible small business taxpayer timely filed its federal income tax return for its taxable year beginning in 2018 (2018 taxable year), wants to revoke its § 263A(d)(3) election for the 2018 taxable year, and did not revoke the § 263A(d)(3) election within the time and in the manner provided in section 5.02(1) of this revenue procedure, the

taxpayer may revoke its § 263A(d)(3) election by using one of the options described in this section 5.02(2):

(a) Amended return or AAR. The taxpayer may file an amended federal income tax return, or in the case of a partnership subject to the centralized partnership audit regime enacted as part of the Bipartisan Budget Act of 2015, an administrative adjustment request (AAR), for the 2018 taxable year before the taxpayer files its federal income tax return for the first taxable year beginning after the 2018 taxable year. This amended return or AAR must include the adjustment to taxable income for the revocation of the § 263A(d)(3) election in the manner provided in section 5.02(1) of this revenue procedure and any collateral adjustments to taxable income or to tax liability. Such collateral adjustments also must be made on federal income tax returns or AARs for any affected succeeding taxable years, if applicable. If an eligible small business taxpayer uses the option under this section 5.02(2)(a), then all related persons affected by the taxpayer's revocation of the § 263A(d)(3) election must also use this option to reflect the taxpayer's revocation; or

(b) Form 3115. The taxpayer may file a Form 3115 with the eligible small business taxpayer's timely filed federal income tax return for the first, second, or third taxable year beginning after the 2018 taxable year. Only during this limited period of time will the late revocation of the § 263A(d)(3) election under this section 5.02(2)(b) be treated as a change in method of accounting with a § 481(a) adjustment. No part of the § 481(a) adjustment shall be based on amounts that were, or which should have been, taken into account in computing taxable income for taxable years prior to the

2018 taxable year. The § 481(a) adjustment takes into account only the adjustments resulting from the change in the applicable depreciation method, the applicable recovery period, and/or the applicable convention under the ADS to the applicable depreciation method, the applicable recovery period, and/or the applicable convention under the general depreciation system of § 168(a) (GDS) for all property used predominantly in any farming business of the eligible small business taxpayer. The time and manner of making this late revocation are described in the procedures for automatic method changes described in Rev. Proc. 2015-13 and section 7 of this revenue procedure. If an eligible small business taxpayer uses the option under this section 5.02(2)(b), then all related persons affected by the taxpayer's revocation of the § 263A(d)(3) election must also use this option to reflect the taxpayer's revocation.

.03 Changing depreciation of property to the GDS.

(1) In general. Beginning with the revocation year, an eligible small business taxpayer that revokes its § 263A(d)(3) election under this section 5, or a related person, is not required under § 263A(e)(2) and § 1.263A-4(d)(4)(ii) to depreciate all property used predominantly in any farming business of the taxpayer, or related person, in accordance with the ADS, unless such property is otherwise required to be depreciated in accordance with the ADS (for example, § 168(g)(1)(G) applies to such property). The preceding sentence applies to such property placed in service by the eligible small business taxpayer or related person in taxable years beginning before the revocation year (existing property) and to such property placed in service by the eligible small business taxpayer or related person in the revocation year and subsequent taxable

years (newly-acquired property). If an eligible small business taxpayer revokes its own § 263A(d)(3) election but also is a related person to a taxpayer that made a § 263A(d)(3) election that has not been revoked, the eligible small business taxpayer must continue to apply § 263A(e)(2) and § 1.263A-4(d)(4)(ii) for taxable years that such § 263A(d)(3) election is in effect.

(2) Existing property. For all property used predominantly in any farming business of the eligible small business taxpayer or related person that was placed in service in a taxable year prior to the revocation year and that is not otherwise required to be depreciated in accordance with the ADS, a change in use occurs for such property under § 168(i)(5) and § 1.168(i)-4(d) for the revocation year as a result of its revocation of the § 263A(d)(3) election. Accordingly, depreciation for such property beginning for the revocation year is determined in accordance with § 1.168(i)-4(d). However, pursuant to § 1.168(i)-4(d)(3)(C)(ii), the eligible small business taxpayer or related person may elect to determine the depreciation for such property as though the change in use had not occurred. See § 1.168(i)-4(d)(3)(C)(ii) for the time and manner of making this election for the revocation year. Pursuant to § 1.168(i)-4(f), a change in computing depreciation for the revocation year for such property is not a change in method of accounting under § 446(e). The additional first year depreciation deduction under § 168(k) is not allowable for any such existing property. See §§ 1.168(k)-1(f)(6)(iv)(B) and 1.168(k)-2(g)(6)(iv)(B).

(3) Newly-acquired property. For all property used predominantly in any farming business of the eligible small business taxpayer or related person that was

placed in service in the revocation year and subsequent taxable years and that is not otherwise required to be depreciated in accordance with the ADS, the eligible small business taxpayer or related person determines the depreciation in accordance with the GDS. Because such newly-acquired property is not required to be depreciated under the ADS, the property may be qualified property for purposes of the additional first year depreciation deduction under § 168(k), if all requirements under § 168(k) and § 1.168(k)-1 or § 1.168(k)-2, as applicable, are satisfied.

(4) Failure to change to GDS.

(a) Existing property. If an eligible small business taxpayer or related person does not depreciate any existing property that is described in section 5.03(1) of this revenue procedure and that is not otherwise required to be depreciated in accordance with the ADS, under the GDS for the revocation year and the subsequent taxable year, then that taxpayer or related person has adopted an impermissible method of accounting for that item of MACRS property, as defined in § 1.168(b)-1(a)(2). A change from that impermissible method of accounting to the applicable depreciation method, the applicable recovery period, and/or the applicable convention under the GDS is a change in method of accounting under § 446(e). See § 1.446-1(e)(2)(ii)(d)(2)(i). The taxpayer requests to make such a method change by filing Form 3115 in accordance with the automatic change procedures or non-automatic change procedures, as applicable, in Rev. Proc. 2015-13 (or any successor). If the taxpayer is eligible to make this method change under the automatic change procedures, the method change is described in section 6.05 of Rev. Proc. 2019-43,

2019-48 I.R.B. 1107 (or any successor). The § 481(a) adjustment as of the first day of the year of change is calculated as though the change in use occurred for the item of MACRS property in the revocation year.

(b) Newly-acquired property. If an eligible small business taxpayer or related person does not depreciate any newly-acquired property that is described in section 5.03(1) of this revenue procedure and that is not otherwise required to be depreciated under the ADS (including property described in § 168(g)(1)(E)), under the GDS for the property placed-in-service year and the subsequent taxable year, then that taxpayer or related person has adopted an impermissible method of accounting for that item of MACRS property. A change from that impermissible method of accounting to the applicable depreciation method, the applicable recovery period, and/or the applicable convention under the GDS for the item of MACRS property is a change in method of accounting under § 446(e). See § 1.446-1(e)(2)(ii)(d)(2)(i). The taxpayer requests to make such a method change by filing Form 3115 in accordance with the automatic change procedures or non-automatic change procedures, as applicable, in Rev. Proc. 2015-13 (or any successor). If the taxpayer is eligible to make this method change under the automatic change procedures, the method change is described in section 6.01 of Rev. Proc. 2019-43 (or any successor).

SECTION 6. PROCEDURES FOR FORMER ELIGIBLE SMALL BUSINESS TAXPAYERS TO CHANGE FROM APPLYING § 263A(i) TO MAKING A § 263A(d)(3) ELECTION

.01 In general. A former eligible small business taxpayer may make a

§ 263A(d)(3) election for plants produced in its farming business in the first taxable year the former small business taxpayer no longer qualifies to use the exemption under § 263A(i), if the taxpayer complies with the procedures provided in this section 6. A § 263A(d)(3) election made under this section 6 is in effect for the taxable year the § 263A(d)(3) election is made (election year), and for any subsequent taxable year that the taxpayer has a valid § 263A(d)(3) election in effect. A former eligible small business taxpayer that follows the procedures under this section 6 to make the § 263A(d)(3) election for the first taxable year the taxpayer no longer qualifies as a small business taxpayer under § 263A(i) is not treated as making a change in method of accounting under § 446(e).

.02 Time and manner of making the § 263A(d)(3) election. A former eligible small business taxpayer makes its § 263A(d)(3) election under this section 6 on its original federal tax return, including extensions, for the first taxable year for which the taxpayer no longer qualifies to use the exemption under § 263A(i), by:

(1) Following the manner of making the § 263A(d)(3) election provided in § 1.263A-4(d)(3); and

(2) Continuing not to capitalize costs of plants produced in its farming business under § 263A.

.03 Depreciation of property.

(1) Newly-acquired property. A former eligible small business taxpayer that makes a § 263A(d)(3) election under this section 6 is required under § 1.263A-4(d)(4)(ii) to apply the ADS to depreciate all property used predominantly in any farming business

of the taxpayer and placed in service by the taxpayer in the election year and in any subsequent taxable year during which the § 263A(d)(3) election is in effect. A related person of such former eligible small business taxpayer also is required under § 1.263A-4(d)(4)(ii) to apply the ADS to depreciate all property used predominantly in any farming business of the related person and placed in service by the related person in the election year and in any subsequent taxable year during which the § 263A(d)(3) election is in effect for the former eligible small business taxpayer, even if the related person qualifies for the exemption under § 263A(i). The additional first year depreciation deduction under § 168(k) is not allowable for any property described in this section 6.03(1). See §§ 1.168(k)-1(b)(2)(ii)(A)(2), 1.168(k)-1(b)(2)(ii)(B)(1), and 1.168(k)-2(b)(2)(ii)(B).

(2) Existing property. A former eligible small business taxpayer that makes a § 263A(d)(3) election under this section 6, or related person, is not required under § 1.263A-4(d)(4)(ii) to apply the ADS to depreciate all property used predominantly in any farming business of the taxpayer or related person and placed in service by the taxpayer or related person in a taxable year prior to the election year.

(3) Failure to use the ADS for newly-acquired property.

(a) Former eligible small business taxpayer. If a former eligible small business taxpayer that makes a § 263A(d)(3) election under this section 6 does not determine its depreciation under the ADS for any property described in section 6.03(1) of this revenue procedure for its placed-in-service year and the subsequent taxable year, then that taxpayer has not made a valid § 263A(d)(3) election under

§ 1.263A-4(d)(3)(i) and this section 6. To make such election valid, the taxpayer must obtain the consent of the Commissioner by filing a Form 3115 in accordance with the non-automatic change procedures in Rev. Proc. 2015-13 (or any successor). See § 1.263A-4(d)(3)(ii).

(b) Related person. If a related person of a former eligible small business taxpayer that makes the § 263A(d)(3) election under this section 6 does not determine its depreciation under the ADS for any property described in section 6.03(1) of this revenue procedure, then the related person has adopted an impermissible method of accounting for that item of MACRS property. A change from that impermissible method of accounting to the applicable depreciation method, recovery period, applicable convention under the ADS for the item of MACRS property is a change in method of accounting under § 446(e). See § 1.446-1(e)(2)(ii)(d)(2)(i). A related person that wants to change its method of accounting from that impermissible method of accounting must make the method change by filing Form 3115 in accordance with the automatic change procedures or non-automatic change procedures, as applicable, in Rev. Proc. 2015-13 (or any successor). If the related person is eligible to make this method change under the automatic change procedures, the method change is described in section 6.01 of Rev. Proc. 2019-43 (or any successor). Section 6.03(3)(a) of this revenue procedure, and not this section 6.03(3)(b), applies to a related person if the related person itself is a former eligible small business taxpayer and makes the § 263A(d)(3) election under this section 6.

SECTION 7. CHANGE IN METHOD OF ACCOUNTING

.01 In general. The making of a late revocation of the eligible small business taxpayer's § 263A(d)(3) election for the 2018 taxable year, under section 5.02(2)(b) of this revenue procedure, is treated for a limited period of time as a change in method of accounting to which §§ 446(e) and 481, and the corresponding regulations, apply. An eligible small business taxpayer that wants to revoke its § 263A(d)(3) election for the 2018 taxable year, as described in section 5.02(2)(b) of this revenue procedure, must use the automatic change procedures in Rev. Proc. 2015-13 or its successor.

.02 Automatic change. Rev. Proc. 2019-43 is modified to add new section 12.19 to read as follows:

.19 Late revocation of elections under § 263A(d)(3).

(1) Description of change.

(a) Applicability. This change applies to an eligible small business taxpayer within the scope of Rev. Proc. 2020-13, 2020-11 I.R.B. **[INSERT PAGE #]**, that wants to make a late revocation of the election under § 263A(d)(3) provided in section 5.02(2)(b) of Rev. Proc. 2020-13.

(b) Inapplicability. The IRS will treat the late revocation of an election under § 263A(d)(3) that is provided in section 5.02(2)(b) of Rev. Proc. 2020-13 as a change in method of accounting with a § 481(a) adjustment only for the taxable years specified in section 12.19(2) of this revenue procedure. This treatment does not apply to a taxpayer that makes a late revocation under § 263A(d)(3) provided in section 5.02(2)(b) of Rev. Proc. 2020-13 before or after the time specified in section 12.19(2) of this revenue procedure, and any such late revocation is not a change in method of

accounting.

(2) Time for making the change. The change under this section 12.19 must be made for the taxpayer's first, second, or third taxable year beginning after the taxpayer's first taxable year beginning in 2018 (2018 taxable year).

(3) Certain eligibility rules inapplicable. The eligibility rules in section 5.01(1)(d) and (f) of Rev. Proc. 2015-13, 2015-5 I.R.B, do not apply to this change for the taxpayer's first, second, or third taxable year succeeding the 2018 taxable year.

(4) Concurrent automatic change. A taxpayer making this change for more than one property used predominantly in any farming business of the taxpayer under section 5.02(2)(b) of Rev. Proc. 2020-13 for the same year of change should file a single Form 3115 for all such farming property. The single Form 3115 must provide a single net § 481(a) adjustment for all such changes.

(5) Designated automatic accounting method change number. The designated automatic accounting method change number for a change to the method of accounting under this section 12.19 is "243."

(6) Contact information. For further information regarding a change under this section, contact Anna Gleysteen at (202) 317-7007 (not a toll-free call).

SECTION 8. EFFECTIVE DATE

.01 In general. This revenue procedure is effective on February 21, 2020.

.02 Transition rule. If on or before February 21, 2020, a taxpayer properly filed a Form 3115 under the non-automatic change procedures in Rev. Proc. 2015-13 requesting the Commissioner's consent to revoke its § 263A(d)(3) election, and the

Form 3115 is pending with the national office on February 21, 2020, the taxpayer may choose to revoke its § 263A(d)(3) election using the procedures provided in this revenue procedure, if the taxpayer is otherwise eligible to use this revenue procedure. The taxpayer must notify the national office contact person for the Form 3115 (if unknown, see section 9.08(6) of Rev. Proc. 2020-1, 2020-1 I.R.B. 1, 51 (or any successor)) of the taxpayer's intent to make the § 263A(d)(3) revocation under this revenue procedure before the later of (a) March 22, 2020, or (b) the issuance of a letter ruling granting or denying consent for the revocation. The notification should indicate that the taxpayer chooses to apply the revocation procedures contained in this revenue procedure. If the taxpayer timely notifies the national office that it chooses to convert the Form 3115 to the procedures contained in this revenue procedure, the national office will send a letter to the taxpayer acknowledging its request and will return the user fee submitted with the Form 3115.

SECTION 9. EFFECT ON OTHER DOCUMENTS

Rev. Proc. 2019-43 is modified to include the accounting method change provided in section 7.02 of this revenue procedure in section 12 of Rev. Proc. 2019-43.

SECTION 10. PAPERWORK REDUCTION ACT

This revenue procedure does not impose any additional information collection requirements in the form of reporting, recordkeeping requirements or third-party disclosure requirements. However, because this revenue procedure provides a method change option for taxpayers to revoke their § 263A(d)(3) election for the 2018 taxable year in section 5.02(2)(b) of this revenue procedure, the consent of the

Commissioner under § 446(e) is required before the taxpayer or related person can use the exemption in § 263A(i). The IRS expects that these taxpayers will request this consent by filing Form 3115, Application for Change in Accounting Method. This revenue procedure alternatively provides an option for taxpayers to revoke their § 263A(d)(3) election for the 2018 taxable year in section 5.02(2)(a) of this revenue procedure by filing an amended return. For purposes of the Paperwork Reduction Act, the reporting burden associated with any collection of information using the method of accounting option in sections 5.02(2)(a) and (b) of this revenue procedure will be reflected in OMB control number 1545-0074 for individual income tax returns; OMB control number 1545-0123 for business taxpayers; or OMB control number 1545-2070 for other taxpayers in the case of a Form 3115.

SECTION 11. DRAFTING INFORMATION

The principal author of this revenue procedure is Anna Gleysteen of the Office of Associate Chief Counsel (Income Tax and Accounting). For further information regarding this revenue procedure, contact Ms. Gleysteen or Evan Hewitt at (202) 317-7007 (not a toll-free call).