

# ***IRS issues accounting method change procedures for dispositions of tangible depreciable property***

*February 28, 2014*

## ***In brief***

The IRS today released [Rev. Proc. 2014-17](#), which provides rules pursuant to which taxpayers may make accounting method changes related to dispositions of tangible depreciable property under the proposed regulations issued on September 13, 2013 (REG-110732-13, 2013-43 IRB 404, 78 Fed. Reg. 57547) (the 2013 proposed regulations). This revenue procedure modifies/supersedes Rev. Proc. 2012-20, which was issued over a year ago regarding certain changes in method of accounting for dispositions of tangible depreciable property under the temporary regulations (T.D. 9564, 2012-14 IRB 614, 76 Fed. Reg. 81060) (the temporary disposition regulations).

Rev. Proc. 2014-17 also modifies certain sections of Rev. Proc. 2011-14, which provides the procedures for automatic changes in method of accounting. Rev. Proc. 2014-17 is designed to help taxpayers further analyze their current methods of accounting and implement any needed changes.

## ***In detail***

### ***Highlights of the revenue procedure***

Rev. Proc. 2014-17 explains that the 2013 proposed regulations, when finalized, will apply to tax years beginning on or after January 1, 2014, and will permit a taxpayer to choose to rely on them for tax years beginning on or after January 1, 2012, and before January 1, 2014. Alternatively, the 2013 proposed regulations, when finalized, will permit a taxpayer to apply the temporary disposition regulations to tax years beginning on or after January 1, 2012, and before January 1, 2014.

As anticipated, the revenue procedure includes the following:

- Accounting method change rules for dispositions of tangible depreciable property, and
- Application of statistical sampling.

Rev. Proc. 2014-17 also adds new accounting method changes to the Appendix of Rev. Proc. 2011-14 for the following:

- Revocation of general asset accounts election
- Late partial disposition election

- Partial dispositions of tangible depreciable assets to which the IRS's adjustment pertains
- Depreciation of leasehold improvements
- Permissible to permissible method of accounting for depreciation of MACRS property

## The takeaway

Rev. Proc. 2014-17 provides procedural guidance for taxpayers when disposing of tangible depreciable property. The revenue procedure also highlights the IRS's plan to publish the final regulations related to dispositions later in 2014 (the final disposition regulations). Rev. Proc. 2014-17 provides that the IRS will require taxpayers to apply the

final disposition regulations to tax years beginning on or after January 1, 2014, and that taxpayers will have the ability to early adopt the final disposition regulations.

Taxpayers should refer to this guidance as they further analyze their current methods of accounting regarding dispositions of tangible depreciable property and determine the changes that will need to be made

once the 2013 proposed disposition regulations are finalized.

## Resources to help you

PwC currently is drafting an in-depth analysis on the new guidance that will be released over the coming days.

## Let's talk

For a deeper discussion of how this issue might affect your business, please contact:

### Federal Tax Services

George Manousos, *Washington, DC*  
(202) 414-4317  
[george.manousos@us.pwc.com](mailto:george.manousos@us.pwc.com)

Annette Smith, *Washington, DC*  
(202) 414-1048  
[annette.smith@us.pwc.com](mailto:annette.smith@us.pwc.com)

Christine Turgeon, *New York*  
(646) 471-1660  
[christine.turgeon@us.pwc.com](mailto:christine.turgeon@us.pwc.com)

Jennifer Kennedy, *Washington, DC*  
(202) 414-1543  
[jennifer.kennedy@us.pwc.com](mailto:jennifer.kennedy@us.pwc.com)

Dennis Tingey, *Phoenix*  
(602) 364-8107  
[dennis.l.tingey@us.pwc.com](mailto:dennis.l.tingey@us.pwc.com)

### Tax Projects Delivery Group

Bob Love, *Milwaukee*  
(414) 212-1723  
[robert.love.@us.pwc.com](mailto:robert.love.@us.pwc.com)

Nina O'Connor, *McLean*  
(703) 918-3203  
[nina.oconnor@us.pwc.com](mailto:nina.oconnor@us.pwc.com)

### Regarding statistical sampling

Lin Smith, *Washington, DC*  
(202) 414-4687  
[linden.c.smith@us.pwc.com](mailto:linden.c.smith@us.pwc.com)

© 2014 PricewaterhouseCoopers LLP. All rights reserved. In this document, PwC refers to PricewaterhouseCoopers (a Delaware limited liability partnership), which is a member firm of PricewaterhouseCoopers International Limited, each member firm of which is a separate legal entity.

### SOLICITATION

This content is for general information purposes only, and should not be used as a substitute for consultation with professional advisors.