

26 CFR 1.168(k)-1: Additional first year depreciation.  
(Also Part I, §§ 168, 446; 1.446-1)

Rev. Proc. 2019-33

## SECTION 1. PURPOSE

This revenue procedure provides guidance allowing a taxpayer to make a late election, or to revoke an election, under § 168(k)(5), (7), or (10) of the Internal Revenue Code (Code) for certain property acquired by the taxpayer after September 27, 2017, and placed in service or planted or grafted, as applicable, by the taxpayer during its taxable year that includes September 28, 2017. Section 168(k)(5) allows a taxpayer to elect to deduct additional first year depreciation for certain plants. Section 168(k)(7) allows a taxpayer to elect not to deduct additional first year depreciation for any class of qualified property placed in service by the taxpayer during the taxable year to which the election applies. Section 168(k)(10) was added to the Code by § 13201 of Public Law 115-97 (131 Stat. 2054), commonly referred to as the Tax Cuts and Jobs Act (TCJA), and allows a taxpayer to elect to deduct 50-percent, instead of 100-percent, additional first year depreciation for certain qualified property.

## SECTION 2. BACKGROUND

.01 Amendments to § 168(k).

(1) Prior to amendment by § 13201 of the TCJA, § 168(k)(1) allowed a 50-percent additional first year depreciation deduction for qualified property for the taxable year in which the qualified property is placed in service by the taxpayer. Qualified property was defined in part as property the original use of which begins with the taxpayer.

(2) Section 13201 of the TCJA made several amendments to § 168(k). For example, the additional first year depreciation deduction percentage was increased from 50 percent to 100 percent; the property eligible for the additional first year depreciation deduction was expanded to include certain used depreciable property and certain film, television, or live theatrical productions; the placed-in-service date was extended from before January 1, 2020, to before January 1, 2027 (from before January 1, 2021, to before January 1, 2028, for property described in § 168(k)(2)(B) or (C)); and the date on which a specified plant is planted or grafted by the taxpayer was extended from before January 1, 2020, to before January 1, 2027.

(3) Section 13201(e) of the TCJA also amended § 168(k) by adding § 168(k)(10) to the Code. It allows a taxpayer to elect to deduct 50-percent, instead of 100-percent, additional first year depreciation for qualified property acquired by the taxpayer after September 27, 2017, and placed in service by the taxpayer or planted or grafted, as applicable, during its taxable year that includes September 28, 2017.

(4) Section 13201(h) of the TCJA provides the effective dates of the amendments to § 168(k) made by § 13201 of the TCJA. Except as provided in § 13201(h)(2) of the TCJA, these amendments apply to property acquired and placed in

service after September 27, 2017. However, property is not treated as acquired after the date on which a written binding contract is entered into for such acquisition. Section 13201(h)(2) of the TCJA provides that these amendments apply to specified plants planted or grafted after September 27, 2017.

(5) Additionally, § 12001(b)(13) of the TCJA repealed § 168(k)(4), relating to the election to accelerate alternative minimum tax credits in lieu of the additional first year depreciation deduction, for taxable years beginning after December 31, 2017. Further, § 13204(a)(4)(B)(ii) of the TCJA repealed § 168(k)(3), relating to qualified improvement property, for property placed in service after December 31, 2017.

(6) Unless otherwise provided, all references in this revenue procedure to § 168(k) hereinafter are references to § 168(k) as amended by the TCJA.

.02 Elections.

(1) Section 168(k)(5) allows a taxpayer to elect to deduct additional first year depreciation for any specified plant, as defined in § 168(k)(5)(B), that is planted before January 1, 2027, or grafted before that date to a plant that has already been planted, by the taxpayer in the ordinary course of its farming business, as defined in § 263A(e)(4) (§ 168(k)(5) election). If the taxpayer makes this election, the additional first year depreciation deduction is allowable for the specified plant for the taxable year in which that specified plant is planted or grafted, and that specified plant is not treated as qualified property under § 168(k) in the year the plant is placed in service. Section 168(k)(5)(C) provides that once made, the § 168(k)(5) election may be revoked only

with the consent of the Commissioner of Internal Revenue (Commissioner). Except for the date, the TCJA did not amend § 168(k)(5).

Section 4.05 of Rev. Proc. 2017-33, 2017-19 I.R.B. 1236, provides the procedures for making the § 168(k)(5) election. Section 4.05(1)(b) of Rev. Proc. 2017-33 provides that, in general, the § 168(k)(5) election must be made by the due date, including extensions, of the federal tax return for the taxable year in which the taxpayer plants or grafts the specified plant to which the election applies, and must be made in the manner prescribed on Form 4562, Depreciation and Amortization, and its instructions. The instructions to the Form 4562 for the 2016 and 2017 taxable years provide that the election is made by attaching a statement to the taxpayer's timely filed tax return indicating that the taxpayer is electing to apply § 168(k)(5) and identifying the specified plant(s) for which the taxpayer is making the election.

(2) Section 168(k)(7) allows a taxpayer to elect not to deduct additional first year depreciation for all qualified property that is in the same class of property and placed in service by the taxpayer in the same taxable year (§ 168(k)(7) election). Section 168(k)(7) provides that once made, the § 168(k)(7) election may be revoked only with the consent of the Commissioner. The TCJA did not amend § 168(k)(7).

Section 4.04(2) of Rev. Proc. 2017-33 provides that rules similar to the rules in § 1.168(k)-1(e)(3) of the Income Tax Regulations apply for purposes of § 168(k)(7). Section 1.168(k)-1(e)(3) provides the procedures for making the election not to deduct the additional first year depreciation deduction for all qualified property that is in the same class of property and placed in service by the taxpayer in the same taxable year.

In accordance with § 1.168(k)-1(e)(3), the § 168(k)(7) election must be made by the due date, including extensions, of the federal tax return for the taxable year in which the taxpayer places in service the qualified property, and must be made in the manner prescribed on Form 4562 and its instructions. The instructions to the Form 4562 for the 2016 and 2017 taxable years provide that the election is made by attaching a statement to the taxpayer's timely filed tax return indicating that the taxpayer is electing not to deduct the additional first year depreciation and the class of property for which the taxpayer is making the election.

(3) Section 168(k)(10) allows a taxpayer to elect to deduct 50-percent, instead of 100-percent, additional first year depreciation for qualified property acquired after September 27, 2017, by the taxpayer and placed in service or planted or grafted, as applicable, by the taxpayer during its taxable year that includes September 28, 2017 (§ 168(k)(10) election). The TCJA added § 168(k)(10) to the Code. Section 6 of this revenue procedure provides the time and manner for making this election.

.03 Proposed § 168(k) regulations. On August 8, 2018, the Department of the Treasury (Treasury Department) and the Internal Revenue Service (IRS) published a notice of proposed rulemaking (REG-104397-18) in the Federal Register (83 FR 39292) containing proposed regulations under § 168(k). The Treasury Department and the IRS received written and electronic comments responding to the proposed regulations. Several commenters requested relief to make late elections under § 168(k)(7) or (10) for property placed in service during the taxpayer's taxable year that includes September 28, 2017, because some taxpayers had already filed their federal

tax returns for that taxable year before the proposed regulations were issued. The commenters also noted that a taxpayer with a due date (with extensions) of September 15, 2018, or October 15, 2018, for its federal tax return for the taxable year that includes September 28, 2017, may not have had sufficient time to analyze the proposed regulations to make a timely election under § 168(k)(7) or (10). The Treasury Department and the IRS agree with this request. Sections 4, 5, and 6 of this revenue procedure provide the procedures for making late elections, or revoking elections, under § 168(k)(5), (7), or (10) for property acquired by a taxpayer after September 27, 2017, and placed in service or planted or grafted, as applicable, by the taxpayer during its taxable year that includes September 28, 2017.

.04 Method of accounting.

(1) Section 446(e) and § 1.446-1(e)(2) require a taxpayer to secure the consent of the Commissioner before changing a method of accounting for federal income tax purposes. Section 1.446-1(e)(3)(ii) authorizes the Commissioner to prescribe administrative procedures setting forth the limitations, terms, and conditions necessary to permit a taxpayer to obtain consent to change a method of accounting.

(2) Section 1.446-1(e)(2)(ii)(d)(3)(iii) provides that the making of a late depreciation election or the revocation of a timely valid depreciation election is not a change in method of accounting, except as otherwise expressly provided by the Code, the regulations under the Code, or other guidance published in the Internal Revenue Bulletin. Section 1.446-1(e)(2)(ii)(d)(5)(iii) provides that except as otherwise expressly provided by the Code, the regulations under the Code, or other guidance published in

the Internal Revenue Bulletin, no § 481 adjustment is required or permitted for a change from one permissible method of computing depreciation to another permissible method of computing depreciation. Because of the administrative burden of filing amended returns, the Treasury Department and the IRS have determined that it is appropriate to treat the making of late elections, or the revocation of elections, under § 168(k)(5), (7), or (10) for property acquired by a taxpayer after September 27, 2017, and placed in service or planted or grafted, as applicable, by the taxpayer during its taxable year that includes September 28, 2017, as a change in method of accounting with a § 481(a) adjustment for a limited period of time. Section 7 of this revenue procedure provides the procedures for a taxpayer to obtain automatic consent for a change in method of accounting to make these late elections or to revoke these elections.

### SECTION 3. SCOPE

This revenue procedure applies to a taxpayer that:

(1) Acquired qualified property after September 27, 2017, and placed in service such property during the taxpayer's taxable year beginning in 2016 and ending on or after September 28, 2017 (2016 taxable year);

(2) Acquired qualified property after September 27, 2017, and placed in service such property during the taxpayer's taxable year beginning in 2017 and ending on or after September 28, 2017 (2017 taxable year); or

(3) Planted or grafted a specified plant after September 27, 2017, and during the taxpayer's 2016 taxable year or 2017 taxable year.

## SECTION 4. SECTION 168(k)(5) ELECTION

.01 Section 168(k)(5) election made.

(1) In general. A taxpayer that timely filed its federal tax return for the 2016 taxable year or the 2017 taxable year has made the § 168(k)(5) election for a specified plant that is planted or grafted by the taxpayer after September 27, 2017, and during its 2016 taxable year or 2017 taxable year, if the taxpayer made the § 168(k)(5) election under Rev. Proc. 2017-33, as described in section 2.02(1) of this revenue procedure, or under section 4.02 of this revenue procedure, and did not revoke the § 168(k)(5) election under section 4.03 of this revenue procedure.

(2) Deemed election. If section 4.01(1) of this revenue procedure does not apply, a taxpayer that timely filed its federal tax return for the 2016 taxable year or the 2017 taxable year also will be treated as making the § 168(k)(5) election for a specified plant planted or grafted by the taxpayer after September 27, 2017, and during its 2016 taxable year or 2017 taxable year, if the taxpayer:

(a) On that return, claimed the 100-percent additional first year depreciation for that specified plant or, if the taxpayer made the § 168(k)(10) election as provided in section 6 of this revenue procedure, claimed the 50-percent additional first year depreciation deduction for that specified plant; and

(b) Did not revoke the § 168(k)(5) election for that specified plant under section 4.03 of this revenue procedure.

.02 Making a late § 168(k)(5) election. If a taxpayer timely filed its federal tax return for the 2016 taxable year or 2017 taxable year, did not deduct on that return the

100-percent additional first year depreciation, or the 50-percent additional first year depreciation if the taxpayer made the § 168(k)(10) election as provided in section 6 of this revenue procedure, for a specified plant that was planted or grafted by the taxpayer after September 27, 2017, and during its 2016 taxable year or 2017 taxable year did not make the § 168(k)(5) election under Rev. Proc. 2017-33, as described in section 2.02(1) of this revenue procedure, the taxpayer may make the § 168(k)(5) election for that specified plant by filing either:

(1) An amended federal tax return, or an administrative adjustment request (AAR) by a partnership subject to the centralized partnership audit regime enacted as part of the Bipartisan Budget Act of 2015 (BBA partnership), for the 2016 taxable year or 2017 taxable year before the taxpayer files its federal tax return for the first taxable year succeeding the 2016 taxable year or 2017 taxable year. This amended return or AAR must include the adjustment to taxable income for the late § 168(k)(5) election and any collateral adjustments to taxable income or to tax liability. Such collateral adjustments also must be made on amended federal tax returns or AARs for any affected succeeding taxable year; or

(2) A Form 3115, Application for Change in Accounting Method, with the taxpayer's timely filed federal tax return for the first, second, or third taxable year succeeding the 2016 taxable year or the 2017 taxable year. The late § 168(k)(5) election under this section 4.02(2) will be treated as a change in method of accounting with a § 481(a) adjustment only during this limited period of time. The time and manner of making this late election are described in section 7 of this revenue procedure.

.03 Consent granted to revoke § 168(k)(5) election. If, on its timely filed federal tax return for the 2016 taxable year or the 2017 taxable year, a taxpayer made the § 168(k)(5) election under Rev. Proc. 2017-33, as described in section 2.02(1) of this revenue procedure, or under section 4.01(2) of this revenue procedure, the Commissioner grants the taxpayer consent to revoke that election, provided the taxpayer makes this revocation within the time and in the manner described in this section 4.03 of this revenue procedure. The taxpayer may revoke the § 168(k)(5) election by filing either:

(1) An amended federal tax return, or an AAR by a BBA partnership, for the 2016 taxable year or 2017 taxable year before the taxpayer files its federal tax return for the first taxable year succeeding the 2016 taxable year or 2017 taxable year. This amended return or AAR must include the adjustment to taxable income for the revocation of the § 168(k)(5) election and any collateral adjustments to taxable income or to tax liability. Such collateral adjustments also must be made on amended federal tax returns or AARs for any affected succeeding taxable year; or

(2) A Form 3115 with the taxpayer's timely filed federal tax return for the first, second, or third taxable year succeeding the 2016 taxable year or the 2017 taxable year. The revocation of the § 168(k)(5) election under this section 4.03(2) will be treated as a change in method of accounting with a § 481(a) adjustment only during this limited period of time. The time and manner of making this revocation are described in section 7 of this revenue procedure.

SECTION 5. SECTION 168(k)(7) ELECTION

.01 In general. A taxpayer may make the § 168(k)(7) election not to deduct additional first year depreciation for all qualified property that is in the same class of property and placed in service by the taxpayer in the same taxable year. For purposes of section 5 of this revenue procedure, the term class of property means:

(1) Except for the property described in sections 4 and 5.01(2) of this revenue procedure, each class of property described in § 168(e) (for example, 5-year property);

(2) Water utility property as defined in § 168(e)(5) and depreciated under § 168;

(3) Computer software as defined in, and depreciated under, § 167(f)(1) and the regulations under § 167(f)(1);

(4) Qualified improvement property as defined in § 168(k)(3) as in effect on the day before amendment by § 13204(a)(4)(B) of the TCJA that: (i) is acquired by the taxpayer after September 27, 2017; (ii) is placed in service by the taxpayer after September 27, 2017, and before January 1, 2018; (iii) meets the requirements in § 168(k)(2)(A)(ii) as amended by § 13201(c)(1) of the TCJA; and (iv) is depreciated under § 168;

(5) Each separate production, as defined in § 1.181-3(b), of a qualified film or television production;

(6) Each separate production, as defined in § 181(e)(2), of a qualified live theatrical production; or

(7) A partner's basis adjustment in partnership assets under § 743(b) for each class of property described in section 4 of this revenue procedure and section 5.01(1) through (6) of this revenue procedure.

.02 Section 168(k)(7) election made.

(1) In general. A taxpayer that timely filed its federal tax return for the 2016 taxable year or the 2017 taxable year has made the § 168(k)(7) election for a class of property that is qualified property acquired after September 27, 2017, by the taxpayer and placed in service by the taxpayer during its 2016 taxable year or 2017 taxable year, if the taxpayer made the § 168(k)(7) election under Rev. Proc. 2017-33, as described in section 2.02(2) of this revenue procedure, or under section 5.03 of this revenue procedure, and did not revoke the § 168(k)(7) election under section 5.04 of this revenue procedure.

(2) Deemed election. If section 5.02(1) of this revenue procedure does not apply, a taxpayer that timely filed its federal tax return for the 2016 taxable year or the 2017 taxable year also will be treated as making the § 168(k)(7) election for a class of property that is qualified property acquired after September 27, 2017, by the taxpayer and placed in service by the taxpayer during its 2016 taxable year or 2017 taxable year, if the taxpayer:

(a) On that return, did not claim the 100-percent additional first year depreciation for that class of property;

(b) Did not revoke the § 168(k)(7) election for that class of property under section 5.04 of this revenue procedure; and

(c) Did not make a § 168(k)(10) election for the 2016 taxable year or the 2017 taxable year under section 6 of this revenue procedure.

.03 Making a late § 168(k)(7) election. If a taxpayer timely filed its federal tax return for the 2016 taxable year or the 2017 taxable year and claimed on that return the 100-percent additional first year additional depreciation for a class of property that is qualified property acquired after September 27, 2017, by the taxpayer and placed in service by the taxpayer during its 2016 taxable year or 2017 taxable year, the taxpayer may make the § 168(k)(7) election for such class of property by filing either:

(1) An amended federal tax return, or an AAR by a BBA partnership, for the 2016 taxable year or the 2017 taxable year before the taxpayer files its federal tax return for the first taxable year succeeding the 2016 taxable year or the 2017 taxable year. This amended return or AAR must include the adjustment to taxable income for the late § 168(k)(7) election and any collateral adjustments to taxable income or to tax liability. Such collateral adjustments also must be made on amended federal tax returns or AARs for any affected succeeding taxable year; or

(2) A Form 3115 with the taxpayer's timely filed federal tax return for the first, second, or third taxable year succeeding the 2016 taxable year or the 2017 taxable year. The late § 168(k)(7) election under this section 5.03(2) will be treated as a change in method of accounting with a § 481(a) adjustment only during this limited period of time. The time and manner of making this late election are described in section 7 of this revenue procedure.

.04 Consent granted to revoke the § 168(k)(7) election. If, on its timely filed federal tax return for the 2016 taxable year or the 2017 taxable year, a taxpayer made the § 168(k)(7) election under Rev. Proc. 2017-33, as described in section 2.02(2) of this revenue procedure, or under section 5.02(2) of this revenue procedure, the Commissioner grants the taxpayer consent to revoke that election, provided the taxpayer makes this revocation within the time and in the manner described in this section 5.04 of this revenue procedure. The taxpayer may revoke the § 168(k)(7) election by filing either:

(1) An amended federal tax return, or an AAR by a BBA partnership, for the 2016 taxable year or 2017 taxable year before the taxpayer files its federal tax return for the first taxable year succeeding the 2016 taxable year or 2017 taxable year. This amended return or AAR must include the adjustment to taxable income for the revocation of the § 168(k)(7) election and any collateral adjustments to taxable income or to tax liability. Such collateral adjustments also must be made on amended federal tax returns or AARs for any affected succeeding taxable year; or

(2) A Form 3115 with the taxpayer's timely filed federal tax return for the first, second, or third taxable year succeeding the 2016 taxable year or the 2017 taxable year. The revocation of the § 168(k)(7) election under this section 5.04(2) will be treated as a change in method of accounting with a § 481(a) adjustment only during this limited period of time. The time and manner of making this revocation are described in section 7 of this revenue procedure.

SECTION 6. SECTION 168(k)(10) ELECTION

.01 In general. A taxpayer may elect under § 168(k)(10) to deduct 50-percent, instead of 100-percent, additional first year depreciation for all qualified property acquired after September 27, 2017, by the taxpayer and placed in service by the taxpayer during its 2016 taxable year or 2017 taxable year. If a taxpayer makes an election to apply § 168(k)(5) for its 2016 taxable year or 2017 taxable year, the taxpayer also may make a § 168(k)(10) election to deduct 50-percent, instead of 100-percent, additional first year depreciation for all specified plants that are planted or grafted after September 27, 2017, by the taxpayer for which the taxpayer has made a § 168(k)(5) election under section 4 of this revenue procedure.

.02 Time and manner for making election. The § 168(k)(10) election must be made by the due date, including extensions, of the federal tax return for the taxpayer's taxable year that includes September 28, 2017, and in the manner prescribed on the 2017 Form 4562 and its instructions. The instructions to the Form 4562 for the 2017 taxable year provide that the election is made by attaching a statement to the taxpayer's timely filed tax return indicating that the taxpayer is electing to deduct 50-percent additional first year depreciation for all qualified property.

.03 Section 168(k)(10) election made.

(1) In general. A taxpayer that timely filed its federal tax return for the 2016 taxable year or the 2017 taxable year has made the § 168(k)(10) election for all qualified property acquired after September 27, 2017, by the taxpayer and placed in service by the taxpayer during its 2016 taxable year or 2017 taxable year, or all specified plants that are planted or grafted after September 27, 2017, by the taxpayer

for which the taxpayer has made a § 168(k)(5) election under section 4 of this revenue procedure, if the taxpayer made the § 168(k)(10) election under section 6.02 of this revenue procedure or under section 6.04 of this revenue procedure, and did not revoke the § 168(k)(10) election under section 6.05 of this revenue procedure.

(2) Deemed election. If section 6.03(1) of this revenue procedure does not apply, a taxpayer that timely filed its federal tax return for the 2016 taxable year or the 2017 taxable year also will be treated as making the § 168(k)(10) election for all qualified property acquired after September 27, 2017, by the taxpayer and placed in service by the taxpayer during its 2016 taxable year or 2017 taxable year, or all specified plants that are planted or grafted after September 27, 2017, by the taxpayer for which the taxpayer has made a § 168(k)(5) election under section 4 of this revenue procedure, if the taxpayer:

(a) On that return, claimed the 50-percent additional first year depreciation for all such qualified property or all such specified plants, as applicable; and

(b) Did not revoke the § 168(k)(10) election under section 6.05 of this revenue procedure.

.04 Making a late § 168(k)(10) election. If a taxpayer timely filed its federal tax return for the 2016 taxable year or the 2017 taxable year, and claimed on that return the 100-percent additional first year additional depreciation for all qualified property acquired after September 27, 2017, by the taxpayer and placed in service by the taxpayer during its 2016 taxable year or 2017 taxable year, or all specified plants that are planted or grafted after September 27, 2017, by the taxpayer for which the taxpayer

has made a § 168(k)(5) election under section 4 of this revenue procedure, or did not claim on that return any additional first year depreciation deduction for all such qualified property or all such specified plants and revoked the § 168(k)(7) election made on that return under section 5.04 of this revenue procedure, the taxpayer may make the § 168(k)(10) election for all such qualified property or all such specified plants by filing either:

(1) An amended federal tax return, or an AAR by a BBA partnership, for the 2016 taxable year or the 2017 taxable year before the taxpayer files its federal tax return for the first taxable year succeeding the 2016 taxable year or the 2017 taxable year. This amended return or AAR must include the adjustment to taxable income for the late § 168(k)(10) election and any collateral adjustments to taxable income or to tax liability. Such collateral adjustments also must be made on amended federal tax returns or AARs for any affected succeeding taxable year; or

(2) A Form 3115 with the taxpayer's timely filed federal tax return for the first, second, or third taxable year succeeding the 2016 taxable year or the 2017 taxable year. The late § 168(k)(10) election under this section 6.04 will be treated as a change in method of accounting with a § 481(a) adjustment only during this limited period of time. The time and manner of making this late election are described in section 7 of this revenue procedure.

.05 Consent granted to revoke the § 168(k)(10) election. If, on its timely filed federal tax return for the 2016 taxable year or the 2017 taxable year, a taxpayer made the § 168(k)(10) election under section 6.02 of this revenue procedure or under section

6.03(2) of this revenue procedure, the Commissioner grants the taxpayer consent to revoke that election, provided the taxpayer makes the revocation under this section

6.05. The taxpayer may revoke the § 168(k)(10) election by filing either:

(1) An amended federal tax return, or an AAR by a BBA partnership, for the 2016 taxable year or 2017 taxable year before the taxpayer files its federal tax return for the first taxable year succeeding the 2016 taxable year or 2017 taxable year. This amended return or AAR must include the adjustment to taxable income for the revocation of the § 168(k)(10) election and any collateral adjustments to taxable income or to tax liability. Such collateral adjustments also must be made on amended federal tax returns or AARs for any affected succeeding taxable year; or

(2) A Form 3115 with the taxpayer's timely filed federal tax return for the first, second, or third taxable year succeeding the 2016 taxable year or the 2017 taxable year, as applicable. The revocation of the § 168(k)(10) election under this section 6.05(2) will be treated as a change in method of accounting with a § 481(a) adjustment only during this limited period of time. The time and manner of making this revocation are described in section 7 of this revenue procedure.

## SECTION 7. CHANGE IN METHOD OF ACCOUNTING

.01 In general. The making of a late election, or the revocation of an election, under sections 4, 5, and 6 of this revenue procedure is treated as a change in method of accounting for a limited period of time to which §§ 446(e) and 481, and the corresponding regulations, apply. A taxpayer that wants to make a late election, or revoke an election, described in sections 4, 5, and 6 of this revenue procedure must

use the automatic change procedures in Rev. Proc. 2015-13, 2015-5 I.R.B. 419, or its successor.

.02 Automatic change. Rev. Proc. 2018-31, 2018-22 I.R.B. 637, is modified to add new section 6.18 to read as follows:

.18 Late elections or revocation of elections under § 168(k)(5), (7), and (10).

(1) Description of Change.

(a) Applicability. This change applies to a taxpayer within the scope of Rev. Proc. 2019-33 that wants to make a late election, or to revoke an election, provided in sections 4, 5, and 6 of Rev. Proc. 2019-33 under § 168(k)(5), (7), or (10).

(b) Inapplicability. The IRS will treat the making of a late election, or the revocation of an election, provided in sections 4, 5, and 6 of Rev. Proc. 2019-33 under § 168(k)(5), (7), and (10) as a change in method of accounting with a § 481(a) adjustment only for the taxable years specified in section 6.18(2) of this revenue procedure. This treatment does not apply to a taxpayer that makes these late elections or revocations before or after the time specified in section 6.18(2) of this revenue procedure, and any such late election or revocation is not a change in method of accounting pursuant to § 1.446-1(e)(2)(ii)(d)(3)(iii).

(2) Time for making the change. The change under this section 6.18 must be made for the taxpayer's first, second, or third taxable year succeeding the taxpayer's taxable year beginning in 2016 and ending on or after September 28, 2017 (2016 taxable year) or beginning in 2017 and ending on or after September 28, 2017 (2017 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. 419, do not apply to this change for the taxpayer's 2016 taxable year or 2017 taxable year.

(4) Concurrent automatic change.

(a) A taxpayer making this change for more than one specified plant under section 4 of Rev. Proc. 2019-33 for the same year of change should file a single Form 3115 for all such specified plants. The single Form 3115 must provide a single net § 481(a) adjustment for all such changes.

(b) A taxpayer making this change for more than one class of property under section 5 of Rev. Proc. 2019-33 for the same year of change should file a single Form 3115 for all such classes of property. The single Form 3115 must provide a single net § 481(a) adjustment for all such changes.

(c) A taxpayer making this change for all qualified property under section 6 of Rev. Proc. 2019-33 should provide a single net § 481(a) adjustment for all assets that are qualified property.

(d) A taxpayer making a late election, or revoking an election, under more than one section of Rev. Proc. 2019-33 (for example, under sections 4 and 6 of Rev. Proc. 2019-33) for the same year of change should file a single Form 3115 for all such changes. 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 6.18 is “241.”

(6) Contact information. For further information regarding a change under this section, contact Elizabeth R. Binder at (202) 317-7005 (not a toll-free call).

#### SECTION 8. EFFECT ON OTHER DOCUMENTS

Rev. Proc. 2018-31 is modified to include the accounting method change provided in section 7.02 of this revenue procedure in section 6 of Rev. Proc. 2018-31.

#### SECTION 9. EFFECTIVE DATE

This revenue procedure is effective July 31, 2019.

#### SECTION 10. DRAFTING INFORMATION

The principal authors of this revenue procedure are Elizabeth Binder and Kathleen Reed of the Office of Associate Chief Counsel (Income Tax & Accounting). For further information regarding this revenue procedure, contact Ms. Binder at (202) 317-7005 (not a toll-free call).