

## Annual Elections

| Election   | Citation                  | Election Method         |
|--|---------------------------|-------------------------|
| De minimis safe harbor election                              | § 1.263(a)-1(f)           | Statement               |
| Safe harbor for small taxpayers                              | § 1.263(a)-3(h)           | Statement               |
| Election to capitalize repair & maintenance costs            | § 1.263(a)-3(n)           | Statement               |
| Partial disposition election                                 | § 1.168(i)-8(d)           | Claim Deduction         |
| Capitalize employee compensation and overhead costs          | § 1.263(a)-2(f)(2)(iv)(B) | Capitalize & Depreciate |
| Capitalize and depreciate rotatable or temporary spare parts | § 1.162-3(d)              | Capitalize & Depreciate |

## Automatic Method Change Numbers Specific Citations from RP 2014-16 to complete the 3115 Application for Change in Accounting Method

Completion of 3115s requires listing Method Change Numbers and Specific Citations.

| Issue | Citation of Reg. Sec. | Method # |
|-------|-----------------------|----------|
|-------|-----------------------|----------|

### Materials & Supplies

|                                   |   |     |
|-----------------------------------|---|-----|
| Non-incidentals M & S             | <i>1.162-3(a)(1)</i>                      | 186 |
| Incidental M & S                  | <i>1.162-3(a)(2)</i>                      | 187 |
| Rotable and temporary spare parts | <i>1.162-3(a)(3) or<br/>1.162-3(c)(2)</i> | 188 |

### Materials & Supplies Definitions

|   |  |          |
|---|--|----------|
| Component   | <i>1.162-3(c)(1)(i)</i>                        | 186, 187 |
| Fuel, lubricant, etc.   | <i>1.162-3(c)(1)(ii)</i>                       | 186      |
| Unit of property with economic useful life of 12 months<br>Or less            | <i>1.162-3(c)(1)(iii) or<br/>1.162-3(c)(4)</i> | 186, 187 |
| Unit of property with acquisition cost or production cost<br>of \$200 or less | <i>1.162-3(c)(1)(iv)</i>                       | 186, 187 |
| Standby emergency spare parts   | <i>1.162-3(c)(3)</i>                           | 186, 187 |
| Optional method of accounting for rotatable and temporary<br>spare parts      | <i>1.162-3(e)</i>                              | 189      |
| Sale or disposition of material and supplies                                  | <i>1.162-3(g)</i>                              | 186, 187 |

## Repairs and Maintenance

|  |             |     |
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| Improvements by lessee on lessor's property  | 1.162-11(b) | 184 |
| Leased property (capital expenditures made are recovered without regard to period of the lease- i.e. leasehold improvement depreciation) | 1.167(a)-4  | 184 |

|  |               |     |
|--|---------------|-----|
| <b>Capital Expenditures in General</b> | 1.263(a)-1(a) | 184 |
|--|---------------|-----|

## Amounts Paid to Sell Property

|   |                  |     |
|---|------------------|-----|
| Amounts paid to sell property, in general | 1.263(a)-1(e)(1) | 191 |
| Amounts paid to see property, dealer      | 1.263(a)-1(e)(2) | 190 |

## Amounts Paid to Acquire or Produce Tangible Property

|  |                         |     |
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| Requirement to capitalize                                    | 1.263(a)-2(d)           | 192 |
| Defense or perfection of title to property                   | 1.263(a)-2(e)           | 192 |
| Transaction costs – in general                               | 1.263(a)-2(f)(1)        | 192 |
| Transaction costs – scope of facilitate                      | 1.263(a)-2(f)(2)(i)     | 192 |
| Transaction costs – inherently facilitative                  | 1.263(a)-2(f)(2)(ii)    | 192 |
| Transaction costs – acquisitions of real property            | 1.263(a)-2(f)(2)(iii)   | 193 |
| Transaction costs – employee compensation and Overhead costs | 1.263(a)-2(f)(2)(iv)(A) | 192 |
| Transaction costs – treatment, general                       | 1.263(a)-2(f)(3)(i)     | 192 |
| Transaction costs – treatment of inherently facilitative     | 1.263(a)-2(f)(3)(ii)    | 192 |
| Transaction costs – contingency fees                         | 1.263(a)-2(f)3(iii)     | 192 |
| Treatment of capital expenditures                            | 1.263(a)-2(g)           | 192 |
| Recovery of capitalized amounts                              | 1.263(a)-2(h)           | 192 |

## Amounts Paid to Improve Tangible Property

|   |                        |     |
|---|------------------------|-----|
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| Definition - Personal property                              | 1.263(a)-3(b)(2)       | 184 |
| Definition - Real property                                  | 1.263(a)-3(b)(3)       | 184 |
| Definition - Owner  | 1.263(a)-3(b)(4)       | 184 |
| Coordination with other provisions                          | 1.263(a)-3(c)          | 184 |
| Requirement to capitalize amounts paid                      | 1.263(a)-3(d)          | 184 |
| Unit of property, general                                   | 1.263(a)-3(e)(1)       | 184 |
| Unit of property, building, general                         | 1.263(a)-3(e)(2)(i)    | 184 |
| Unit of property, building, improvement rules to a Building | 1.263(a)-3(e)(2)(ii)   | 184 |
| Unit of property, building, condominium                     | 1.263(a)-3(e)(2)(iii)  | 184 |
| Unit of property, building, cooperative                     | 1.263(a)-3(e)(2)(iv)   | 184 |
| Unit of property, building, leased building, in general     | 1.263(a)-3(e)(2)(v)(A) | 184 |
| Unit of property, building, leased building, improve rules  | 1.263(a)-3(e)(2)(v)(B) | 184 |
| Unit of property, building, leased building, improvement    |                        |     |

|   |                           |     |
|---|---------------------------|-----|
| rules, entire building  | 1.263(a)-3(e)(2)(v)(B)(1) | 184 |
| Unit of property, building, leased building, improvement rules, portion of a building | 1.263(a)-3(e)(2)(v)(B)(2) | 184 |
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| Unit of property, other than building, plant property                                 | 1.263(a)-3(e)(3)(ii)      | 184 |

## Amounts Paid to Improve Tangible Property

|   |                       |     |
|---|-----------------------|-----|
| Unit of property, other than building, network assets                       | 1.263(a)-3(e)(3)(iii) | 184 |
| Unit of property, other than building, leased property other than buildings | 1.263(a)-3(e)(3)(iv)  | 184 |
| Unit of property, improvements to property                                  | 1.263(a)-3(e)(4)      | 184 |
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## Lease Improvements

|   |                      |     |
|---|----------------------|-----|
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| Improvement to lease property, lessee improvements, requirement to capitalize   | 1.263(a)-3(f)(2)(i)  | 184 |
| Improvement to lease property, lessee improvements, unit of property for  | 1.263(a)-3(f)(2)(ii) | 184 |
| Improvement to lease property, lessor improvements, requirement to capitalize   | 1.263(a)-3(f)(3)(i)  | 184 |
| Improvement to lease property, lessor improvements, unit of property for  | 1.263(a)-3(f)(3)(ii) | 184 |
| Special rules for determining improvement costs, certain costs incurred during an improvement, in general                               | 1.263(a)-3(g)(1)(i)  | 184 |
| Special rules for determining improvement costs, certain costs incurred during an improvement, exception for an individual's residences | 1.263(a)-3(g)(1)(ii) | 184 |

## Removal Costs

|   |                     |           |
|---|---------------------|-----------|
| Removal costs                           | 1.263(a)-3(g)(2)(i) | 21        |
| Related amounts                         | 1.263(a)-3(g)(3)    | 21 or 184 |
| Compliance with regulatory requirements | 1.263(a)-3(g)(4)    | 184       |

## Routine Maintenance

|  |                      |     |
|--|----------------------|-----|
| Safe harbor for routine maintenance on property, Routine maintenance for buildings                     | 1.263(a)-3(i)(1)(i)  | 184 |
| Safe harbor for routine maintenance on property, Routine Maintenance for property other than buildings | 1.263(a)-3(i)(1)(ii) | 184 |

## **Routine Maintenance**

|  |                  |     |
|--|------------------|-----|
| Safe harbor for routine maintenance on property, rotatable and temporary spare parts | 1.263(a)-3(i)(2) | 184 |
| Safe harbor for routine maintenance on property, Exceptions                          | 1.263(a)-3(i)(3) | 184 |
| Safe harbor for routine maintenance on property, class Life                          | 1.263(a)-3(i)(4) | 184 |
| Safe harbor for routine maintenance on property, coordination with section 263A      | 1.263(a)-3(i)(5) | 184 |

## **Improvement Standard Method Change Codes**

### **Betterment**

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| Capitalization of betterments, application of betterment rules, general                             | 1.263(a)-3(j)(2)(i)   | 184 |
| Capitalization of betterments, application of betterment rules, buildings                           | 1.263(a)-3(j)(2)(ii)  | 184 |
| Capitalization of betterments, application of betterment rules, unavailability of replacement parts | 1.263(a)-3(j)(2)(iii) | 184 |
| Capitalization of betterments, application of betterment rules, appropriate comparison              | 1.263(a)-3(j)(2)(iv)  | 184 |

### **Restoration**

|  |                  |     |
|--|------------------|-----|
| Capitalization of restorations, general  | 1.263(a)-3(k)(1) | 184 |
| Capitalization of restoration, application of betterment rules, buildings                      | 1.263(a)-3(k)(2) | 184 |
| Capitalization of restoration, exception for losses based on salvage value                     | 1.263(a)-3(k)(3) | 184 |
| Capitalization of restoration, restoration of damage from Casualty                             | 1.263(a)-3(k)(4) | 184 |
| Capitalization of restoration, rebuild to like-new condition                                   | 1.263(a)-3(k)(5) | 184 |
| Capitalization of restoration, replacement of a major component or substantial structural part | 1.263(a)-3(k)(6) | 184 |

### **Adaptation**

|  |                  |     |
|--|------------------|-----|
| Capitalization of amounts to adapt property to a new or different use, general   | 1.263(a)-3(l)(1) | 184 |
| Capitalization of amounts to adapt property to a new or different use, buildings | 1.263(a)-3(l)(2) | 184 |

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### **Improvement**

|                                 |               |     |
|---------------------------------|---------------|-----|
| Recovery of capitalized amounts | 1.263(a)-3(p) | 184 |
|---------------------------------|---------------|-----|