

**TAX SEASON 2015 PROCEDURES**  
**RELATED TO THE FINAL TANGIBLE PROPERTY REGULATIONS**  
**(for tax years beginning on or after Jan. 1, 2014)**

**Checklist**

- The CBM “Checklist of Elections and CAMs Made in 2014 Under the Final Tangible Property Regulations Effective Jan. 1, 2014” should be completed and made part of the checklist for (i) all business returns and (ii) all individual returns with business activity (ie: Schedules C, E, and/or F).
- The Checklist can be found on the CBM Intranet, under Tax, and Forms.
- The Elections (top half of the checklist) should be considered for all business taxpayers.
- CAMS (changes of accounting method) to adopt the final regulations are made on Form(s) 3115. The most common CAMs associated with the final regulations affecting CBM clients are included on the checklist. There may be other changes not listed here that need to be filed for a particular client. At a minimum, every client with any tangible property should be filing changes #184 and #192.
- Note the exception to filing any 3115 forms for a “small business taxpayer”, as defined in Rev. Proc. 2015-20. This exception does not apply if the client will be claiming a deduction for a prior year disposition (or partial disposition) or write-off of a previously capitalized repair – i.e. will be making a §481(a) adjustment.

**3115 Procedures:**

- Although the Regulations allow for the grouping of multiple changes on one Form 3115, the current version of ProFX can only accommodate one change per Form 3115.

· In order to streamline the process, one attachment should be prepared (where possible) to address the multiple changes and Form 3115s. The attachment can then be attached (i) to the filing copy of each 3115 required to be mailed to Ogden, and (ii) to the e-filed return (as an optional pdf attachment). The pdf attachment should be stored in the file T:\WFX32\PDF\2014. See screen shot below:

The screenshot shows a software interface titled "7 - PDF Attachment - Optional". At the top, there is a "Select" button, navigation arrows, and "1 of 1" with "Add" and "Delete" buttons. Below this is a form with the following fields:

- 1 FS: [ ] State: [ ] XforNYC:  Form 114: PDF attachments are not supported by FinCen. No PDF attachments will be transmitted with Form 114.
- 2 Attachment Location: T:\WFX32\PDF\2014\2014 MILLER BROTHERS CHEV. OLDS 3115 ATTACHMENT 13840-0000.PDF
- 3 Attachment Name: FORMS 3115 ATTACHMENT
- 4 X to included PDF's with extension:

· To assist in the preparation of the forms, Word Templates have been prepared for clients required to file 3115s (i.e. not a “small taxpayer”) with a 481(a) adjustment = \$0. The sections in red should be modified or deleted, depending on the client. The Templates are found in [N:\TAXDEPT\Form 3115 Templates](#) for clients making changes (i) #184 and #192, and (ii) #184, #186, and #192. Save the template to a file on your desktop before making any changes. Save the final attachment as a “pdf” file to attach to the electronically filed return.

· To use as an example and a guide, attached is a completed Forms 3115 package for a client making three changes with no §481(a) adjustment.



**CHECKLIST OF ELECTIONS & CAMs MADE IN 2014  
UNDER THE FINAL TANGIBLE PROPERTY REGULATIONS EFFECTIVE JAN. 1, 2014**

Taxpayer: _____				
<b>Elections Made &amp; Forms 3115 for CAMs Filed in the Federal Tax Return for the Year Ended December 31, 2014</b>				
	Election Made (in 2014 Return)		Form 3115 Filed?	
	Yes	No	Yes	No
<b>Elections (Made by Statements Included in the Tax Return Filed)</b>				
• Election of safe harbor <i>de minimis</i> for materials, supplies and small-dollar amount purchases				
• "Election" to deduct losses on dispositions and/or partial dispositions of assets which occurred in 2014 – Report on Form 4797 (may also need to File 3115 - change #184)				
• Election of safe harbor <i>de minimis</i> improvement costs (for small taxpayers with eligible property***)				
• Election to capitalize otherwise deductible repair & maintenance costs (to agree with books/financials)				
• Other				
<b>CAMs (Made by Including Forms 3115 in the Tax Return Filed)*</b>				
• Application of new definitions in the Final Regulations for determining the consequences of certain items or activities (effective Jan. 1, 2014 and prior years) - #184				
- Unit of property definitions for buildings and/or assets other than buildings				
- Changes resulting from determinations under new concepts regarding capital expenditures (including betterments, restorations, and adaptations) and deductible repairs and maintenance.				
- Deducting previously capitalized repair/maintenance costs ≈				
- Capitalizing previously deducted repair and maintenance costs ** ≈				
• Change to deducting non-incidentals materials and supplies when used or consumed #186				
• Change to deducting incidentals materials and supplies when used or consumed #187				
• Correction of improper depreciation of MACRS property #7 ≈				
• Computation of proper depreciation for leasehold improvements and/or leased assets over the useful life of the assets (instead of over the term – or the term including extensions – of the lease) #199 ≈				
• Late "election" to deduct losses on dispositions and/or partial dispositions of assets which occurred in "applicable" years (2012 and/or 2013) #196, ≈ or prior years #205 / #206 ≈				
• Application of Final Regs re: amounts paid to acquire or produce tangible property #192				
<b>Comments</b>				
* Note: A copy of the Form 3115 is required to be filed with the IRS in Ogden, Utah. ≈ Requires 481(a) adjustment.				
** Determinations regarding activities resulting in betterments, restorations and/or adaptations under the new Regulations (and which should be capitalized as improvements under the new criteria), but were previously expensed / deducted.				
*** Small Taxpayer has avg annual gross receipts of <\$10M for prior 3 years. Can elect to deduct all repairs, maintenance, and improvements for each "eligible bldg property (unadj. basis of \$1M or less)" if total property expenditures do not exceed the lesser of (i) \$10,000 or (ii) 2% of the unadj. basis.				
• If the income tax return filed for 2014 is (i) an initial return or (ii) for a small business taxpayer without a Sec. 481(a) adjustment, it is not necessary to file any Forms 3115. Per Rev. Proc. 2015-20, a small business taxpayer has (a) less than \$10M assets (Sch. L) as of the end of the year OR (b) less than \$10M average annual gross receipts for the previous 3 years.				
<b>A copy of this Form should be placed in the permanent tax files for this client.</b>				

**TAXPAYER NAME**  
**FEIN: XX-XXXXXXX**

**Attachment to Form 3115**  
**(Automatic Change Request # 184 and # 192)**  
**Tax year of change begins Jan. 1, 2014 and ends Dec. 31, 2014**

**Part II, Question 10b - Pending Requests for Change (if applicable)**

Taxpayer has made the following automatic requests for a change in accounting method, for the tax year ending December 31, 201X:

# 196 Late partial disposition election

XYZ Company (EIN XX-XXXXXXX), a related party (as defined in §267) to the Taxpayer, has made the following automatic requests for a change in accounting method, for the tax year ending December 31, 2014:

# 184 Capitalize amounts incurred for improvements to tangible property and deduct repairs and maintenance costs

# 186 Deduct non-incident material and supplies when used or consumed

# 192 Capitalize acquisition or production costs

**Part II, Question 12a - Items being changed**

Taxpayer is changing its method of accounting to adopt the following Tangible Property Regulations:

<u>DCN</u>	<u>Subject Matter or Issue</u>	<u>Reg. Section</u>
184	Repairs and Maintenance	1.162-4(a)
184	Capital Expenditures in general	1.263(a)-1(a)
	Amounts paid to improve tangible property:	
184	Definitions	1.263(a)-3(b)
184	Requirements to capitalize amounts paid	1.263(a)-3(d)
184	Unit of property	1.263(a)-3(e),(f)
184	Special rules for determining improvement costs	1.263(a)-3(g)(1)
184	Safe harbor for routine maintenance on property	1.263(a)-3(i)
184	Capitalization of betterments	1.263(a)-3(j)
184	Capitalization of restorations	1.263(a)-3(k)
184	Capitalization of amounts to adapt property to a new or different use	1.263(a)-3(l)
	Amounts paid to acquire or produce tangible property:	
192	Requirements to capitalize amounts paid	1.263(a)-2(d)
192	Defense or perfection of title to property	1.263(a)-2(e)
192	Transactions costs	1.263(a)-2(f)
192	Treatment of Capital Expenditures	1.263(a)-2(g)

**Part II, Question 12b - Present Method**

Taxpayer's present accounting method follows superseded Treasury guidance that generally concludes that (a) the cost of incidental repairs which neither materially add to the value of a property nor appreciably prolong its life, but keep a property in an ordinary efficient operating condition, are deducted, (b) repairs in the nature of replacements, to the extent that they arrest deterioration and appreciably prolong the life of a property, are capitalized, and (c) amounts paid to acquire, produce, or improve tangible property are capitalized. Taxpayer has not been employing any defined unit of property criteria.

**Part II, Question 12c - Proposed Method**

Taxpayer proposes to use the guidance of §1.162-4 and other sections of the Tangible Property Regulations to determine whether an expenditure should be deducted as a repair and maintenance expense or should be capitalized under §1.263(a)-1, §1.263(a)-2, or §1.263(a)-3. Taxpayer will capitalize all expenditures that

result in betterment, restoration, or adapt property to a new or different use following the tests under §1.263(a)-3(j), (k), and (l). Taxpayer will employ the routine maintenance safe harbor of §1.263(a)-3(i).

Taxpayer will determine the unit of property using the functional inter-dependence standard under §1.263(a)-3(e) and the special rules (i.e. buildings, building systems, and MACRS conformity) in applying its capitalization standard. Taxpayer will account for each building, including the building structure and all building systems, as one unit of property. Additionally, the Taxpayer will account for land improvements, such as parking lots, landscaping and outside lighting, as a separate unit of property. (Remove last two sentences if no real property owned or leased).

**Part II, Question 12d - Present Overall Method**

The Taxpayer's present overall method of accounting is the **accrual** method.

**Part II, Question 13 - Trade or Business**

The Taxpayer's trade or business is the sale of new and used vehicles, the sale of parts for vehicles, and the sale of repair services for vehicles. The Principal Activity Code is 441110.

**Part IV, Question 25 - Sec. 481(a) adjustment**

Taxpayer does not believe its present methods of accounting are contrary to the proposed methods. Therefore, Taxpayer does not have an IRC §481(a) adjustment related to those methods.

**Additional Information**

Taxpayer agrees to the terms and conditions of Rev. Proc. 2015-13 and 2015-14 that are necessary or required to effect the method changes which are the subject matter of these applications.

**TAXPAYER NAME**  
**FEIN: XX-XXXXXXX**

**Attachment to Form 3115**  
**(Automatic Change Request # 184, # 186 and # 192)**  
**Tax year of change begins Jan. 1, 2014 and ends Dec. 31, 2014**

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XYZ Company (EIN XX-XXXXXXX), a related party (as defined in §267) to the Taxpayer, has made the following automatic requests for a change in accounting method, for the tax year ending December 31, 2014:

# 184 Capitalize amounts incurred for improvements to tangible property and deduct repairs and maintenance costs

# 186 Deduct non-incidental material and supplies when used or consumed

# 192 Capitalize acquisition or production costs

**Part II, Question 12a - Items being changed**

Taxpayer is changing its method of accounting to adopt the following Tangible Property Regulations:

<u>DCN</u>	<u>Subject Matter or Issue</u>	<u>Reg. Section</u>
184	Repairs and Maintenance	1.162-4(a)
184	Capital Expenditures in general	1.263(a)-1(a)
	Amounts paid to improve tangible property:	
184	Definitions	1.263(a)-3(b)
184	Requirements to capitalize amounts paid	1.263(a)-3(d)
184	Unit of property	1.263(a)-3(e),(f)
184	Special rules for determining improvement costs	1.263(a)-3(g)(1)
184	Safe harbor for routine maintenance on property	1.263(a)-3(i)
184	Capitalization of betterments	1.263(a)-3(j)
184	Capitalization of restorations	1.263(a)-3(k)
184	Capitalization of amounts to adapt property to a new or different use	1.263(a)-3(l)
	Amounts paid to acquire or produce tangible property:	
192	Requirements to capitalize amounts paid	1.263(a)-2(d)
192	Defense or perfection of title to property	1.263(a)-2(e)
192	Transactions costs	1.263(a)-2(f)
192	Treatment of Capital Expenditures	1.263(a)-2(g)
186	Non-incidental material and supplies	1.162-3(a)(1)
186	Material and supplies definition	1.162-3(c)

**Part II, Question 12b - Present Method**

Taxpayer's present accounting method follows superseded Treasury guidance that generally concludes that (a) the cost of incidental repairs which neither materially add to the value of a property nor appreciably prolong its life, but keep a property in an ordinary efficient operating condition, are deducted, (b) repairs in the nature of replacements, to the extent that they arrest deterioration and appreciably prolong the life of a property, are capitalized, and (c) amounts paid to acquire, produce, or improve tangible property are capitalized. Taxpayer has not been employing any defined unit of property criteria. Taxpayer expenses non-incidental material and supplies.

### **Part II, Question 12c - Proposed Method**

Taxpayer proposes to use the guidance of §1.162-4 and other sections of the Tangible Property Regulations to determine whether an expenditure should be deducted as a repair and maintenance expense or should be capitalized under §1.263(a)-1, §1.263(a)-2, or §1.263(a)-3. Taxpayer will capitalize all expenditures that result in betterment, restoration, or adapt property to a new or different use following the tests under §1.263(a)-3(j),(k), and (l). Taxpayer will employ the routine maintenance safe harbor of §1.263(a)-3(i).

Taxpayer will determine the unit of property using the functional inter-dependence standard under §1.263(a)-3(e) and the special rules (i.e. buildings, building systems, and MACRS conformity) in applying its capitalization standard. Taxpayer will account for each building, including the building structure and all building systems, as one unit of property. Additionally, the Taxpayer will account for land improvements, such as parking lots, landscaping and outside lighting, as a separate unit of property. (Remove last two sentences if no real property is owned or leased).

Taxpayer proposes to use the guidance of §1.162-3 to deduct non-incidental material and supplies when used or consumed.

### **Part II, Question 12d - Present Overall Method**

The Taxpayer's present overall method of accounting is the **accrual** method.

### **Part II, Question 13 - Trade or Business**

The Taxpayer's trade or business is the sale of new and used vehicles, the sale of parts for vehicles, and the sale of repair services for vehicles. The Principal Activity Code is 441110.

### **Part IV, Question 25 - Sec. 481(a) adjustment**

Taxpayer does not believe its present methods of accounting are contrary to the proposed methods. Therefore, Taxpayer does not have an IRC §481(a) adjustment related to those methods.

### **Additional Information**

Taxpayer agrees to the terms and conditions of Rev. Proc. 2015-13 and 2015-14 that are necessary or required to effect the method changes which are the subject matter of these applications.

# 2014 TAX RETURN FILING INSTRUCTIONS

U.S. INCOME TAX RETURN FOR AN S CORPORATION

FOR THE YEAR ENDING

December 31, 2014

<b>Prepared for</b>	Miller Brothers Chevrolet Oldsmobile Cadillac, Inc. 9035 Baltimore National Pike Ellicott City, MD 21042
<b>Prepared by</b>	Councilor, Buchanan & Mitchell, P.C. 7910 Woodmont Avenue, Suite 500 Bethesda, MD 20814
<b>To be signed and dated by</b>	The appropriate corporate officer(s).
<b>Amount of tax</b>	Total tax \$ ..... 0 Less: payments and credits \$ ..... 0 Plus: other amount \$ ..... 0 Plus: interest and penalties \$ ..... 0 No pmt required \$ .....
<b>Overpayment</b>	Credited to your estimated tax \$ ..... 0 Other amount \$ ..... 0 Refunded to you \$ ..... 0
<b>Make check payable to</b>	Not applicable
<b>Mail tax return and check (if applicable) to</b>	This return has qualified for electronic filing. After you have reviewed the return for accuracy, please sign, date and return Form 8879-S to our office. We will transmit your return electronically to the IRS, and no further action is required.
<b>Return must be mailed on or before</b>	Return federal Form 8879-S to us by March 16, 2015.
<b>Special Instructions</b>	Enclosed are copies of Schedule K-1 to be distributed to the shareholders.  Enclosed are multiple Forms 3115. The original forms have been included with the electronic copy of the Federal income tax return. A copy should be mailed when the return is filed to:  Internal Revenue Service 1973 North Rulon White Blvd. Mail Stop 4917 Ogden, UT 84404



# Application for Change in Accounting Method

OMB No. 1545-0152

Name of filer (name of parent corporation if a consolidated group) (see instructions)  <b>MILLER BROTHERS CHEVROLET OLDSMOBILE CADILLAC, INC.</b>	Identification number (see instructions) <b>52-1486069</b>
Number, street, and room or suite no. If a P.O. box, see the instructions. <b>9035 BALTIMORE NATIONAL PIKE</b>	Principal business activity code number (see instructions) <b>441110</b>
City or town, state, and ZIP code <b>ELLICOTT CITY, MD 21042</b>	Tax year of change begins (MM/DD/YYYY) <b>01/01/2014</b> Tax year of change ends (MM/DD/YYYY) <b>12/31/2014</b>
Name of applicant(s) (if different than filer) and identification number(s) (see instructions)	Name of contact person (see instructions) <b>MR. ROBERT MILLER</b>
	Contact person's telephone number <b>(410) 465-1301</b>

If the applicant is a member of a consolidated group, check this box

If Form 2848, Power of Attorney and Declaration of Representative, is attached (see instructions for when Form 2848 is required), check this box

<b>Check the box to indicate the type of applicant.</b> <input type="checkbox"/> Individual <input type="checkbox"/> Corporation <input type="checkbox"/> Controlled foreign corporation (Sec. 957) <input type="checkbox"/> 10/50 corporation (Sec. 904(d)(2)(E)) <input type="checkbox"/> Qualified personal service corporation (Sec. 448(d)(2)) <input type="checkbox"/> Exempt organization. Enter Code section <input type="checkbox"/>	<input type="checkbox"/> Cooperative (Sec. 1381) <input type="checkbox"/> Partnership <input checked="" type="checkbox"/> S corporation <input type="checkbox"/> Insurance co. (Sec. 816(a)) <input type="checkbox"/> Insurance co. (Sec. 831) <input type="checkbox"/> Other (specify) <input type="checkbox"/>
<b>Check the appropriate box to indicate the type of accounting method change being requested. (see instructions)</b> <input type="checkbox"/> Depreciation or Amortization <input type="checkbox"/> Financial Products and/or Financial Activities of Financial Institutions <input type="checkbox"/> Other (specify) <input type="checkbox"/>	

**Caution.** To be eligible for approval of the requested change in method of accounting, the taxpayer must provide all information that is relevant to the taxpayer or to the taxpayer's requested change in method of accounting. This includes all information requested on this Form 3115 (including its instructions), as well as any other information that is not specifically requested.

The taxpayer must attach all applicable supplemental statements requested throughout this form.

Part I Information For Automatic Change Request	Yes	No
1 Enter the applicable designated automatic accounting method change number for the requested automatic change. Enter only one designated automatic accounting method change number, except as provided for in guidance published by the IRS. If the requested change has no designated automatic accounting method change number, check "Other," and provide both a description of the change and citation of the IRS guidance providing the automatic change. See instructions. (a) Change No. <u>184</u> (b) Other <input type="checkbox"/> Description <input type="checkbox"/>		
2 Do any of the scope limitations described in section 4.02 of Rev. Proc. 2008-52 cause automatic consent to be unavailable for the applicant's requested change? If "Yes," attach an explanation		X

Note. Complete Part II below and then Part IV, and also Schedules A through E of this form (if applicable).

Part II Information For All Requests	Yes	No
3 Did or will the applicant cease to engage in the trade or business to which the requested change relates, or terminate its existence, in the tax year of change (see instructions)? If "Yes," the applicant is not eligible to make the change under automatic change request procedures.		X
4a Does the applicant (or any present or former consolidated group in which the applicant was a member during the applicable tax year(s)) have any Federal income tax return(s) under examination (see instructions)? If "No," go to line 5.		X
b Is the method of accounting the applicant is requesting to change an issue (with respect to either the applicant or any present or former consolidated group in which the applicant was a member during the applicable tax year(s)) either (i) under consideration or (ii) placed in suspense (see instructions)?		

**Signature (see instructions)**

Under penalties of perjury, I declare that I have examined this application, including accompanying schedules and statements, and to the best of my knowledge and belief, the application contains all the relevant facts relating to the application, and it is true, correct, and complete. Declaration of preparer (other than applicant) is based on all information of which preparer has any knowledge.

**Filer**

**Preparer (other than filer/applicant)**

\_\_\_\_\_  
Signature and date

\_\_\_\_\_  
Signature of individual preparing the application and date

\_\_\_\_\_  
Name and title (print or type)

**JOHN R. COMUNALE**

\_\_\_\_\_  
Name of individual preparing the application (print or type)

**COUNCILOR, BUCHANAN & MITCHELL, P.C.**  
Name of firm preparing the application

<b>Part II Information For All Requests</b> (continued)		<b>Yes</b>	<b>No</b>
<b>4c</b>	Is the method of accounting the applicant is requesting to change an issue pending (with respect to either the applicant or any present or former consolidated group in which the applicant was a member during the applicable tax year(s)) for any tax year under examination (see instructions)?		
<b>d</b>	Is the request to change the method of accounting being filed under the procedures requiring that the operating division director consent to the filing of the request (see instructions)? If "Yes," attach the consent statement from the director.		
<b>e</b>	Is the request to change the method of accounting being filed under the 90-day or 120-day window period? If "Yes," check the box for the applicable window period and attach the required statement (see instructions). <input type="checkbox"/> 90 day <input type="checkbox"/> 120 day: Date examination ended ▶ _____		
<b>f</b>	If you answered "Yes" to line 4a, enter the name and telephone number of the examining agent and the tax year(s) under examination. Name ▶ _____ Telephone no. ▶ _____ Tax year(s) ▶ _____		
<b>g</b>	Has a copy of this Form 3115 been provided to the examining agent identified on line 4f?		
<b>5a</b>	Does the applicant (or any present or former consolidated group in which the applicant was a member during the applicable tax year(s)) have any Federal income tax return(s) before Appeals and/or a Federal court? If "Yes," enter the name of the (check the box) <input type="checkbox"/> Appeals officer and/or <input type="checkbox"/> counsel for the government, telephone number, and the tax year(s) before Appeals and/or a Federal court. Name ▶ _____ Telephone no. ▶ _____ Tax year(s) ▶ _____		<b>X</b>
<b>b</b>	Has a copy of this Form 3115 been provided to the Appeals officer and/or counsel for the government identified on line 5a?		
<b>c</b>	Is the method of accounting the applicant is requesting to change an issue under consideration by Appeals and/or a Federal court (for either the applicant or any present or former consolidated group in which the applicant was a member for the tax year(s) the applicant was a member) (see instructions)? If "Yes," attach an explanation.		<b>X</b>
<b>6</b>	If the applicant answered "Yes" to line 4a and/or 5a with respect to any present or former consolidated group, attach a statement that provides each parent corporation's (a) name, (b) identification number, (c) address, and (d) tax year(s) during which the applicant was a member that is under examination, before an Appeals office, and/or before a Federal court.		
<b>7</b>	If, for federal income tax purposes, the applicant is either an entity (including a limited liability company) treated as a partnership or an S corporation, is it requesting a change from a method of accounting that is an issue under consideration in an examination, before Appeals, or before a Federal court, with respect to a Federal income tax return of a partner, member, or shareholder of that entity? If "Yes," the applicant is <b>not</b> eligible to make the change.		<b>X</b>
<b>8a</b>	Does the applicable revenue procedure (advance consent or automatic consent) state that the applicant does not receive audit protection for the requested change (see instructions)?		<b>X</b>
<b>b</b>	If "Yes," attach an explanation.		
<b>9a</b>	Has the applicant, its predecessor, or a related party requested or made (under either an automatic change procedure or a procedure requiring advance consent) a change in method of accounting within the past 5 years (including the year of the requested change)?	<b>X</b>	
<b>b</b>	If "Yes," for each trade or business, attach a description of each requested change in method of accounting (including the tax year of change) and state whether the applicant received consent. <b>SEE STATEMENT 1</b>		
<b>c</b>	If any application was withdrawn, not perfected, or denied, or if a Consent Agreement granting a change was not signed and returned to the IRS, or the change was not made or not made in the requested year of change, attach an explanation.		
<b>10a</b>	Does the applicant, its predecessor, or a related party currently have pending any request (including any concurrently filed request) for a private letter ruling, change in method of accounting, or technical advice?		<b>X</b>
<b>b</b>	If "Yes," for each request attach a statement providing the name(s) of the taxpayer, identification number(s), the type of request (private letter ruling, change in method of accounting, or technical advice), and the specific issue(s) in the request(s).		
<b>11</b>	Is the applicant requesting to change its <b>overall</b> method of accounting? If "Yes," check the appropriate boxes below to indicate the applicant's present and proposed methods of accounting. Also, complete Schedule A on page 4 of this form.		<b>X</b>
	<b>Present method:</b> <input type="checkbox"/> Cash <input type="checkbox"/> Accrual <input type="checkbox"/> Hybrid (attach description)		
	<b>Proposed method:</b> <input type="checkbox"/> Cash <input type="checkbox"/> Accrual <input type="checkbox"/> Hybrid (attach description)		

<b>Part II Information For All Requests</b> (continued)		Yes	No						
<b>12</b>	If the applicant is either (i) <b>not</b> changing its overall method of accounting, or (ii) is changing its overall method of accounting and also changing to a special method of accounting for one or more items, attach a detailed and complete description for each of the following: <b>a</b> The item(s) being changed. <b>b</b> The applicant's present method for the item(s) being changed. <b>SEE STATEMENT 2</b> <b>c</b> The applicant's proposed method for the item(s) being changed. <b>d</b> The applicant's present overall method of accounting (cash, accrual, or hybrid).								
<b>13</b>	Attach a detailed and complete description of the applicant's trade(s) or business(es), and the principal business activity code for each. If the applicant has more than one trade or business as defined in Regulations section 1.446-1(d), describe: whether each trade or business is accounted for separately; the goods and services provided by each trade or business and any other types of activities engaged in that generate gross income; the overall method of accounting for each trade or business; and which trade or business is requesting to change its accounting method as part of this application or a separate application.								
<b>14</b>	Will the proposed method of accounting be used for the applicant's books and records and financial statements? For insurance companies, see the instructions ..... If "No," attach an explanation.	X							
<b>15a</b>	Has the applicant engaged, or will it engage, in a transaction to which section 381(a) applies (e.g., a reorganization, merger, or liquidation) during the proposed tax year of change determined without regard to any potential closing of the year under section 381(b)(1)? .....		X						
<b>b</b>	If "Yes," for the items of income and expense that are the subject of this application, attach a statement identifying the methods of accounting used by the parties to the section 381(a) transaction immediately before the date of distribution or transfer and the method(s) that would be required by section 381(c)(4) or (c)(5) absent consent to the change(s) requested in this application.								
<b>16</b>	Does the applicant request a conference with the IRS National Office if the IRS proposes an adverse response? .....	X							
<b>17</b>	If the applicant is changing to either the overall cash method, an overall accrual method, or is changing its method of accounting for any property subject to section 263A, any long-term contract subject to section 460, or inventories subject to section 474, enter the applicant's gross receipts for the 3 tax years preceding the tax year of change. <table border="1" style="width:100%; border-collapse: collapse;"> <tr> <td style="width:33%;">1st preceding year ended: mo.          yr.</td> <td style="width:33%;">2nd preceding year ended: mo.          yr.</td> <td style="width:33%;">3rd preceding year ended: mo.          yr.</td> </tr> <tr> <td>\$ _____</td> <td>\$ _____</td> <td>\$ _____</td> </tr> </table>	1st preceding year ended: mo.          yr.	2nd preceding year ended: mo.          yr.	3rd preceding year ended: mo.          yr.	\$ _____	\$ _____	\$ _____		
1st preceding year ended: mo.          yr.	2nd preceding year ended: mo.          yr.	3rd preceding year ended: mo.          yr.							
\$ _____	\$ _____	\$ _____							

<b>Part III Information For Advance Consent Request</b>		Yes	No
<b>18</b>	Is the applicant's requested change described in any revenue procedure, revenue ruling, notice, regulation, or other published guidance as an automatic change request? ..... If "Yes," attach an explanation describing why the applicant is submitting its request under advance consent request procedures.		
<b>19</b>	Attach a full explanation of the legal basis supporting the proposed method for the item being changed. Include a detailed and complete description of the facts that explains how the law specifically applies to the applicant's situation and that demonstrates that the applicant is authorized to use the proposed method. Include all authority (statutes, regulations, published rulings, court cases, etc.) supporting the proposed method. Also, include either a discussion of the contrary authorities or a statement that no contrary authority exists.		
<b>20</b>	Attach a copy of all documents related to the proposed change (see instructions).		
<b>21</b>	Attach a statement of the applicant's reasons for the proposed change.		
<b>22</b>	If the applicant is a member of a consolidated group for the year of change, do all other members of the consolidated group use the proposed method of accounting for the item being changed? ..... If "No," attach an explanation.		
<b>23a</b>	Enter the amount of <b>user fee</b> attached to this application (see instructions). ► \$ _____		
<b>b</b>	If the applicant qualifies for a reduced user fee, attach the required information or certification (see instructions).		

<b>Part IV Section 481(a) Adjustment</b>		Yes	No
<b>24</b>	Does the applicable revenue procedure, revenue ruling, notice, regulation, or other published guidance require the applicant to implement the requested change in method of accounting on a cut-off basis rather than a section 481(a) adjustment? ..... If "Yes," do not complete lines 25, 26, and 27 below.		X
<b>25</b>	Enter the section 481(a) adjustment. Indicate whether the adjustment is an increase (+) or a decrease (-) in income. ► \$ <u>0</u> Attach a summary of the computation and an explanation of the methodology used to determine the section 481(a) adjustment. If it is based on more than one component, show the computation for each component. If more than one applicant is applying for the method change on the same application, attach a list of the name, identification number, principal business activity code (see instructions), and the amount of the section 481(a) adjustment attributable to each applicant.		

<b>Part IV Section 481(a) Adjustment</b> (continued)	<b>Yes</b>	<b>No</b>
<b>26</b> If the section 481(a) adjustment is an increase to income of less than \$25,000, does the applicant elect to take the entire amount of the adjustment into account in the year of change? .....		
<b>27</b> Is any part of the section 481(a) adjustment attributable to transactions between members of an affiliated group, a consolidated group, a controlled group, or other related parties? .....		<b>X</b>
If "Yes," attach an explanation.		

**Schedule A - Change in Overall Method of Accounting** (If Schedule A applies, Part I below must be completed.)

<b>Part I Change in Overall Method</b> (see instructions)	<b>Amount</b>
<b>1</b> Enter the following amounts as of the close of the tax year preceding the year of change. If none, state "None." Also, attach a statement providing a breakdown of the amounts entered on lines 1a through 1g.	
<b>a</b> Income accrued but not received (such as accounts receivable) .....	\$
<b>b</b> Income received or reported before it was earned (such as advanced payments). Attach a description of the income and the legal basis for the proposed method .....	
<b>c</b> Expenses accrued but not paid (such as accounts payable) .....	
<b>d</b> Prepaid expenses previously deducted .....	
<b>e</b> Supplies on hand previously deducted and/or not previously reported .....	
<b>f</b> Inventory on hand previously deducted and/or not previously reported. Complete Schedule D, Part II .....	
<b>g</b> Other amounts (specify). Attach a description of the item and the legal basis for its inclusion in the calculation of the section 481(a) adjustment. ▶ .....	
<b>h Net section 481(a) adjustment</b> (Combine lines 1a -1g.) Indicate whether the adjustment is an increase (+) or decrease (-) in income. Also enter the net amount of this section 481(a) adjustment amount on Part IV, line 25 .....	\$
<b>2</b> Is the applicant also requesting the recurring item exception under section 461(h)(3)? .....	<input type="checkbox"/> <b>Yes</b> <input type="checkbox"/> <b>No</b>
<b>3</b> Attach copies of the profit and loss statement (Schedule F (Form 1040) for farmers) and the balance sheet, if applicable, as of the close of the tax year preceding the year of change. Also attach a statement specifying the accounting method used when preparing the balance sheet. If books of account are not kept, attach a copy of the business schedules submitted with the Federal income tax return or other return (e.g., tax-exempt organization returns) for that period. If the amounts in Part I, lines 1a through 1g, do not agree with those shown on both the profit and loss statement and the balance sheet, attach a statement explaining the differences.	

<b>Part II Change to the Cash Method For Advance Consent Request</b> (see instructions)
Applicants requesting a change to the cash method must attach the following information:
<b>1</b> A description of inventory items (items whose production, purchase, or sale is an income-producing factor) and materials and supplies used in carrying out the business.
<b>2</b> An explanation as to whether the applicant is required to use the accrual method under any section of the Code or regulations.

**Schedule B - Change to the Deferral Method for Advance Payments** (see instructions)

<b>1</b> If the applicant is requesting to change to the Deferral Method for advance payments described in section 5.02 of Rev. Proc. 2004-34, 2004-1 C.B. 991, attach the following information:
<b>a</b> A statement explaining how the advance payments meet the definition in section 4.01 of Rev. Proc. 2004-34.
<b>b</b> If the applicant is filing under the automatic change procedures of Rev. Proc. 2008-52, the information required by section 8.02(3)(a)-(c) of Rev. Proc. 2004-34.
<b>c</b> If the applicant is filing under the advance consent provisions of Rev. Proc. 97-27, the information required by section 8.03(2)(a)-(f) of Rev. Proc. 2004-34.
<b>2</b> If the applicant is requesting to change to the deferral method for advance payments described in Regulations section 1.451-5(b)(1)(ii), attach the following.
<b>a</b> A statement explaining how the advance payments meet the definition in Regulations section 1.451-5(a)(1).
<b>b</b> A statement explaining what portions of the advance payments, if any, are attributable to services, whether such services are integral to the provisions of goods or items, and whether any portions of the advance payments that are attributable to non-integral services are less than five percent of the total contract prices. See Regulations sections 1.451-5(a)(2)(i) and (3).
<b>c</b> A statement explaining that the advance payments will be included in income no later than when included in gross receipts for purposes of the applicant's financial reports. See Regulations section 1.451-5(b)(1)(ii).
<b>d</b> A statement explaining whether the inventoriable goods exception of Regulations section 1.451-5(c) applies and if so, when substantial advance payments will be received under the contracts, and how the exception will limit the deferral of income.

**Schedule C - Changes Within the LIFO Inventory Method** (see instructions)**Part I General LIFO Information**

Complete this section if the requested change involves changes within the LIFO inventory method. Also, attach a copy of all **Forms 970**, Application To Use LIFO Inventory Method, filed to adopt or expand the use of the LIFO method.

- 1** Attach a description of the applicant's present and proposed LIFO methods and submethods for each of the following items:
  - a** Valuing inventory (e.g., unit method or dollar-value method).
  - b** Pooling (e.g., by line or type or class of goods, natural business unit, multiple pools, raw material content, simplified dollar-value method, inventory price index computation (IPIC) pools, vehicle-pool method, etc.).
  - c** Pricing dollar-value pools (e.g., double-extension, index, link-chain, link-chain index, IPIC method, etc.).
  - d** Determining the current-year cost of goods in the ending inventory (i.e., most recent acquisitions, earliest acquisitions during the current year, average cost of current-year acquisitions, or other permitted method).
- 2** If any present method or submethod used by the applicant is not the same as indicated on Form(s) 970 filed to adopt or expand the use of the method, attach an explanation.
- 3** If the proposed change is not requested for all the LIFO inventory, attach a statement specifying the inventory to which the change is and is not applicable.
- 4** If the proposed change is not requested for all of the LIFO pools, attach a statement specifying the LIFO pool(s) to which the change is applicable.
- 5** Attach a statement addressing whether the applicant values any of its LIFO inventory on a method other than cost. For example, if the applicant values some of its LIFO inventory at retail and the remainder at cost, identify which inventory items are valued under each method.
- 6** If changing to the IPIC method, attach a completed Form 970.

**Part II Change in Pooling Inventories**

- 1** If the applicant is proposing to change its pooling method or the number of pools, attach a description of the contents of, and state the base year for, each dollar-value pool the applicant presently uses and proposes to use.
- 2** If the applicant is proposing to use natural business unit (NBU) pools or requesting to change the number of NBU pools, attach the following information (to the extent not already provided) in sufficient detail to show that each proposed NBU was determined under Regulations section 1.472-8(b)(1) and (2):
  - a** A description of the types of products produced by the applicant. If possible, attach a brochure.
  - b** A description of the types of processes and raw materials used to produce the products in each proposed pool.
  - c** If all of the products to be included in the proposed NBU pool(s) are not produced at one facility, state the reasons for the separate facilities, the location of each facility, and a description of the products each facility produces.
  - d** A description of the natural business divisions adopted by the taxpayer. State whether separate cost centers are maintained and if separate profit and loss statements are prepared.
  - e** A statement addressing whether the applicant has inventories of items purchased and held for resale that are not further processed by the applicant, including whether such items, if any, will be included in any proposed NBU pool.
  - f** A statement addressing whether all items including raw materials, goods-in-process, and finished goods entering into the entire inventory investment for each proposed NBU pool are presently valued under the LIFO method. Describe any items that are not presently valued under the LIFO method that are to be included in each proposed pool.
  - g** A statement addressing whether, within the proposed NBU pool(s), there are items both sold to unrelated parties and transferred to a different unit of the applicant to be used as a component part of another product prior to final processing.
- 3** If the applicant is engaged in manufacturing and is proposing to use the multiple pooling method or raw material content pools, attach information to show that each proposed pool will consist of a group of items that are substantially similar. See Regulations section 1.472-8(b)(3).
- 4** If the applicant is engaged in the wholesaling or retailing of goods and is requesting to change the number of pools used, attach information to show that each of the proposed pools is based on customary business classifications of the applicant's trade or business. See Regulations section 1.472-8(c).

Schedule D - Change in the Treatment of Long-Term Contracts Under Section 460, Inventories, or Other Section 263A Assets (see instructions)

Part I Change in Reporting Income From Long-Term Contracts (Also complete Part III on pages 7 and 8.)

- 1 To the extent not already provided, attach a description of the applicant's present and proposed methods for reporting income and expenses from long-term contracts. Also, attach a representative actual contract (without any deletion) for the requested change. If the applicant is a construction contractor, attach a detailed description of its construction activities.
2a Are the applicant's contracts long-term contracts as defined in section 460(f)(1) (see instructions)?
b If "Yes," do all the contracts qualify for the exception under section 460(e) (see instructions)?
c If line 2b is "Yes," is the applicant requesting to use the percentage-of-completion method using cost-to-cost under Regulations section 1.460-4(b)?
d If line 2c is "No," is the applicant requesting to use the exempt-contract percentage-of-completion method under Regulations section 1.460-4(c)(2)?
3a Does the applicant have long-term manufacturing contracts as defined in section 460(f)(2)?
b If "Yes," attach an explanation of the applicant's present and proposed method(s) of accounting for long-term manufacturing contracts.
c Attach a description of the applicant's manufacturing activities, including any required installation of manufactured goods.
4 To determine a contract's completion factor using the percentage-of-completion method:
a Will the applicant use the cost-to-cost method in Regulations section 1.460-4(b)?
b If line 4a is "No," is the applicant electing the simplified cost-to-cost method (see section 460(b)(3) and Regulations section 1.460-5(c))?
5 Attach a statement indicating whether any of the applicant's contracts are either cost-plus long-term contracts or Federal long-term contracts.

Part II Change in Valuing Inventories Including Cost Allocation Changes (Also complete Part III on pages 7 and 8.)

- 1 Attach a description of the inventory goods being changed.
2 Attach a description of the inventory goods (if any) NOT being changed.
3a Is the applicant subject to section 263A? If "No," go to line 4a
b Is the applicant's present inventory valuation method in compliance with section 263A (see instructions)? If "No," attach a detailed explanation

4a Check the appropriate boxes below.

Identification methods:

- Specific identification
FIFO
LIFO
Other (attach explanation)

Valuation methods:

- Cost
Cost or market, whichever is lower
Retail cost
Retail, lower of cost or market
Other (attach explanation)

Table with 3 columns: Inventory Being Changed (Present method, Proposed method), Inventory Not Being Changed (Present method). Rows correspond to identification and valuation methods.

- b Enter the value at the end of the tax year preceding the year of change
5 If the applicant is changing from the LIFO inventory method to a non-LIFO method, attach the following information (see instructions).
a Copies of Form(s) 970 filed to adopt or expand the use of the method.
b Only for applicants requesting advance consent. A statement describing whether the applicant is changing to the method required by Regulations section 1.472-6(a) or (b), or whether the applicant is proposing a different method.
c Only for applicants requesting an automatic change. The statement required by section 22.01(5) of the Appendix of Rev. Proc. 2008-52 (or its successor).

**Part III Method of Cost Allocation** (Complete this part if the requested change involves either property subject to section 263A or long-term contracts as described in section 460 (see instructions)).

**Section A - Allocation and Capitalization Methods**

Attach a description (including sample computations) of the present and proposed method(s) the applicant uses to capitalize direct and indirect costs properly allocable to real or tangible personal property produced and property acquired for resale, or to allocate and, where appropriate, capitalize direct and indirect costs properly allocable to long-term contracts. Include a description of the method(s) used for allocating indirect costs to intermediate cost objectives such as departments or activities prior to the allocation of such costs to long-term contracts, real or tangible personal property produced, and property acquired for resale. The description must include the following:

- 1 The method of allocating direct and indirect costs (i.e., specific identification, burden rate, standard cost, or other reasonable allocation method).
- 2 The method of allocating mixed service costs (i.e., direct reallocation, step-allocation, simplified service cost using the labor-based allocation ratio, simplified service cost using the production cost allocation ratio, or other reasonable allocation method).
- 3 The method of capitalizing additional section 263A costs (i.e., simplified production with or without the historic absorption ratio election, simplified resale with or without the historic absorption ratio election including permissible variations, the U.S. ratio, or other reasonable allocation method).

**Section B - Direct and Indirect Costs Required To Be Allocated**

Check the appropriate boxes showing the costs that are or will be fully included, to the extent required, in the cost of real or tangible personal property produced or property acquired for resale under section 263A or allocated to long-term contracts under section 460. Mark "N/A" in a box if those costs are not incurred by the applicant. If a box is not checked, it is assumed that those costs are not fully included to the extent required. Attach an explanation for boxes that are not checked.

	Present method	Proposed method
1 Direct material .....		
2 Direct labor .....		
3 Indirect labor .....		
4 Officers' compensation (not including selling activities) .....		
5 Pension and other related costs .....		
6 Employee benefits .....		
7 Indirect materials and supplies .....		
8 Purchasing costs .....		
9 Handling, processing, assembly, and repackaging costs .....		
10 Offsite storage and warehousing costs .....		
11 Depreciation, amortization, and cost recovery allowance for equipment and facilities placed in service and not temporarily idle .....		
12 Depletion .....		
13 Rent .....		
14 Taxes other than state, local, and foreign income taxes .....		
15 Insurance .....		
16 Utilities .....		
17 Maintenance and repairs that relate to a production, resale, or long-term contract activity .....		
18 Engineering and design costs (not including section 174 research and experimental expenses) .....		
19 Rework labor, scrap, and spoilage .....		
20 Tools and equipment .....		
21 Quality control and inspection .....		
22 Bidding expenses incurred in the solicitation of contracts awarded to the applicant .....		
23 Licensing and franchise costs .....		
24 Capitalizable service costs (including mixed service costs) .....		
25 Administrative costs (not including any costs of selling or any return on capital) .....		
26 Research and experimental expenses attributable to long-term contracts .....		
27 Interest .....		
28 Other costs (Attach a list of these costs.) .....		

**Part III Method of Cost Allocation** (see instructions) (continued)

**Section C - Other Costs Not Required To Be Allocated** (Complete Section C only if the applicant is requesting to change its method for these costs.)

	Present method	Proposed method
1 Marketing, selling, advertising, and distribution expenses .....		
2 Research and experimental expenses not included in Section B, line 26 .....		
3 Bidding expenses not included in Section B, line 22 .....		
4 General and administrative costs not included in Section B .....		
5 Income taxes .....		
6 Cost of strikes .....		
7 Warranty and product liability costs .....		
8 Section 179 costs .....		
9 On-site storage .....		
10 Depreciation, amortization, and cost recovery allowance not included in Section B, line 11 .....		
11 Other costs (Attach a list of these costs.) .....		

**Schedule E - Change in Depreciation or Amortization** (see instructions)

Applicants requesting approval to change their method of accounting for depreciation or amortization complete this section. Applicants **must** provide this information for each item or class of property for which a change is requested.

**Note.** See the **List of Automatic Accounting Method Changes** in the instructions for information regarding automatic changes under sections 56, 167, 168, 197, 1400I, 1400L, or former section 168. Do not file Form 3115 with respect to certain late elections and election revocations (see instr.).

- 1 Is depreciation for the property determined under Regulations section 1.167(a)-11 (CLADR)?  Yes  No  
If "Yes," the only changes permitted are under Regulations section 1.167(a)-11(c)(1)(iii).
- 2 Is any of the depreciation or amortization required to be capitalized under any Code section (e.g., section 263A)?  Yes  No  
If "Yes," enter the applicable section  \_\_\_\_\_
- 3 Has a depreciation, amortization, or expense election been made for the property (e.g., the election under sections 168(f)(1), 179, or 179C)?  Yes  No  
If "Yes," state the election made  \_\_\_\_\_
- 4a To the extent not already provided, attach a statement describing the property being changed. Include in the description the type of property, the year the property was placed in service, and the property's use in the applicant's trade or business or income-producing activity.
- b If the property is residential rental property, did the applicant live in the property before renting it?  Yes  No
- c Is the property public utility property?  Yes  No
- 5 To the extent not already provided in the applicant's description of its present method, attach a statement explaining how the property is treated under the applicant's present method (e.g., depreciable property, inventory property, supplies under Regulations section 1.162-3, nondepreciable section 263(a) property, property deductible as a current expense, etc.).
- 6 If the property is not currently treated as depreciable or amortizable property, attach a statement of the facts supporting the proposed change to depreciate or amortize the property.
- 7 If the property is currently treated and/or will be treated as depreciable or amortizable property, provide the following information for both the present (if applicable) and proposed methods:
  - a The Code section under which the property is or will be depreciated or amortized (e.g., section 168(g)).
  - b The applicable asset class from Rev. Proc. 87-56, 1987-2 C.B. 674, for each asset depreciated under section 168 (MACRS) or under section 1400L; the applicable asset class from Rev. Proc. 83-35, 1983-1 C.B. 745, for each asset depreciated under former section 168 (ACRS); an explanation why no asset class is identified for each asset for which an asset class has not been identified by the applicant.
  - c The facts to support the asset class for the proposed method.
  - d The depreciation or amortization method of the property, including the applicable Code section (e.g., 200% declining balance method under section 168(b)(1)).
  - e The useful life, recovery period, or amortization period of the property.
  - f The applicable convention of the property.
  - g A statement of whether or not the additional first-year special depreciation allowance (for example, as provided by section 168(k), 168(l), 168(m), 168(n), 1400L(b), or 1400N(d)) was or will be claimed for the property. If not, also provide an explanation as to why no special depreciation allowance was or will be claimed.



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FORM 3115                      CHANGE REQUESTS MADE WITHIN PAST 5 YEARS                      STATEMENT    1

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DESCRIPTION OF CHANGE	YEAR	CONSENT OBTAINED
#112 VEHICLE POOL METHOD CHANGE TO SINGLE POOL	2011	X
#192 CAPITALIZE ACQUISITION OR PRODUCTION COSTS	2014	X
#186 DEDUCT NON-INCIDENTAL MATERIAL AND SUPPLIES	2014	X

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FORM 3115                      ITEMS CHANGING IF NOT OVERALL METHOD CHANGE                      STATEMENT    2

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DESCRIPTION	PRESENT METHOD	PROPOSED METHOD	OVERALL METHOD
SEE STATEMENT ATTACHED			

**MILLER BROTHERS CHEVROLET OLDSMOBILE CADILLAC, INC.**  
**FEIN: 52-1486069**

**Attachment to Form 3115**  
**(Automatic Change Request #184, #186 and #192)**  
**Tax year of change begins Jan. 1, 2014 and ends Dec. 31, 2014**

**Part II, Question 12a - Items being changed**

Taxpayer is changing its method of accounting to adopt the following Tangible Property Regulations:

<u>DCN</u>	<u>Subject Matter or Issue</u>	<u>Reg. Section</u>
184	Repairs and Maintenance	1.162-4(a)
184	Capital expenditures in general	1.263(a)-1(a)
	Amounts paid to improve tangible property:	
184	Definitions	1.263(a)-3(b)
184	Requirements to capitalize amounts paid	1.263(a)-3(d)
184	Unit of property	1.263(a)-3(e),(f)
184	Special rules for determining improvement costs	1.263(a)-3(g)(1)
184	Safe harbor for routine maintenance on property	1.263(a)-3(i)
184	Capitalization of betterments	1.263(a)-3(j)
184	Capitalization of restorations	1.263(a)-3(k)
184	Capitalization of amounts to adapt property to a new or different use	1.263(a)-3(l)
	Amounts paid to acquire or produce tangible property:	
192	Requirements to capitalize amounts paid	1.263(a)-2(d)
192	Defense or perfection of title to property	1.263(a)-2(e)
192	Transactions costs	1.263(a)-2(f)
192	Treatment of Capital Expenditures	1.263(a)-2(g)
186	Non-incident material and supplies	1.162-3(a)(1)
186	Material and supplies definition	1.162-3(c)

**Part II, Question 12b - Present Method**

Taxpayer's present accounting method follows superseded Treasury guidance that generally concludes that (a) the cost of incidental repairs which neither materially add to the value of a property nor appreciably prolong its life, but keep a property in an ordinary efficient operating condition, are deducted, (b) repairs in the nature of replacements, to the extent that they arrest deterioration and appreciably prolong the life of a property, are capitalized, and (c) amounts paid to acquire, produce, or improve tangible property are capitalized. Taxpayer has not been employing any defined unit of property criteria. Taxpayer expenses non-incident material and supplies.

**Part II, Question 12c - Proposed Method**

Taxpayer proposes to use the guidance of §1.162-4 and other sections of the Tangible Property Regulations to determine whether an expenditure should be deducted as a repair and maintenance expense or should be capitalized under §1.263(a)-1, §1.263(a)-2, or §1.263(a)-3. Taxpayer will capitalize all expenditures that result in betterment, restoration, or adapt property to a new or different use following the tests under §1.263(a)-3(j),(k), and (l). Taxpayer will employ the routine maintenance safe harbor of §1.263(a)-3(i).

Taxpayer will determine the unit of property using the functional inter-dependence standard under §1.263(a)-3(e) and the special rules (i.e. buildings, building systems, and MACRS conformity) in applying its capitalization standard. Taxpayer will account for each building, including the building structure and all building systems, as one unit of property. Additionally, the Taxpayer will account for land improvements, such as parking lots, landscaping and outside lighting, as a separate unit of property.

Taxpayer proposes to use the guidance of §1.162-3 to deduct non-incident material and supplies when used or consumed.

**Part II, Question 12d - Present Overall Method**

The Taxpayer's present overall method of accounting is the accrual method.

**Part II, Question 13 - Trade or Business**

The Taxpayer's trade or business is the sale of new and used vehicles, the sale of parts for vehicles, and the sale of repair services for vehicles. The Principal Activity Code is 441110.

**Part IV, Question 25 - Sec. 481(a) adjustment**

Taxpayer does not believe its present methods of accounting are contrary to the proposed methods. Therefore, Taxpayer does not have an IRC §481(a) adjustment related to those methods.

**Additional Information**

Taxpayer agrees to the terms and conditions of Rev. Proc. 2015-13 and 2015-14 that are necessary or required to effect the method changes which are the subject matter of these applications.

# Application for Change in Accounting Method

OMB No. 1545-0152

Name of filer (name of parent corporation if a consolidated group) (see instructions)  <b>MILLER BROTHERS CHEVROLET OLDSMOBILE CADILLAC, INC.</b>	Identification number (see instructions) <b>52-1486069</b>
Number, street, and room or suite no. If a P.O. box, see the instructions. <b>9035 BALTIMORE NATIONAL PIKE</b>	Principal business activity code number (see instructions) <b>441110</b>
City or town, state, and ZIP code <b>ELLICOTT CITY, MD 21042</b>	Tax year of change begins (MM/DD/YYYY) <b>01/01/2014</b> Tax year of change ends (MM/DD/YYYY) <b>12/31/2014</b>
Name of applicant(s) (if different than filer) and identification number(s) (see instructions)	Name of contact person (see instructions) <b>MR. ROBERT MILLER</b>
	Contact person's telephone number <b>(410) 465-1301</b>

If the applicant is a member of a consolidated group, check this box

If Form 2848, Power of Attorney and Declaration of Representative, is attached (see instructions for when Form 2848 is required), check this box

<p><b>Check the box to indicate the type of applicant.</b></p> <p><input type="checkbox"/> Individual <span style="margin-left: 150px;"><input type="checkbox"/> Cooperative (Sec. 1381)</span></p> <p><input type="checkbox"/> Corporation <span style="margin-left: 150px;"><input type="checkbox"/> Partnership</span></p> <p><input type="checkbox"/> Controlled foreign corporation (Sec. 957) <span style="margin-left: 150px;"><input checked="" type="checkbox"/> S corporation</span></p> <p><input type="checkbox"/> 10/50 corporation (Sec. 904(d)(2)(E)) <span style="margin-left: 150px;"><input type="checkbox"/> Insurance co. (Sec. 816(a))</span></p> <p><input type="checkbox"/> Qualified personal service corporation (Sec. 448(d)(2)) <span style="margin-left: 150px;"><input type="checkbox"/> Insurance co. (Sec. 831)</span></p> <p><input type="checkbox"/> Exempt organization. Enter Code section <input type="checkbox"/> Other (specify) ▶ _____</p>	<p><b>Check the appropriate box to indicate the type of accounting method change being requested.</b> (see instructions)</p> <p><input type="checkbox"/> Depreciation or Amortization</p> <p><input type="checkbox"/> Financial Products and/or Financial Activities of Financial Institutions</p> <p><input type="checkbox"/> Other (specify) ▶ _____</p>
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**Caution.** To be eligible for approval of the requested change in method of accounting, the taxpayer must provide all information that is relevant to the taxpayer or to the taxpayer's requested change in method of accounting. This includes all information requested on this Form 3115 (including its instructions), as well as any other information that is not specifically requested.

The taxpayer must attach all applicable supplemental statements requested throughout this form.

Part I Information For Automatic Change Request	Yes	No
1 Enter the applicable designated automatic accounting method change number for the requested automatic change. Enter only one designated automatic accounting method change number, except as provided for in guidance published by the IRS. If the requested change has no designated automatic accounting method change number, check "Other," and provide both a description of the change and citation of the IRS guidance providing the automatic change. See instructions. ▶ (a) Change No. <u>186</u> (b) Other <input type="checkbox"/> Description ▶ _____		
2 Do any of the scope limitations described in section 4.02 of Rev. Proc. 2008-52 cause automatic consent to be unavailable for the applicant's requested change? If "Yes," attach an explanation _____		X

**Note.** Complete Part II below and then Part IV, and also Schedules A through E of this form (if applicable).

Part II Information For All Requests	Yes	No
3 Did or will the applicant cease to engage in the trade or business to which the requested change relates, or terminate its existence, in the tax year of change (see instructions)? If "Yes," the applicant is not eligible to make the change under automatic change request procedures.		X
4a Does the applicant (or any present or former consolidated group in which the applicant was a member during the applicable tax year(s)) have any Federal income tax return(s) under examination (see instructions)? If "No," go to line 5.		X
b Is the method of accounting the applicant is requesting to change an issue (with respect to either the applicant or any present or former consolidated group in which the applicant was a member during the applicable tax year(s)) either (i) under consideration or (ii) placed in suspense (see instructions)?		

**Signature** (see instructions)

Under penalties of perjury, I declare that I have examined this application, including accompanying schedules and statements, and to the best of my knowledge and belief, the application contains all the relevant facts relating to the application, and it is true, correct, and complete. Declaration of preparer (other than applicant) is based on all information of which preparer has any knowledge.

**Filer**

**Preparer (other than filer/applicant)**

\_\_\_\_\_  
Signature and date

\_\_\_\_\_  
Signature of individual preparing the application and date

\_\_\_\_\_  
Name and title (print or type)

**JOHN R. COMUNALE**

\_\_\_\_\_  
Name of individual preparing the application (print or type)

**COUNCILOR, BUCHANAN & MITCHELL, P.C.**  
Name of firm preparing the application

<b>Part II Information For All Requests</b> (continued)		<b>Yes</b>	<b>No</b>
<b>4c</b>	Is the method of accounting the applicant is requesting to change an issue pending (with respect to either the applicant or any present or former consolidated group in which the applicant was a member during the applicable tax year(s)) for any tax year under examination (see instructions)? .....		
<b>d</b>	Is the request to change the method of accounting being filed under the procedures requiring that the operating division director consent to the filing of the request (see instructions)? ..... If "Yes," attach the consent statement from the director.		
<b>e</b>	Is the request to change the method of accounting being filed under the 90-day or 120-day window period? ..... If "Yes," check the box for the applicable window period and attach the required statement (see instructions). <input type="checkbox"/> 90 day <input type="checkbox"/> 120 day: Date examination ended ► .....		
<b>f</b>	If you answered "Yes" to line 4a, enter the name and telephone number of the examining agent and the tax year(s) under examination. Name ► ..... Telephone no. ► ..... Tax year(s) ► .....		
<b>g</b>	Has a copy of this Form 3115 been provided to the examining agent identified on line 4f? .....		
<b>5a</b>	Does the applicant (or any present or former consolidated group in which the applicant was a member during the applicable tax year(s)) have any Federal income tax return(s) before Appeals and/or a Federal court? ..... If "Yes," enter the name of the (check the box) <input type="checkbox"/> Appeals officer and/or <input type="checkbox"/> counsel for the government, telephone number, and the tax year(s) before Appeals and/or a Federal court. Name ► ..... Telephone no. ► ..... Tax year(s) ► .....		<b>X</b>
<b>b</b>	Has a copy of this Form 3115 been provided to the Appeals officer and/or counsel for the government identified on line 5a? .....		
<b>c</b>	Is the method of accounting the applicant is requesting to change an issue under consideration by Appeals and/or a Federal court (for either the applicant or any present or former consolidated group in which the applicant was a member for the tax year(s) the applicant was a member) (see instructions)? ..... If "Yes," attach an explanation.		<b>X</b>
<b>6</b>	If the applicant answered "Yes" to line 4a and/or 5a with respect to any present or former consolidated group, attach a statement that provides each parent corporation's (a) name, (b) identification number, (c) address, and (d) tax year(s) during which the applicant was a member that is under examination, before an Appeals office, and/or before a Federal court.		
<b>7</b>	If, for federal income tax purposes, the applicant is either an entity (including a limited liability company) treated as a partnership or an S corporation, is it requesting a change from a method of accounting that is an issue under consideration in an examination, before Appeals, or before a Federal court, with respect to a Federal income tax return of a partner, member, or shareholder of that entity? ..... If "Yes," the applicant is <b>not</b> eligible to make the change.		<b>X</b>
<b>8a</b>	Does the applicable revenue procedure (advance consent or automatic consent) state that the applicant does not receive audit protection for the requested change (see instructions)? .....		<b>X</b>
<b>b</b>	If "Yes," attach an explanation.		
<b>9a</b>	Has the applicant, its predecessor, or a related party requested or made (under either an automatic change procedure or a procedure requiring advance consent) a change in method of accounting within the past 5 years (including the year of the requested change)? .....	<b>X</b>	
<b>b</b>	If "Yes," for each trade or business, attach a description of each requested change in method of accounting (including the tax year of change) and state whether the applicant received consent. <b>SEE STATEMENT 3</b>		
<b>c</b>	If any application was withdrawn, not perfected, or denied, or if a Consent Agreement granting a change was not signed and returned to the IRS, or the change was not made or not made in the requested year of change, attach an explanation.		
<b>10a</b>	Does the applicant, its predecessor, or a related party currently have pending any request (including any concurrently filed request) for a private letter ruling, change in method of accounting, or technical advice? .....		<b>X</b>
<b>b</b>	If "Yes," for each request attach a statement providing the name(s) of the taxpayer, identification number(s), the type of request (private letter ruling, change in method of accounting, or technical advice), and the specific issue(s) in the request(s).		
<b>11</b>	Is the applicant requesting to change its <b>overall</b> method of accounting? .....		<b>X</b>
	If "Yes," check the appropriate boxes below to indicate the applicant's present and proposed methods of accounting. Also, complete Schedule A on page 4 of this form.		
	<b>Present method:</b> <input type="checkbox"/> Cash <input type="checkbox"/> Accrual <input type="checkbox"/> Hybrid (attach description)		
	<b>Proposed method:</b> <input type="checkbox"/> Cash <input type="checkbox"/> Accrual <input type="checkbox"/> Hybrid (attach description)		

<b>Part II Information For All Requests</b> (continued)		Yes	No						
<b>12</b>	If the applicant is either (i) <b>not</b> changing its overall method of accounting, or (ii) is changing its overall method of accounting and also changing to a special method of accounting for one or more items, attach a detailed and complete description for each of the following: <b>a</b> The item(s) being changed. <b>b</b> The applicant's present method for the item(s) being changed. <b>SEE STATEMENT 4</b> <b>c</b> The applicant's proposed method for the item(s) being changed. <b>d</b> The applicant's present overall method of accounting (cash, accrual, or hybrid). <b>13</b> Attach a detailed and complete description of the applicant's trade(s) or business(es), and the principal business activity code for each. If the applicant has more than one trade or business as defined in Regulations section 1.446-1(d), describe: whether each trade or business is accounted for separately; the goods and services provided by each trade or business and any other types of activities engaged in that generate gross income; the overall method of accounting for each trade or business; and which trade or business is requesting to change its accounting method as part of this application or a separate application. <b>14</b> Will the proposed method of accounting be used for the applicant's books and records and financial statements? For insurance companies, see the instructions ..... If "No," attach an explanation. <b>15a</b> Has the applicant engaged, or will it engage, in a transaction to which section 381(a) applies (e.g., a reorganization, merger, or liquidation) during the proposed tax year of change determined without regard to any potential closing of the year under section 381(b)(1)? ..... <b>b</b> If "Yes," for the items of income and expense that are the subject of this application, attach a statement identifying the methods of accounting used by the parties to the section 381(a) transaction immediately before the date of distribution or transfer and the method(s) that would be required by section 381(c)(4) or (c)(5) absent consent to the change(s) requested in this application. <b>16</b> Does the applicant request a conference with the IRS National Office if the IRS proposes an adverse response? ..... <b>17</b> If the applicant is changing to either the overall cash method, an overall accrual method, or is changing its method of accounting for any property subject to section 263A, any long-term contract subject to section 460, or inventories subject to section 474, enter the applicant's gross receipts for the 3 tax years preceding the tax year of change. <table border="1" style="width:100%; border-collapse: collapse;"> <tr> <td style="width:33%;">1st preceding year ended: mo.          yr.</td> <td style="width:33%;">2nd preceding year ended: mo.          yr.</td> <td style="width:33%;">3rd preceding year ended: mo.          yr.</td> </tr> <tr> <td>\$</td> <td>\$</td> <td>\$</td> </tr> </table>	1st preceding year ended: mo.          yr.	2nd preceding year ended: mo.          yr.	3rd preceding year ended: mo.          yr.	\$	\$	\$	<b>X</b>	
1st preceding year ended: mo.          yr.	2nd preceding year ended: mo.          yr.	3rd preceding year ended: mo.          yr.							
\$	\$	\$							
			<b>X</b>						
		<b>X</b>							
			<b>X</b>						

<b>Part III Information For Advance Consent Request</b>		Yes	No
<b>18</b>	Is the applicant's requested change described in any revenue procedure, revenue ruling, notice, regulation, or other published guidance as an automatic change request? ..... If "Yes," attach an explanation describing why the applicant is submitting its request under advance consent request procedures. <b>19</b> Attach a full explanation of the legal basis supporting the proposed method for the item being changed. Include a detailed and complete description of the facts that explains how the law specifically applies to the applicant's situation and that demonstrates that the applicant is authorized to use the proposed method. Include all authority (statutes, regulations, published rulings, court cases, etc.) supporting the proposed method. Also, include either a discussion of the contrary authorities or a statement that no contrary authority exists. <b>20</b> Attach a copy of all documents related to the proposed change (see instructions). <b>21</b> Attach a statement of the applicant's reasons for the proposed change. <b>22</b> If the applicant is a member of a consolidated group for the year of change, do all other members of the consolidated group use the proposed method of accounting for the item being changed? ..... If "No," attach an explanation. <b>23a</b> Enter the amount of <b>user fee</b> attached to this application (see instructions). ► \$ _____ <b>b</b> If the applicant qualifies for a reduced user fee, attach the required information or certification (see instructions).		

<b>Part IV Section 481(a) Adjustment</b>		Yes	No
<b>24</b>	Does the applicable revenue procedure, revenue ruling, notice, regulation, or other published guidance require the applicant to implement the requested change in method of accounting on a cut-off basis rather than a section 481(a) adjustment? ..... If "Yes," do not complete lines 25, 26, and 27 below. <b>25</b> Enter the section 481(a) adjustment. Indicate whether the adjustment is an increase (+) or a decrease (-) in income. ► \$ <u>          0          </u> Attach a summary of the computation and an explanation of the methodology used to determine the section 481(a) adjustment. If it is based on more than one component, show the computation for each component. If more than one applicant is applying for the method change on the same application, attach a list of the name, identification number, principal business activity code (see instructions), and the amount of the section 481(a) adjustment attributable to each applicant.		<b>X</b>

<b>Part IV Section 481(a) Adjustment</b> (continued)	<b>Yes</b>	<b>No</b>
<b>26</b> If the section 481(a) adjustment is an increase to income of less than \$25,000, does the applicant elect to take the entire amount of the adjustment into account in the year of change? .....		
<b>27</b> Is any part of the section 481(a) adjustment attributable to transactions between members of an affiliated group, a consolidated group, a controlled group, or other related parties? .....		<b>X</b>
If "Yes," attach an explanation.		

**Schedule A - Change in Overall Method of Accounting** (If Schedule A applies, Part I below must be completed.)

<b>Part I Change in Overall Method</b> (see instructions)	<b>Amount</b>
<b>1</b> Enter the following amounts as of the close of the tax year preceding the year of change. If none, state "None." Also, attach a statement providing a breakdown of the amounts entered on lines 1a through 1g.	
<b>a</b> Income accrued but not received (such as accounts receivable) .....	\$
<b>b</b> Income received or reported before it was earned (such as advanced payments). Attach a description of the income and the legal basis for the proposed method .....	
<b>c</b> Expenses accrued but not paid (such as accounts payable) .....	
<b>d</b> Prepaid expenses previously deducted .....	
<b>e</b> Supplies on hand previously deducted and/or not previously reported .....	
<b>f</b> Inventory on hand previously deducted and/or not previously reported. Complete Schedule D, Part II .....	
<b>g</b> Other amounts (specify). Attach a description of the item and the legal basis for its inclusion in the calculation of the section 481(a) adjustment. ▶ .....	
<b>h Net section 481(a) adjustment</b> (Combine lines 1a -1g.) Indicate whether the adjustment is an increase (+) or decrease (-) in income. Also enter the net amount of this section 481(a) adjustment amount on Part IV, line 25 .....	\$
<b>2</b> Is the applicant also requesting the recurring item exception under section 461(h)(3)? .....	<input type="checkbox"/> <b>Yes</b> <input type="checkbox"/> <b>No</b>
<b>3</b> Attach copies of the profit and loss statement (Schedule F (Form 1040) for farmers) and the balance sheet, if applicable, as of the close of the tax year preceding the year of change. Also attach a statement specifying the accounting method used when preparing the balance sheet. If books of account are not kept, attach a copy of the business schedules submitted with the Federal income tax return or other return (e.g., tax-exempt organization returns) for that period. If the amounts in Part I, lines 1a through 1g, do not agree with those shown on both the profit and loss statement and the balance sheet, attach a statement explaining the differences.	

<b>Part II Change to the Cash Method For Advance Consent Request</b> (see instructions)
Applicants requesting a change to the cash method must attach the following information:
<b>1</b> A description of inventory items (items whose production, purchase, or sale is an income-producing factor) and materials and supplies used in carrying out the business.
<b>2</b> An explanation as to whether the applicant is required to use the accrual method under any section of the Code or regulations.

**Schedule B - Change to the Deferral Method for Advance Payments** (see instructions)

<b>1</b> If the applicant is requesting to change to the Deferral Method for advance payments described in section 5.02 of Rev. Proc. 2004-34, 2004-1 C.B. 991, attach the following information:
<b>a</b> A statement explaining how the advance payments meet the definition in section 4.01 of Rev. Proc. 2004-34.
<b>b</b> If the applicant is filing under the automatic change procedures of Rev. Proc. 2008-52, the information required by section 8.02(3)(a)-(c) of Rev. Proc. 2004-34.
<b>c</b> If the applicant is filing under the advance consent provisions of Rev. Proc. 97-27, the information required by section 8.03(2)(a)-(f) of Rev. Proc. 2004-34.
<b>2</b> If the applicant is requesting to change to the deferral method for advance payments described in Regulations section 1.451-5(b)(1)(ii), attach the following.
<b>a</b> A statement explaining how the advance payments meet the definition in Regulations section 1.451-5(a)(1).
<b>b</b> A statement explaining what portions of the advance payments, if any, are attributable to services, whether such services are integral to the provisions of goods or items, and whether any portions of the advance payments that are attributable to non-integral services are less than five percent of the total contract prices. See Regulations sections 1.451-5(a)(2)(i) and (3).
<b>c</b> A statement explaining that the advance payments will be included in income no later than when included in gross receipts for purposes of the applicant's financial reports. See Regulations section 1.451-5(b)(1)(ii).
<b>d</b> A statement explaining whether the inventoriable goods exception of Regulations section 1.451-5(c) applies and if so, when substantial advance payments will be received under the contracts, and how the exception will limit the deferral of income.

**Schedule C - Changes Within the LIFO Inventory Method** (see instructions)**Part I General LIFO Information**

Complete this section if the requested change involves changes within the LIFO inventory method. Also, attach a copy of all **Forms 970**, Application To Use LIFO Inventory Method, filed to adopt or expand the use of the LIFO method.

- 1** Attach a description of the applicant's present and proposed LIFO methods and submethods for each of the following items:
  - a** Valuing inventory (e.g., unit method or dollar-value method).
  - b** Pooling (e.g., by line or type or class of goods, natural business unit, multiple pools, raw material content, simplified dollar-value method, inventory price index computation (IPIC) pools, vehicle-pool method, etc.).
  - c** Pricing dollar-value pools (e.g., double-extension, index, link-chain, link-chain index, IPIC method, etc.).
  - d** Determining the current-year cost of goods in the ending inventory (i.e., most recent acquisitions, earliest acquisitions during the current year, average cost of current-year acquisitions, or other permitted method).
- 2** If any present method or submethod used by the applicant is not the same as indicated on Form(s) 970 filed to adopt or expand the use of the method, attach an explanation.
- 3** If the proposed change is not requested for all the LIFO inventory, attach a statement specifying the inventory to which the change is and is not applicable.
- 4** If the proposed change is not requested for all of the LIFO pools, attach a statement specifying the LIFO pool(s) to which the change is applicable.
- 5** Attach a statement addressing whether the applicant values any of its LIFO inventory on a method other than cost. For example, if the applicant values some of its LIFO inventory at retail and the remainder at cost, identify which inventory items are valued under each method.
- 6** If changing to the IPIC method, attach a completed Form 970.

**Part II Change in Pooling Inventories**

- 1** If the applicant is proposing to change its pooling method or the number of pools, attach a description of the contents of, and state the base year for, each dollar-value pool the applicant presently uses and proposes to use.
- 2** If the applicant is proposing to use natural business unit (NBU) pools or requesting to change the number of NBU pools, attach the following information (to the extent not already provided) in sufficient detail to show that each proposed NBU was determined under Regulations section 1.472-8(b)(1) and (2):
  - a** A description of the types of products produced by the applicant. If possible, attach a brochure.
  - b** A description of the types of processes and raw materials used to produce the products in each proposed pool.
  - c** If all of the products to be included in the proposed NBU pool(s) are not produced at one facility, state the reasons for the separate facilities, the location of each facility, and a description of the products each facility produces.
  - d** A description of the natural business divisions adopted by the taxpayer. State whether separate cost centers are maintained and if separate profit and loss statements are prepared.
  - e** A statement addressing whether the applicant has inventories of items purchased and held for resale that are not further processed by the applicant, including whether such items, if any, will be included in any proposed NBU pool.
  - f** A statement addressing whether all items including raw materials, goods-in-process, and finished goods entering into the entire inventory investment for each proposed NBU pool are presently valued under the LIFO method. Describe any items that are not presently valued under the LIFO method that are to be included in each proposed pool.
  - g** A statement addressing whether, within the proposed NBU pool(s), there are items both sold to unrelated parties and transferred to a different unit of the applicant to be used as a component part of another product prior to final processing.
- 3** If the applicant is engaged in manufacturing and is proposing to use the multiple pooling method or raw material content pools, attach information to show that each proposed pool will consist of a group of items that are substantially similar. See Regulations section 1.472-8(b)(3).
- 4** If the applicant is engaged in the wholesaling or retailing of goods and is requesting to change the number of pools used, attach information to show that each of the proposed pools is based on customary business classifications of the applicant's trade or business. See Regulations section 1.472-8(c).



Schedule D - Change in the Treatment of Long-Term Contracts Under Section 460, Inventories, or Other Section 263A Assets (see instructions)

Part I Change in Reporting Income From Long-Term Contracts (Also complete Part III on pages 7 and 8.)

- 1 To the extent not already provided, attach a description of the applicant's present and proposed methods for reporting income and expenses from long-term contracts. Also, attach a representative actual contract (without any deletion) for the requested change. If the applicant is a construction contractor, attach a detailed description of its construction activities.
2a Are the applicant's contracts long-term contracts as defined in section 460(f)(1) (see instructions)?
b If "Yes," do all the contracts qualify for the exception under section 460(e) (see instructions)?
c If line 2b is "Yes," is the applicant requesting to use the percentage-of-completion method using cost-to-cost under Regulations section 1.460-4(b)?
d If line 2c is "No," is the applicant requesting to use the exempt-contract percentage-of-completion method under Regulations section 1.460-4(c)(2)?
3a Does the applicant have long-term manufacturing contracts as defined in section 460(f)(2)?
b If "Yes," attach an explanation of the applicant's present and proposed method(s) of accounting for long-term manufacturing contracts.
c Attach a description of the applicant's manufacturing activities, including any required installation of manufactured goods.
4 To determine a contract's completion factor using the percentage-of-completion method:
a Will the applicant use the cost-to-cost method in Regulations section 1.460-4(b)?
b If line 4a is "No," is the applicant electing the simplified cost-to-cost method (see section 460(b)(3) and Regulations section 1.460-5(c))?
5 Attach a statement indicating whether any of the applicant's contracts are either cost-plus long-term contracts or Federal long-term contracts.

Part II Change in Valuing Inventories Including Cost Allocation Changes (Also complete Part III on pages 7 and 8.)

- 1 Attach a description of the inventory goods being changed.
2 Attach a description of the inventory goods (if any) NOT being changed.
3a Is the applicant subject to section 263A? If "No," go to line 4a
b Is the applicant's present inventory valuation method in compliance with section 263A (see instructions)? If "No," attach a detailed explanation

4a Check the appropriate boxes below.

Identification methods:

- Specific identification
FIFO
LIFO
Other (attach explanation)

Valuation methods:

- Cost
Cost or market, whichever is lower
Retail cost
Retail, lower of cost or market
Other (attach explanation)

Table with 3 columns: Inventory Being Changed (Present method, Proposed method), Inventory Not Being Changed (Present method). Rows correspond to identification and valuation methods.

- b Enter the value at the end of the tax year preceding the year of change
5 If the applicant is changing from the LIFO inventory method to a non-LIFO method, attach the following information (see instructions).
a Copies of Form(s) 970 filed to adopt or expand the use of the method.
b Only for applicants requesting advance consent. A statement describing whether the applicant is changing to the method required by Regulations section 1.472-6(a) or (b), or whether the applicant is proposing a different method.
c Only for applicants requesting an automatic change. The statement required by section 22.01(5) of the Appendix of Rev. Proc. 2008-52 (or its successor).

**Part III Method of Cost Allocation** (Complete this part if the requested change involves either property subject to section 263A or long-term contracts as described in section 460 (see instructions)).

**Section A - Allocation and Capitalization Methods**

Attach a description (including sample computations) of the present and proposed method(s) the applicant uses to capitalize direct and indirect costs properly allocable to real or tangible personal property produced and property acquired for resale, or to allocate and, where appropriate, capitalize direct and indirect costs properly allocable to long-term contracts. Include a description of the method(s) used for allocating indirect costs to intermediate cost objectives such as departments or activities prior to the allocation of such costs to long-term contracts, real or tangible personal property produced, and property acquired for resale. The description must include the following:

- 1 The method of allocating direct and indirect costs (i.e., specific identification, burden rate, standard cost, or other reasonable allocation method).
- 2 The method of allocating mixed service costs (i.e., direct reallocation, step-allocation, simplified service cost using the labor-based allocation ratio, simplified service cost using the production cost allocation ratio, or other reasonable allocation method).
- 3 The method of capitalizing additional section 263A costs (i.e., simplified production with or without the historic absorption ratio election, simplified resale with or without the historic absorption ratio election including permissible variations, the U.S. ratio, or other reasonable allocation method).

**Section B - Direct and Indirect Costs Required To Be Allocated**

Check the appropriate boxes showing the costs that are or will be fully included, to the extent required, in the cost of real or tangible personal property produced or property acquired for resale under section 263A or allocated to long-term contracts under section 460. Mark "N/A" in a box if those costs are not incurred by the applicant. If a box is not checked, it is assumed that those costs are not fully included to the extent required. Attach an explanation for boxes that are not checked.

	Present method	Proposed method
1 Direct material		
2 Direct labor		
3 Indirect labor		
4 Officers' compensation (not including selling activities)		
5 Pension and other related costs		
6 Employee benefits		
7 Indirect materials and supplies		
8 Purchasing costs		
9 Handling, processing, assembly, and repackaging costs		
10 Offsite storage and warehousing costs		
11 Depreciation, amortization, and cost recovery allowance for equipment and facilities placed in service and not temporarily idle		
12 Depletion		
13 Rent		
14 Taxes other than state, local, and foreign income taxes		
15 Insurance		
16 Utilities		
17 Maintenance and repairs that relate to a production, resale, or long-term contract activity		
18 Engineering and design costs (not including section 174 research and experimental expenses)		
19 Rework labor, scrap, and spoilage		
20 Tools and equipment		
21 Quality control and inspection		
22 Bidding expenses incurred in the solicitation of contracts awarded to the applicant		
23 Licensing and franchise costs		
24 Capitalizable service costs (including mixed service costs)		
25 Administrative costs (not including any costs of selling or any return on capital)		
26 Research and experimental expenses attributable to long-term contracts		
27 Interest		
28 Other costs (Attach a list of these costs.)		

Part III Method of Cost Allocation (see instructions) (continued)

Section C - Other Costs Not Required To Be Allocated (Complete Section C only if the applicant is requesting to change its method for these costs.)

Table with 3 columns: Line number, Description, Present method, Proposed method. Rows 1-11 list various cost categories like Marketing, Research, Bidding, etc.

Schedule E - Change in Depreciation or Amortization (see instructions)

Applicants requesting approval to change their method of accounting for depreciation or amortization complete this section. Applicants must provide this information for each item or class of property for which a change is requested.

Note. See the List of Automatic Accounting Method Changes in the instructions for information regarding automatic changes under sections 56, 167, 168, 197, 1400I, 1400L, or former section 168. Do not file Form 3115 with respect to certain late elections and election revocations (see instr.).

- 1 Is depreciation for the property determined under Regulations section 1.167(a)-11 (CLADR)?
2 Is any of the depreciation or amortization required to be capitalized under any Code section (e.g., section 263A)?
3 Has a depreciation, amortization, or expense election been made for the property (e.g., the election under sections 168(f)(1), 179, or 179C)?
4a To the extent not already provided, attach a statement describing the property being changed.
b If the property is residential rental property, did the applicant live in the property before renting it?
c Is the property public utility property?
5 To the extent not already provided in the applicant's description of its present method, attach a statement explaining how the property is treated under the applicant's present method (e.g., depreciable property, inventory property, supplies under Regulations section 1.162-3, nondepreciable section 263(a) property, property deductible as a current expense, etc.).
6 If the property is not currently treated as depreciable or amortizable property, attach a statement of the facts supporting the proposed change to depreciate or amortize the property.
7 If the property is currently treated and/or will be treated as depreciable or amortizable property, provide the following information for both the present (if applicable) and proposed methods:
a The Code section under which the property is or will be depreciated or amortized (e.g., section 168(g)).
b The applicable asset class from Rev. Proc. 87-56, 1987-2 C.B. 674, for each asset depreciated under section 168 (MACRS) or under section 1400L; the applicable asset class from Rev. Proc. 83-35, 1983-1 C.B. 745, for each asset depreciated under former section 168 (ACRS); an explanation why no asset class is identified for each asset for which an asset class has not been identified by the applicant.
c The facts to support the asset class for the proposed method.
d The depreciation or amortization method of the property, including the applicable Code section (e.g., 200% declining balance method under section 168(b)(1)).
e The useful life, recovery period, or amortization period of the property.
f The applicable convention of the property.
g A statement of whether or not the additional first-year special depreciation allowance (for example, as provided by section 168(k), 168(l), 168(m), 168(n), 1400L(b), or 1400N(d)) was or will be claimed for the property. If not, also provide an explanation as to why no special depreciation allowance was or will be claimed.

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FORM 3115                      CHANGE REQUESTS MADE WITHIN PAST 5 YEARS                      STATEMENT      3

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DESCRIPTION OF CHANGE	YEAR	CONSENT OBTAINED
VEHICLE POOL METHOD CHANGE NO. 112: SINGLE POOL	2011	X
#192 CAPITALIZE ACQUISITION OR PRODUCTION COSTS	2014	X
#184 ACCOUNTING FOR AMOUNTS PAID RELATED TO TANGIBLE PROPERTY	2014	X

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FORM 3115                      ITEMS CHANGING IF NOT OVERALL METHOD CHANGE                      STATEMENT      4

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DESCRIPTION	PRESENT METHOD	PROPOSED METHOD	OVERALL METHOD
SEE STATEMENT ATTACHED			

**MILLER BROTHERS CHEVROLET OLDSMOBILE CADILLAC, INC.**  
**FEIN: 52-1486069**

**Attachment to Form 3115**  
**(Automatic Change Request #184, #186 and #192)**  
**Tax year of change begins Jan. 1, 2014 and ends Dec. 31, 2014**

**Part II, Question 12a - Items being changed**

Taxpayer is changing its method of accounting to adopt the following Tangible Property Regulations:

<u>DCN</u>	<u>Subject Matter or Issue</u>	<u>Reg. Section</u>
184	Repairs and Maintenance	1.162-4(a)
184	Capital expenditures in general	1.263(a)-1(a)
	Amounts paid to improve tangible property:	
184	Definitions	1.263(a)-3(b)
184	Requirements to capitalize amounts paid	1.263(a)-3(d)
184	Unit of property	1.263(a)-3(e),(f)
184	Special rules for determining improvement costs	1.263(a)-3(g)(1)
184	Safe harbor for routine maintenance on property	1.263(a)-3(i)
184	Capitalization of betterments	1.263(a)-3(j)
184	Capitalization of restorations	1.263(a)-3(k)
184	Capitalization of amounts to adapt property to a new or different use	1.263(a)-3(l)
	Amounts paid to acquire or produce tangible property:	
192	Requirements to capitalize amounts paid	1.263(a)-2(d)
192	Defense or perfection of title to property	1.263(a)-2(e)
192	Transactions costs	1.263(a)-2(f)
192	Treatment of Capital Expenditures	1.263(a)-2(g)
186	Non-incident material and supplies	1.162-3(a)(1)
186	Material and supplies definition	1.162-3(c)

**Part II, Question 12b - Present Method**

Taxpayer's present accounting method follows superseded Treasury guidance that generally concludes that (a) the cost of incidental repairs which neither materially add to the value of a property nor appreciably prolong its life, but keep a property in an ordinary efficient operating condition, are deducted, (b) repairs in the nature of replacements, to the extent that they arrest deterioration and appreciably prolong the life of a property, are capitalized, and (c) amounts paid to acquire, produce, or improve tangible property are capitalized. Taxpayer has not been employing any defined unit of property criteria. Taxpayer expenses non-incident material and supplies.

**Part II, Question 12c - Proposed Method**

Taxpayer proposes to use the guidance of §1.162-4 and other sections of the Tangible Property Regulations to determine whether an expenditure should be deducted as a repair and maintenance expense or should be capitalized under §1.263(a)-1, §1.263(a)-2, or §1.263(a)-3. Taxpayer will capitalize all expenditures that result in betterment, restoration, or adapt property to a new or different use following the tests under §1.263(a)-3(j),(k), and (l). Taxpayer will employ the routine maintenance safe harbor of §1.263(a)-3(i).

Taxpayer will determine the unit of property using the functional inter-dependence standard under §1.263(a)-3(e) and the special rules (i.e. buildings, building systems, and MACRS conformity) in applying its capitalization standard. Taxpayer will account for each building, including the building structure and all building systems, as one unit of property. Additionally, the Taxpayer will account for land improvements, such as parking lots, landscaping and outside lighting, as a separate unit of property.

Taxpayer proposes to use the guidance of §1.162-3 to deduct non-incident material and supplies when used or consumed.

**Part II, Question 12d - Present Overall Method**

The Taxpayer's present overall method of accounting is the accrual method.

**Part II, Question 13 - Trade or Business**

The Taxpayer's trade or business is the sale of new and used vehicles, the sale of parts for vehicles, and the sale of repair services for vehicles. The Principal Activity Code is 441110.

**Part IV, Question 25 - Sec. 481(a) adjustment**

Taxpayer does not believe its present methods of accounting are contrary to the proposed methods. Therefore, Taxpayer does not have an IRC §481(a) adjustment related to those methods.

**Additional Information**

Taxpayer agrees to the terms and conditions of Rev. Proc. 2015-13 and 2015-14 that are necessary or required to effect the method changes which are the subject matter of these applications.

# Application for Change in Accounting Method

OMB No. 1545-0152

Name of filer (name of parent corporation if a consolidated group) (see instructions)  <b>MILLER BROTHERS CHEVROLET OLDSMOBILE CADILLAC, INC.</b>	Identification number (see instructions) <b>52-1486069</b>
Number, street, and room or suite no. If a P.O. box, see the instructions. <b>9035 BALTIMORE NATIONAL PIKE</b>	Principal business activity code number (see instructions) <b>441110</b>
City or town, state, and ZIP code <b>ELLICOTT CITY, MD 21042</b>	Tax year of change begins (MM/DD/YYYY) <b>01/01/2014</b> Tax year of change ends (MM/DD/YYYY) <b>12/31/2014</b>
Name of applicant(s) (if different than filer) and identification number(s) (see instructions)	Name of contact person (see instructions) <b>MR. ROBERT MILLER</b>
	Contact person's telephone number <b>(410) 465-1301</b>

If the applicant is a member of a consolidated group, check this box

If Form 2848, Power of Attorney and Declaration of Representative, is attached (see instructions for when Form 2848 is required), check this box

<p><b>Check the box to indicate the type of applicant.</b></p> <p><input type="checkbox"/> Individual <input type="checkbox"/> Cooperative (Sec. 1381)</p> <p><input type="checkbox"/> Corporation <input type="checkbox"/> Partnership</p> <p><input type="checkbox"/> Controlled foreign corporation (Sec. 957) <input checked="" type="checkbox"/> S corporation</p> <p><input type="checkbox"/> 10/50 corporation (Sec. 904(d)(2)(E)) <input type="checkbox"/> Insurance co. (Sec. 816(a))</p> <p><input type="checkbox"/> Qualified personal service corporation (Sec. 448(d)(2)) <input type="checkbox"/> Insurance co. (Sec. 831)</p> <p><input type="checkbox"/> Exempt organization. Enter Code section <input type="checkbox"/> Other (specify) ▶ _____</p>	<p><b>Check the appropriate box to indicate the type of accounting method change being requested.</b> (see instructions)</p> <p><input type="checkbox"/> Depreciation or Amortization</p> <p><input type="checkbox"/> Financial Products and/or Financial Activities of Financial Institutions</p> <p><input type="checkbox"/> Other (specify) ▶ _____</p>
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**Caution.** To be eligible for approval of the requested change in method of accounting, the taxpayer must provide all information that is relevant to the taxpayer or to the taxpayer's requested change in method of accounting. This includes all information requested on this Form 3115 (including its instructions), as well as any other information that is not specifically requested.

The taxpayer must attach all applicable supplemental statements requested throughout this form.

Part I Information For Automatic Change Request	Yes	No
1 Enter the applicable designated automatic accounting method change number for the requested automatic change. Enter only one designated automatic accounting method change number, except as provided for in guidance published by the IRS. If the requested change has no designated automatic accounting method change number, check "Other," and provide both a description of the change and citation of the IRS guidance providing the automatic change. See instructions. ▶ (a) Change No. <u>192</u> (b) Other <input type="checkbox"/> Description ▶ _____		
2 Do any of the scope limitations described in section 4.02 of Rev. Proc. 2008-52 cause automatic consent to be unavailable for the applicant's requested change? If "Yes," attach an explanation _____		X

**Note.** Complete Part II below and then Part IV, and also Schedules A through E of this form (if applicable).

Part II Information For All Requests	Yes	No
3 Did or will the applicant cease to engage in the trade or business to which the requested change relates, or terminate its existence, in the tax year of change (see instructions)? If "Yes," the applicant is not eligible to make the change under automatic change request procedures.		X
4a Does the applicant (or any present or former consolidated group in which the applicant was a member during the applicable tax year(s)) have any Federal income tax return(s) under examination (see instructions)? If "No," go to line 5.		X
b Is the method of accounting the applicant is requesting to change an issue (with respect to either the applicant or any present or former consolidated group in which the applicant was a member during the applicable tax year(s)) either (i) under consideration or (ii) placed in suspense (see instructions)?		

**Signature** (see instructions)

Under penalties of perjury, I declare that I have examined this application, including accompanying schedules and statements, and to the best of my knowledge and belief, the application contains all the relevant facts relating to the application, and it is true, correct, and complete. Declaration of preparer (other than applicant) is based on all information of which preparer has any knowledge.

**Filer**
**Preparer (other than filer/applicant)**

\_\_\_\_\_  
Signature and date

\_\_\_\_\_  
Signature of individual preparing the application and date

\_\_\_\_\_  
Name and title (print or type)

**JOHN R. COMUNALE**  
Name of individual preparing the application (print or type)

**COUNCILOR, BUCHANAN & MITCHELL, P.C.**  
Name of firm preparing the application

<b>Part II</b> Information For All Requests (continued)	Yes	No
<p><b>4c</b> Is the method of accounting the applicant is requesting to change an issue pending (with respect to either the applicant or any present or former consolidated group in which the applicant was a member during the applicable tax year(s)) for any tax year under examination (see instructions)? .....</p>	☐	☐
<p><b>d</b> Is the request to change the method of accounting being filed under the procedures requiring that the operating division director consent to the filing of the request (see instructions)? .....</p> <p>If "Yes," attach the consent statement from the director.</p>	☐	☐
<p><b>e</b> Is the request to change the method of accounting being filed under the 90-day or 120-day window period? .....</p> <p>If "Yes," check the box for the applicable window period and attach the required statement (see instructions).</p> <p><input type="checkbox"/> 90 day      <input type="checkbox"/> 120 day: Date examination ended ▶ _____</p>	☐	☐
<p><b>f</b> If you answered "Yes" to line 4a, enter the name and telephone number of the examining agent and the tax year(s) under examination.</p> <p>Name ▶ _____ Telephone no. ▶ _____ Tax year(s) ▶ _____</p>	☐	☐
<p><b>g</b> Has a copy of this Form 3115 been provided to the examining agent identified on line 4f? .....</p>	☐	☐
<p><b>5a</b> Does the applicant (or any present or former consolidated group in which the applicant was a member during the applicable tax year(s)) have any Federal income tax return(s) before Appeals and/or a Federal court? .....</p> <p>If "Yes," enter the name of the (check the box) <input type="checkbox"/> Appeals officer and/or <input type="checkbox"/> counsel for the government, telephone number, and the tax year(s) before Appeals and/or a Federal court.</p> <p>Name ▶ _____ Telephone no. ▶ _____ Tax year(s) ▶ _____</p>	☐	X
<p><b>b</b> Has a copy of this Form 3115 been provided to the Appeals officer and/or counsel for the government identified on line 5a? .....</p>	☐	☐
<p><b>c</b> Is the method of accounting the applicant is requesting to change an issue under consideration by Appeals and/or a Federal court (for either the applicant or any present or former consolidated group in which the applicant was a member for the tax year(s) the applicant was a member) (see instructions)? .....</p> <p>If "Yes," attach an explanation.</p>	☐	X
<p><b>6</b> If the applicant answered "Yes" to line 4a and/or 5a with respect to any present or former consolidated group, attach a statement that provides each parent corporation's (a) name, (b) identification number, (c) address, and (d) tax year(s) during which the applicant was a member that is under examination, before an Appeals office, and/or before a Federal court.</p>	☐	☐
<p><b>7</b> If, for federal income tax purposes, the applicant is either an entity (including a limited liability company) treated as a partnership or an S corporation, is it requesting a change from a method of accounting that is an issue under consideration in an examination, before Appeals, or before a Federal court, with respect to a Federal income tax return of a partner, member, or shareholder of that entity? .....</p> <p>If "Yes," the applicant is <b>not</b> eligible to make the change.</p>	☐	X
<p><b>8a</b> Does the applicable revenue procedure (advance consent or automatic consent) state that the applicant does not receive audit protection for the requested change (see instructions)? .....</p>	☐	X
<p><b>b</b> If "Yes," attach an explanation.</p>	☐	☐
<p><b>9a</b> Has the applicant, its predecessor, or a related party requested or made (under either an automatic change procedure or a procedure requiring advance consent) a change in method of accounting within the past 5 years (including the year of the requested change)? .....</p>	X	☐
<p><b>b</b> If "Yes," for each trade or business, attach a description of each requested change in method of accounting (including the tax year of change) and state whether the applicant received consent. <b>SEE STATEMENT 5</b></p>	☐	☐
<p><b>c</b> If any application was withdrawn, not perfected, or denied, or if a Consent Agreement granting a change was not signed and returned to the IRS, or the change was not made or not made in the requested year of change, attach an explanation.</p>	☐	☐
<p><b>10a</b> Does the applicant, its predecessor, or a related party currently have pending any request (including any concurrently filed request) for a private letter ruling, change in method of accounting, or technical advice? .....</p>	☐	X
<p><b>b</b> If "Yes," for each request attach a statement providing the name(s) of the taxpayer, identification number(s), the type of request (private letter ruling, change in method of accounting, or technical advice), and the specific issue(s) in the request(s).</p>	☐	☐
<p><b>11</b> Is the applicant requesting to change its <b>overall</b> method of accounting? .....</p> <p>If "Yes," check the appropriate boxes below to indicate the applicant's present and proposed methods of accounting. Also, complete Schedule A on page 4 of this form.</p> <p><b>Present method:</b>      <input type="checkbox"/> Cash                      <input type="checkbox"/> Accrual                      <input type="checkbox"/> Hybrid (attach description)</p> <p><b>Proposed method:</b>   <input type="checkbox"/> Cash                      <input type="checkbox"/> Accrual                      <input type="checkbox"/> Hybrid (attach description)</p>	☐	X



<b>Part II Information For All Requests</b> (continued)		Yes	No						
<b>12</b>	If the applicant is either (i) <b>not</b> changing its overall method of accounting, or (ii) is changing its overall method of accounting and also changing to a special method of accounting for one or more items, attach a detailed and complete description for each of the following: <b>a</b> The item(s) being changed. <b>b</b> The applicant's present method for the item(s) being changed. <b>SEE STATEMENT 6</b> <b>c</b> The applicant's proposed method for the item(s) being changed. <b>d</b> The applicant's present overall method of accounting (cash, accrual, or hybrid).								
<b>13</b>	Attach a detailed and complete description of the applicant's trade(s) or business(es), and the principal business activity code for each. If the applicant has more than one trade or business as defined in Regulations section 1.446-1(d), describe: whether each trade or business is accounted for separately; the goods and services provided by each trade or business and any other types of activities engaged in that generate gross income; the overall method of accounting for each trade or business; and which trade or business is requesting to change its accounting method as part of this application or a separate application.								
<b>14</b>	Will the proposed method of accounting be used for the applicant's books and records and financial statements? For insurance companies, see the instructions ..... If "No," attach an explanation.	X							
<b>15a</b>	Has the applicant engaged, or will it engage, in a transaction to which section 381(a) applies (e.g., a reorganization, merger, or liquidation) during the proposed tax year of change determined without regard to any potential closing of the year under section 381(b)(1)? .....		X						
<b>b</b>	If "Yes," for the items of income and expense that are the subject of this application, attach a statement identifying the methods of accounting used by the parties to the section 381(a) transaction immediately before the date of distribution or transfer and the method(s) that would be required by section 381(c)(4) or (c)(5) absent consent to the change(s) requested in this application.								
<b>16</b>	Does the applicant request a conference with the IRS National Office if the IRS proposes an adverse response? .....	X							
<b>17</b>	If the applicant is changing to either the overall cash method, an overall accrual method, or is changing its method of accounting for any property subject to section 263A, any long-term contract subject to section 460, or inventories subject to section 474, enter the applicant's gross receipts for the 3 tax years preceding the tax year of change. <table border="1" style="width:100%; border-collapse: collapse;"> <tr> <td style="width:33%;">1st preceding year ended: mo.          yr.</td> <td style="width:33%;">2nd preceding year ended: mo.          yr.</td> <td style="width:33%;">3rd preceding year ended: mo.          yr.</td> </tr> <tr> <td>\$ _____</td> <td>\$ _____</td> <td>\$ _____</td> </tr> </table>	1st preceding year ended: mo.          yr.	2nd preceding year ended: mo.          yr.	3rd preceding year ended: mo.          yr.	\$ _____	\$ _____	\$ _____		
1st preceding year ended: mo.          yr.	2nd preceding year ended: mo.          yr.	3rd preceding year ended: mo.          yr.							
\$ _____	\$ _____	\$ _____							

<b>Part III Information For Advance Consent Request</b>		Yes	No
<b>18</b>	Is the applicant's requested change described in any revenue procedure, revenue ruling, notice, regulation, or other published guidance as an automatic change request? ..... If "Yes," attach an explanation describing why the applicant is submitting its request under advance consent request procedures.		
<b>19</b>	Attach a full explanation of the legal basis supporting the proposed method for the item being changed. Include a detailed and complete description of the facts that explains how the law specifically applies to the applicant's situation and that demonstrates that the applicant is authorized to use the proposed method. Include all authority (statutes, regulations, published rulings, court cases, etc.) supporting the proposed method. Also, include either a discussion of the contrary authorities or a statement that no contrary authority exists.		
<b>20</b>	Attach a copy of all documents related to the proposed change (see instructions).		
<b>21</b>	Attach a statement of the applicant's reasons for the proposed change.		
<b>22</b>	If the applicant is a member of a consolidated group for the year of change, do all other members of the consolidated group use the proposed method of accounting for the item being changed? ..... If "No," attach an explanation.		
<b>23a</b>	Enter the amount of <b>user fee</b> attached to this application (see instructions). ► \$ _____		
<b>b</b>	If the applicant qualifies for a reduced user fee, attach the required information or certification (see instructions).		

<b>Part IV Section 481(a) Adjustment</b>		Yes	No
<b>24</b>	Does the applicable revenue procedure, revenue ruling, notice, regulation, or other published guidance require the applicant to implement the requested change in method of accounting on a cut-off basis rather than a section 481(a) adjustment? ..... If "Yes," do not complete lines 25, 26, and 27 below.		X
<b>25</b>	Enter the section 481(a) adjustment. Indicate whether the adjustment is an increase (+) or a decrease (-) in income. ► \$ _____ <u>0</u> Attach a summary of the computation and an explanation of the methodology used to determine the section 481(a) adjustment. If it is based on more than one component, show the computation for each component. If more than one applicant is applying for the method change on the same application, attach a list of the name, identification number, principal business activity code (see instructions), and the amount of the section 481(a) adjustment attributable to each applicant.		

<b>Part IV Section 481(a) Adjustment</b> (continued)		Yes	No
26	If the section 481(a) adjustment is an increase to income of less than \$25,000, does the applicant elect to take the entire amount of the adjustment into account in the year of change? .....		
27	Is any part of the section 481(a) adjustment attributable to transactions between members of an affiliated group, a consolidated group, a controlled group, or other related parties? ..... If "Yes," attach an explanation.		X

**Schedule A - Change in Overall Method of Accounting** (If Schedule A applies, Part I below must be completed.)

**Part I Change in Overall Method** (see instructions)

1 Enter the following amounts as of the close of the tax year preceding the year of change. If none, state "None." Also, attach a statement providing a breakdown of the amounts entered on lines 1a through 1g.

	Amount
a Income accrued but not received (such as accounts receivable) .....	\$
b Income received or reported before it was earned (such as advanced payments). Attach a description of the income and the legal basis for the proposed method .....	
c Expenses accrued but not paid (such as accounts payable) .....	
d Prepaid expenses previously deducted .....	
e Supplies on hand previously deducted and/or not previously reported .....	
f Inventory on hand previously deducted and/or not previously reported. Complete Schedule D, Part II .....	
g Other amounts (specify). Attach a description of the item and the legal basis for its inclusion in the calculation of the section 481(a) adjustment. ▶ .....	
h <b>Net section 481(a) adjustment</b> (Combine lines 1a -1g.) Indicate whether the adjustment is an increase (+) or decrease (-) in income. Also enter the net amount of this section 481(a) adjustment amount on Part IV, line 25 .....	\$

2 Is the applicant also requesting the recurring item exception under section 461(h)(3)?  Yes  No

3 Attach copies of the profit and loss statement (Schedule F (Form 1040) for farmers) and the balance sheet, if applicable, as of the close of the tax year preceding the year of change. Also attach a statement specifying the accounting method used when preparing the balance sheet. If books of account are not kept, attach a copy of the business schedules submitted with the Federal income tax return or other return (e.g., tax-exempt organization returns) for that period. If the amounts in Part I, lines 1a through 1g, do not agree with those shown on both the profit and loss statement and the balance sheet, attach a statement explaining the differences.

**Part II Change to the Cash Method For Advance Consent Request** (see instructions)

Applicants requesting a change to the cash method must attach the following information:

1 A description of inventory items (items whose production, purchase, or sale is an income-producing factor) and materials and supplies used in carrying out the business.

2 An explanation as to whether the applicant is required to use the accrual method under any section of the Code or regulations.

**Schedule B - Change to the Deferral Method for Advance Payments** (see instructions)

1 If the applicant is requesting to change to the Deferral Method for advance payments described in section 5.02 of Rev. Proc. 2004-34, 2004-1 C.B. 991, attach the following information:

a A statement explaining how the advance payments meet the definition in section 4.01 of Rev. Proc. 2004-34.

b If the applicant is filing under the automatic change procedures of Rev. Proc. 2008-52, the information required by section 8.02(3)(a)-(c) of Rev. Proc. 2004-34.

c If the applicant is filing under the advance consent provisions of Rev. Proc. 97-27, the information required by section 8.03(2)(a)-(f) of Rev. Proc. 2004-34.

2 If the applicant is requesting to change to the deferral method for advance payments described in Regulations section 1.451-5(b)(1)(ii), attach the following.

a A statement explaining how the advance payments meet the definition in Regulations section 1.451-5(a)(1).

b A statement explaining what portions of the advance payments, if any, are attributable to services, whether such services are integral to the provisions of goods or items, and whether any portions of the advance payments that are attributable to non-integral services are less than five percent of the total contract prices. See Regulations sections 1.451-5(a)(2)(i) and (3).

c A statement explaining that the advance payments will be included in income no later than when included in gross receipts for purposes of the applicant's financial reports. See Regulations section 1.451-5(b)(1)(ii).

d A statement explaining whether the inventoriable goods exception of Regulations section 1.451-5(c) applies and if so, when substantial advance payments will be received under the contracts, and how the exception will limit the deferral of income.

**Schedule C - Changes Within the LIFO Inventory Method** (see instructions)**Part I General LIFO Information**

Complete this section if the requested change involves changes within the LIFO inventory method. Also, attach a copy of all **Forms 970**, Application To Use LIFO Inventory Method, filed to adopt or expand the use of the LIFO method.

- 1** Attach a description of the applicant's present and proposed LIFO methods and submethods for each of the following items:
  - a** Valuing inventory (e.g., unit method or dollar-value method).
  - b** Pooling (e.g., by line or type or class of goods, natural business unit, multiple pools, raw material content, simplified dollar-value method, inventory price index computation (IPIC) pools, vehicle-pool method, etc.).
  - c** Pricing dollar-value pools (e.g., double-extension, index, link-chain, link-chain index, IPIC method, etc.).
  - d** Determining the current-year cost of goods in the ending inventory (i.e., most recent acquisitions, earliest acquisitions during the current year, average cost of current-year acquisitions, or other permitted method).
- 2** If any present method or submethod used by the applicant is not the same as indicated on Form(s) 970 filed to adopt or expand the use of the method, attach an explanation.
- 3** If the proposed change is not requested for all the LIFO inventory, attach a statement specifying the inventory to which the change is and is not applicable.
- 4** If the proposed change is not requested for all of the LIFO pools, attach a statement specifying the LIFO pool(s) to which the change is applicable.
- 5** Attach a statement addressing whether the applicant values any of its LIFO inventory on a method other than cost. For example, if the applicant values some of its LIFO inventory at retail and the remainder at cost, identify which inventory items are valued under each method.
- 6** If changing to the IPIC method, attach a completed Form 970.

**Part II Change in Pooling Inventories**

- 1** If the applicant is proposing to change its pooling method or the number of pools, attach a description of the contents of, and state the base year for, each dollar-value pool the applicant presently uses and proposes to use.
- 2** If the applicant is proposing to use natural business unit (NBU) pools or requesting to change the number of NBU pools, attach the following information (to the extent not already provided) in sufficient detail to show that each proposed NBU was determined under Regulations section 1.472-8(b)(1) and (2):
  - a** A description of the types of products produced by the applicant. If possible, attach a brochure.
  - b** A description of the types of processes and raw materials used to produce the products in each proposed pool.
  - c** If all of the products to be included in the proposed NBU pool(s) are not produced at one facility, state the reasons for the separate facilities, the location of each facility, and a description of the products each facility produces.
  - d** A description of the natural business divisions adopted by the taxpayer. State whether separate cost centers are maintained and if separate profit and loss statements are prepared.
  - e** A statement addressing whether the applicant has inventories of items purchased and held for resale that are not further processed by the applicant, including whether such items, if any, will be included in any proposed NBU pool.
  - f** A statement addressing whether all items including raw materials, goods-in-process, and finished goods entering into the entire inventory investment for each proposed NBU pool are presently valued under the LIFO method. Describe any items that are not presently valued under the LIFO method that are to be included in each proposed pool.
  - g** A statement addressing whether, within the proposed NBU pool(s), there are items both sold to unrelated parties and transferred to a different unit of the applicant to be used as a component part of another product prior to final processing.
- 3** If the applicant is engaged in manufacturing and is proposing to use the multiple pooling method or raw material content pools, attach information to show that each proposed pool will consist of a group of items that are substantially similar. See Regulations section 1.472-8(b)(3).
- 4** If the applicant is engaged in the wholesaling or retailing of goods and is requesting to change the number of pools used, attach information to show that each of the proposed pools is based on customary business classifications of the applicant's trade or business. See Regulations section 1.472-8(c).

Schedule D - Change in the Treatment of Long-Term Contracts Under Section 460, Inventories, or Other Section 263A Assets (see instructions)

Part I Change in Reporting Income From Long-Term Contracts (Also complete Part III on pages 7 and 8.)

- 1 To the extent not already provided, attach a description of the applicant's present and proposed methods for reporting income and expenses from long-term contracts. Also, attach a representative actual contract (without any deletion) for the requested change. If the applicant is a construction contractor, attach a detailed description of its construction activities.
2a Are the applicant's contracts long-term contracts as defined in section 460(f)(1) (see instructions)?
b If "Yes," do all the contracts qualify for the exception under section 460(e) (see instructions)?
c If line 2b is "Yes," is the applicant requesting to use the percentage-of-completion method using cost-to-cost under Regulations section 1.460-4(b)?
d If line 2c is "No," is the applicant requesting to use the exempt-contract percentage-of-completion method under Regulations section 1.460-4(c)(2)?
3a Does the applicant have long-term manufacturing contracts as defined in section 460(f)(2)?
b If "Yes," attach an explanation of the applicant's present and proposed method(s) of accounting for long-term manufacturing contracts.
c Attach a description of the applicant's manufacturing activities, including any required installation of manufactured goods.
4 To determine a contract's completion factor using the percentage-of-completion method:
a Will the applicant use the cost-to-cost method in Regulations section 1.460-4(b)?
b If line 4a is "No," is the applicant electing the simplified cost-to-cost method (see section 460(b)(3) and Regulations section 1.460-5(c))?
5 Attach a statement indicating whether any of the applicant's contracts are either cost-plus long-term contracts or Federal long-term contracts.

Part II Change in Valuing Inventories Including Cost Allocation Changes (Also complete Part III on pages 7 and 8.)

- 1 Attach a description of the inventory goods being changed.
2 Attach a description of the inventory goods (if any) NOT being changed.
3a Is the applicant subject to section 263A? If "No," go to line 4a
b Is the applicant's present inventory valuation method in compliance with section 263A (see instructions)? If "No," attach a detailed explanation

4a Check the appropriate boxes below.

Identification methods:

- Specific identification
FIFO
LIFO
Other (attach explanation)

Valuation methods:

- Cost
Cost or market, whichever is lower
Retail cost
Retail, lower of cost or market
Other (attach explanation)

Table with 3 columns: Inventory Being Changed (Present method, Proposed method), Inventory Not Being Changed (Present method). Rows correspond to identification and valuation methods.

- b Enter the value at the end of the tax year preceding the year of change
5 If the applicant is changing from the LIFO inventory method to a non-LIFO method, attach the following information (see instructions).
a Copies of Form(s) 970 filed to adopt or expand the use of the method.
b Only for applicants requesting advance consent. A statement describing whether the applicant is changing to the method required by Regulations section 1.472-6(a) or (b), or whether the applicant is proposing a different method.
c Only for applicants requesting an automatic change. The statement required by section 22.01(5) of the Appendix of Rev. Proc. 2008-52 (or its successor).

**Part III Method of Cost Allocation** (Complete this part if the requested change involves either property subject to section 263A or long-term contracts as described in section 460 (see instructions)).

**Section A - Allocation and Capitalization Methods**

Attach a description (including sample computations) of the present and proposed method(s) the applicant uses to capitalize direct and indirect costs properly allocable to real or tangible personal property produced and property acquired for resale, or to allocate and, where appropriate, capitalize direct and indirect costs properly allocable to long-term contracts. Include a description of the method(s) used for allocating indirect costs to intermediate cost objectives such as departments or activities prior to the allocation of such costs to long-term contracts, real or tangible personal property produced, and property acquired for resale. The description must include the following:

- 1 The method of allocating direct and indirect costs (i.e., specific identification, burden rate, standard cost, or other reasonable allocation method).
- 2 The method of allocating mixed service costs (i.e., direct reallocation, step-allocation, simplified service cost using the labor-based allocation ratio, simplified service cost using the production cost allocation ratio, or other reasonable allocation method).
- 3 The method of capitalizing additional section 263A costs (i.e., simplified production with or without the historic absorption ratio election, simplified resale with or without the historic absorption ratio election including permissible variations, the U.S. ratio, or other reasonable allocation method).

**Section B - Direct and Indirect Costs Required To Be Allocated**

Check the appropriate boxes showing the costs that are or will be fully included, to the extent required, in the cost of real or tangible personal property produced or property acquired for resale under section 263A or allocated to long-term contracts under section 460. Mark "N/A" in a box if those costs are not incurred by the applicant. If a box is not checked, it is assumed that those costs are not fully included to the extent required. Attach an explanation for boxes that are not checked.

	Present method	Proposed method
1 Direct material		
2 Direct labor		
3 Indirect labor		
4 Officers' compensation (not including selling activities)		
5 Pension and other related costs		
6 Employee benefits		
7 Indirect materials and supplies		
8 Purchasing costs		
9 Handling, processing, assembly, and repackaging costs		
10 Offsite storage and warehousing costs		
11 Depreciation, amortization, and cost recovery allowance for equipment and facilities placed in service and not temporarily idle		
12 Depletion		
13 Rent		
14 Taxes other than state, local, and foreign income taxes		
15 Insurance		
16 Utilities		
17 Maintenance and repairs that relate to a production, resale, or long-term contract activity		
18 Engineering and design costs (not including section 174 research and experimental expenses)		
19 Rework labor, scrap, and spoilage		
20 Tools and equipment		
21 Quality control and inspection		
22 Bidding expenses incurred in the solicitation of contracts awarded to the applicant		
23 Licensing and franchise costs		
24 Capitalizable service costs (including mixed service costs)		
25 Administrative costs (not including any costs of selling or any return on capital)		
26 Research and experimental expenses attributable to long-term contracts		
27 Interest		
28 Other costs (Attach a list of these costs.)		

**Part III Method of Cost Allocation** (see instructions) (continued)

**Section C - Other Costs Not Required To Be Allocated** (Complete Section C only if the applicant is requesting to change its method for these costs.)

	Present method	Proposed method
1 Marketing, selling, advertising, and distribution expenses .....		
2 Research and experimental expenses not included in Section B, line 26 .....		
3 Bidding expenses not included in Section B, line 22 .....		
4 General and administrative costs not included in Section B .....		
5 Income taxes .....		
6 Cost of strikes .....		
7 Warranty and product liability costs .....		
8 Section 179 costs .....		
9 On-site storage .....		
10 Depreciation, amortization, and cost recovery allowance not included in Section B, line 11 .....		
11 Other costs (Attach a list of these costs.) .....		

**Schedule E - Change in Depreciation or Amortization** (see instructions)

Applicants requesting approval to change their method of accounting for depreciation or amortization complete this section. Applicants **must** provide this information for each item or class of property for which a change is requested.

**Note.** See the **List of Automatic Accounting Method Changes** in the instructions for information regarding automatic changes under sections 56, 167, 168, 197, 1400I, 1400L, or former section 168. Do not file Form 3115 with respect to certain late elections and election revocations (see instr.).

- 1 Is depreciation for the property determined under Regulations section 1.167(a)-11 (CLADR)?  Yes  No  
If "Yes," the only changes permitted are under Regulations section 1.167(a)-11(c)(1)(iii).
- 2 Is any of the depreciation or amortization required to be capitalized under any Code section (e.g., section 263A)?  Yes  No  
If "Yes," enter the applicable section  \_\_\_\_\_
- 3 Has a depreciation, amortization, or expense election been made for the property (e.g., the election under sections 168(f)(1), 179, or 179C)?  Yes  No  
If "Yes," state the election made  \_\_\_\_\_
- 4a To the extent not already provided, attach a statement describing the property being changed. Include in the description the type of property, the year the property was placed in service, and the property's use in the applicant's trade or business or income-producing activity.
- b If the property is residential rental property, did the applicant live in the property before renting it?  Yes  No
- c Is the property public utility property?  Yes  No
- 5 To the extent not already provided in the applicant's description of its present method, attach a statement explaining how the property is treated under the applicant's present method (e.g., depreciable property, inventory property, supplies under Regulations section 1.162-3, nondepreciable section 263(a) property, property deductible as a current expense, etc.).
- 6 If the property is not currently treated as depreciable or amortizable property, attach a statement of the facts supporting the proposed change to depreciate or amortize the property.
- 7 If the property is currently treated and/or will be treated as depreciable or amortizable property, provide the following information for both the present (if applicable) and proposed methods:
  - a The Code section under which the property is or will be depreciated or amortized (e.g., section 168(g)).
  - b The applicable asset class from Rev. Proc. 87-56, 1987-2 C.B. 674, for each asset depreciated under section 168 (MACRS) or under section 1400L; the applicable asset class from Rev. Proc. 83-35, 1983-1 C.B. 745, for each asset depreciated under former section 168 (ACRS); an explanation why no asset class is identified for each asset for which an asset class has not been identified by the applicant.
  - c The facts to support the asset class for the proposed method.
  - d The depreciation or amortization method of the property, including the applicable Code section (e.g., 200% declining balance method under section 168(b)(1)).
  - e The useful life, recovery period, or amortization period of the property.
  - f The applicable convention of the property.
  - g A statement of whether or not the additional first-year special depreciation allowance (for example, as provided by section 168(k), 168(l), 168(m), 168(n), 1400L(b), or 1400N(d)) was or will be claimed for the property. If not, also provide an explanation as to why no special depreciation allowance was or will be claimed.

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FORM 3115                      CHANGE REQUESTS MADE WITHIN PAST 5 YEARS                      STATEMENT      5

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DESCRIPTION OF CHANGE	YEAR	CONSENT OBTAINED
VEHICLE POOL METHOD CHANGE NO. 112: SINGLE POOL	2011	X
#186 DEDUCT NON-INCIDENTAL MATERIAL AND SUPPLIES	2014	X
#184 ACCOUNTING FOR AMOUNTS PAID RELATED TO TANGIBLE PROPERTY	2014	X

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FORM 3115                      ITEMS CHANGING IF NOT OVERALL METHOD CHANGE                      STATEMENT      6

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DESCRIPTION	PRESENT METHOD	PROPOSED METHOD	OVERALL METHOD
SEE STATEMENT ATTACHED			

**MILLER BROTHERS CHEVROLET OLDSMOBILE CADILLAC, INC.**  
**FEIN: 52-1486069**

**Attachment to Form 3115**  
**(Automatic Change Request #184, #186 and #192)**  
**Tax year of change begins Jan. 1, 2014 and ends Dec. 31, 2014**

**Part II, Question 12a - Items being changed**

Taxpayer is changing its method of accounting to adopt the following Tangible Property Regulations:

<u>DCN</u>	<u>Subject Matter or Issue</u>	<u>Reg. Section</u>
184	Repairs and Maintenance	1.162-4(a)
184	Capital expenditures in general	1.263(a)-1(a)
	Amounts paid to improve tangible property:	
184	Definitions	1.263(a)-3(b)
184	Requirements to capitalize amounts paid	1.263(a)-3(d)
184	Unit of property	1.263(a)-3(e),(f)
184	Special rules for determining improvement costs	1.263(a)-3(g)(1)
184	Safe harbor for routine maintenance on property	1.263(a)-3(i)
184	Capitalization of betterments	1.263(a)-3(j)
184	Capitalization of restorations	1.263(a)-3(k)
184	Capitalization of amounts to adapt property to a new or different use	1.263(a)-3(l)
	Amounts paid to acquire or produce tangible property:	
192	Requirements to capitalize amounts paid	1.263(a)-2(d)
192	Defense or perfection of title to property	1.263(a)-2(e)
192	Transactions costs	1.263(a)-2(f)
192	Treatment of Capital Expenditures	1.263(a)-2(g)
186	Non-incident material and supplies	1.162-3(a)(1)
186	Material and supplies definition	1.162-3(c)

**Part II, Question 12b - Present Method**

Taxpayer's present accounting method follows superseded Treasury guidance that generally concludes that (a) the cost of incidental repairs which neither materially add to the value of a property nor appreciably prolong its life, but keep a property in an ordinary efficient operating condition, are deducted, (b) repairs in the nature of replacements, to the extent that they arrest deterioration and appreciably prolong the life of a property, are capitalized, and (c) amounts paid to acquire, produce, or improve tangible property are capitalized. Taxpayer has not been employing any defined unit of property criteria. Taxpayer expenses non-incident material and supplies.

**Part II, Question 12c - Proposed Method**

Taxpayer proposes to use the guidance of §1.162-4 and other sections of the Tangible Property Regulations to determine whether an expenditure should be deducted as a repair and maintenance expense or should be capitalized under §1.263(a)-1, §1.263(a)-2, or §1.263(a)-3. Taxpayer will capitalize all expenditures that result in betterment, restoration, or adapt property to a new or different use following the tests under §1.263(a)-3(j),(k), and (l). Taxpayer will employ the routine maintenance safe harbor of §1.263(a)-3(i).

Taxpayer will determine the unit of property using the functional inter-dependence standard under §1.263(a)-3(e) and the special rules (i.e. buildings, building systems, and MACRS conformity) in applying its capitalization standard. Taxpayer will account for each building, including the building structure and all building systems, as one unit of property. Additionally, the Taxpayer will account for land improvements, such as parking lots, landscaping and outside lighting, as a separate unit of property.

Taxpayer proposes to use the guidance of §1.162-3 to deduct non-incident material and supplies when used or consumed.



**Part II, Question 12d - Present Overall Method**

The Taxpayer's present overall method of accounting is the accrual method.

**Part II, Question 13 - Trade or Business**

The Taxpayer's trade or business is the sale of new and used vehicles, the sale of parts for vehicles, and the sale of repair services for vehicles. The Principal Activity Code is 441110.

**Part IV, Question 25 - Sec. 481(a) adjustment**

Taxpayer does not believe its present methods of accounting are contrary to the proposed methods. Therefore, Taxpayer does not have an IRC §481(a) adjustment related to those methods.

**Additional Information**

Taxpayer agrees to the terms and conditions of Rev. Proc. 2015-13 and 2015-14 that are necessary or required to effect the method changes which are the subject matter of these applications.