



## IRS Releases New Form 3115

In January 2016 the IRS released an updated Form 3115, Change in Accounting Method. This new form is dated December 2015 and should be used for any filings moving forward. While many forms and publications are updated every year, this was the first update to Form 3115 since 2009. One of the most common uses of Form 3115 is to catch up on missed depreciation when a cost segregation study is completed in the years after a building is placed into service. By having a cost segregation study done and filing a Form 3115 a taxpayer can “catch up” on all under-reported depreciation in one year. The new form and instructions can be found on the IRS website or by following these links: <https://www.irs.gov/pub/irs-pdf/f3115.pdf> <https://www.irs.gov/pub/irs-pdf/i3115.pdf>

Over the last few years the IRS has been modifying and updating the procedures for accounting method changes. This started with the new Tangible Property Regulations, but affects all accounting method changes moving forward. In 2015 the IRS released Rev. Proc. 2015-13 and Rev. Proc. 2015-14 which detail many of these changes.

The new form updates the old form with some formatting changes, allows for multiple change numbers, and adds some new and significant questions. We will detail some of the changes below; however, this is just a summary of some of the major changes and should not be seen as an all-encompassing list.

**Duplicate Copy:** The IRS has always required a duplicate copy of the form to be filed along with the original. Under the old procedures this form was to be filed in Ogden, Utah. As of January 2016 this duplicate copy is to be filed in Covington, Kentucky.

**Multiple Changes in Accounting:** The IRS has added spacing to allow for multiple changes in accounting to be taken on one form.

**Legal Basis:** On Page 3, Part II, Lines 16a and 16b the IRS requires that the legal basis supporting the changes be provided. The IRS indicated that in many situations taxpayers had made automatic changes without providing enough legal information to confirm that the taxpayer qualified for the change. Previously this information was only required for non-automatic changes.

These are just three of the many changes under this new form. All tax preparers that utilize a Form 3115 should make themselves aware of the modifications to this new form. If a taxpayer has had a form prepared for the 2015 tax year that has not yet been filed, the form should be updated to the new Form 3115.

If you have any questions regarding the new Form 3115 please feel free to contact McGuire Sponsel.



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