



OFFICE OF
CHIEF COUNSEL

DEPARTMENT OF THE TREASURY
INTERNAL REVENUE SERVICE
WASHINGTON, DC 20224

MEMORANDUM FOR GEORGE FREELAND,
W:CAR:MP:FP:S

FROM: Grant Anderson

SUBJECT: Update of Rev. Proc. 2002-9

We request that the attached approved revenue procedure, Rev. Proc. 2008-XX be submitted for approval to the Office of Management and Budget (OMB) under the streamlined procedure.

We originally received OMB approval for Rev. Proc. 97-36, Rev. Proc. 97-37, Rev. Proc. 97-38, and Rev. Proc. 97-39 on July 30, 1997, under control number 1545-1551. Rev. Proc. 97-37 was revised and reissued as Rev. Proc. 98-60, also under control number 1545-1551, on December 21, 1998. In turn, Rev. Proc. 98-60 was revised and reissued as Rev. Proc. 99-49, also under control number 1545-1551, on December 27, 1999, and Rev. Proc. 99-49 was revised and reissued as Rev. Proc. 2002-9. Now, Rev. Proc. 2002-9 is being revised and reissued as Rev. Proc. 2008-XX.

In general, Rev. Proc. XXXX-XX continues the same requirements as Rev. Proc. 2002-9. The areas in which the requirements have changed are described below.

First, Rev. Proc. 2002-9, §§ 6.04 and 6.05, required certain taxpayers that were before Appeals or a federal court to prepare and attach a statement that the method of accounting being changed was not an "issue under consideration" within the meaning of Rev. Proc. 2002-9. Rev. Proc. 2008-XX has eliminated this requirement.

Second, § 10.07 of Rev. Proc. 2008-XX (concerning repairable or reusable spare parts) requires a taxpayer making an accounting method change under this section to prepare and attach to its Form 3115 a statement of additional information. We estimate that approximately 5 taxpayers per year will make this change, and that the time required to prepare the required statement is approximately 1.5 hours. The estimated burden is 7.5 hours.

Third, § 14.01 of Rev. Proc. 2008-XX (concerning changes from an overall cash method to an overall accrual method) requires a taxpayer making an accounting method change under this section and adopting the recurring item exception to prepare and attach to its Form 3115 a statement describing liabilities for which the recurring item exception will be used. We estimate that approximately 10 taxpayers per year will make this change, and that the time required to prepare the required statement is approximately 2 hours. The estimated burden is 20 hours.

Fourth, § 14.09 of Rev. Proc. 2008-XX (concerning cash to accrual accounting method changes for specific items) requires a taxpayer making an accounting method change under this section to prepare and attach to its Form 3115 a statement describing the specific items being changed and explaining how the new method of accounting applies to each item. We estimate that approximately 10 taxpayers per year will make this change, and that the time required to prepare the required statement is approximately 2 hours. The estimated burden is 20 hours.

Fifth, § 14.12 of Rev. Proc. 2008-XX (concerning overall accounting method changes for certain banks) requires a taxpayer making an accounting method change under this section to enter additional information not normally required onto its Form 3115 describing in further detail the income and expenses of the taxpayer. We estimate that approximately 25 taxpayers per year will make this change, and that the time required to prepare the required statement is approximately 3 hours. The estimated burden is 75 hours.

Sixth, § 15.07 of Rev. Proc. 2008-XX (concerning accounting method changes for advance payments) requires a taxpayer making an accounting method change under this section and including a certain allocation within that change must prepare and attach to its Form 3115 a description of the allocation. We estimate that approximately 30 taxpayers per year will make this change, and that the time required to prepare the required statement is approximately 1.5 hours. The estimated burden is 45 hours.

Seventh, § 20.01 of Rev. Proc. 2008-XX (concerning accounting method changes for rental income or expense) requires a taxpayer making an accounting method change under this section to attach a copy of the rental agreement to its Form 3115. We estimate that approximately 30 taxpayers per year will make this change,

and that the time required to prepare the required statement is approximately 0.5 hours. The estimated burden is 15 hours.

Eighth, § 24.01 of Rev. Proc. 2008-XX (concerning changes from the reserve method to the specific charge-off method for bad debts) requires a taxpayer making an accounting method change under this section and electing early recognition of its § 481(a) adjustment to submit an additional copy of its Form 3115. We estimate that approximately 5 taxpayers per year will make this change, and that the time required to prepare the required statement is approximately 1 hour. The estimated burden is 5 hours.

Sections 6.14, 8.01, 8.02 and 8.03 of Rev. Proc. 2008-XX also contain solicitations of information that are new to Rev. Proc. 2008-XX. These sections, however, are merely recompilations of provisions that appeared in Notice 2006-74 and are covered under control number 1545-1986. Accordingly, we have not counted the burden of these sections in computing the revised burden for Rev. Proc. 2008-XX.

Except for the instances described above, the burden descriptions and calculations for Rev. Proc. 2008-XX remain the same as they were for Rev. Proc. 2002-9. Accordingly, with respect to Rev. Proc. 2008-XX, we estimate that the total number of respondents will be 13,165 and the total annual recordkeeping or reporting burden is 13,819 hours.

Thank you for your attention to this matter. Please contact me at (202) 622-7023 with any questions or comments.

Burden calculations:

Existing burden for 2002-9:	13,195 respondents	13,804 hours
Less: §§ 6.04, 6.05	<60> respondents	<15> hours
plus: Appendix ' 10.07	5 respondents	7.5 hours
plus: Appendix ' 14.01	10 respondents	20 hours
plus: Appendix ' 14.09	10 respondents	20 hours
plus: Appendix § 14.12	25 respondents	75 hours
plus: Appendix § 15.07	30 respondents	45 hours
plus: Appendix § 20.01	30 respondents	15 hours
plus: Appendix § 24.01	5 respondents	5 hours
Revised burden for XX-XXXX	13,250 respondents	13,976 hours