

Exhibit 2: Method changes under each procedure

This table accompanies the article, "What Taxpayers Need to Know to Comply With the Final Tangible Property Regulations," in the April 2015 issue of *The Tax Adviser*.

Rev. Proc. 2015-14 ¹ Section	Change No.	Item being changed	Regs. Sec.	Limitations	Sec. 481(a) adjustment
10.11(3)(a)(v) and (vi)	184	Change to deduct amounts paid or incurred for repair and maintenance, including the routine maintenance safe harbor, or to capitalize amounts paid or incurred for improvements to tangible property and, if depreciable, to depreciate such property under Secs. 167 or 168. Includes a change, if any, in the method of identifying the unit of property, or, in the case of a building, identifying the building structure or building systems for the purpose of making this change	1.162-4 and 1.263(a)-3	Does not apply to: <ul style="list-style-type: none"> A change in method of accounting for dispositions of depreciable property, including a change in the asset disposed of; Property for which a repair allowance election under Regs. Sec. 1.167(a)-11(d)(2) was made 	Yes, but does not include any amount attributable to property for which a repair allowance election under Regs. Sec. 1.167(a)-11(d)(2) was made
10.11(3)(a)(xi)	185	Change to the regulatory accounting method	1.263(a)-3(m)	Same as above, also does not apply to any property not subject to regulatory accounting rules	Modified Sec. 481(a) adjustment includes only amounts paid or incurred in tax years beginning on or after Jan. 1, 2014. A taxpayer may elect to take into account amounts paid or incurred in tax years beginning on or after Jan. 1, 2012 Does not include any amount attributable to property for which a repair allowance election under Regs. Sec. 1.167(a)-11(d)(2) was made
10.11(3)(a)(i)	186	Change to deduct nonincidental materials and supplies when used or consumed	1.162-3(a)(1) and (c)(1)	Does not apply to: <ul style="list-style-type: none"> Rotable or temporary spare parts described in Regs. Sec. 1.162-3(a)(3); Materials and supplies for which the taxpayer has elected to capitalize and depreciate under Regs. Sec. 1.162-3(d); or Amounts for which the taxpayer has elected to apply the <i>de minimis</i> safe harbor under Regs. Sec. 1.263(a)-2(f) 	Modified Sec. 481(a) adjustment includes only amounts paid or incurred in tax years beginning on or after Jan. 1, 2014. A taxpayer may elect to take into account amounts paid or incurred in tax years beginning on or after Jan. 1, 2012
10.11(3)(a)(ii)	187	Change to deduct incidental materials and supplies when paid or incurred	1.162-3(a)(2) and (c)(1)	Does not apply to amounts for which the taxpayer has elected to apply the <i>de minimis</i> safe harbor under Regs. Sec. 1.263(a)-2(f)	Modified Sec. 481(a) adjustment includes only amounts paid or incurred in tax years beginning on or after Jan. 1, 2014. A taxpayer may elect to take into account amounts paid or incurred in tax years beginning on or after Jan. 1, 2012

¹ Rev. Proc. 2015-13 and Rev. Proc. 2015-14 were released on Jan. 16, 2015. These revenue procedures modify and supersede the automatic and nonautomatic Form 3115 filing procedures (and automatic method changes) provided in Rev. Proc. 2011-14 and Rev. Proc. 97-27. Pursuant to transition guidance under Section 15.02(1)(a)(ii) of Rev. Proc. 2015-13, taxpayers filing for automatic method changes for tax years ending on or after May 31, 2014, and on or before Jan. 31, 2015, can continue to file the Form 3115 under the procedures of Rev. Proc. 2011-14 until the due date of the taxpayer's timely filed (including extensions) original federal income tax return for the requested year of change. Taxpayers filing under this transition rule must indicate on the Form 3115 or any attachment that the Form 3115 is filed under Rev. Proc. 2011-14.

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Rev. Proc. 2015-14 Section	Change No.	Item being changed	Regs. Sec.	Inapplicability	Sec. 481(a) adjustment
10.11(3)(a)(iii)	188	Change to deduct nonincidental rotatable and temporary spare parts when disposed of	1.162-3(a)(3) and (c)(2)	Does not apply to: <ul style="list-style-type: none"> Materials and supplies for which the taxpayer has elected to capitalize and depreciate under Regs. Sec. 1.162-3(d); or Amounts for which the taxpayer has elected to apply the <i>de minimis</i> safe harbor under Regs. Sec. 1.263(a)-2(f) 	Modified Sec. 481(a) adjustment includes only amounts paid or incurred in tax years beginning on or after Jan. 1, 2014. A taxpayer may elect to take into account amounts paid or incurred in tax years beginning on or after Jan. 1, 2012
10.11(3)(a)(iv)	189	Change to the optional method for rotatable and temporary spare parts	1.162-3(e)		Yes
10.11(3)(a)(vii)	190	Change by a dealer in property to deduct commissions and other costs that facilitate the sale of property	1.263(a)-1(e)(2)	Does not apply to: <ul style="list-style-type: none"> Nondealers in property; or Liabilities incurred to facilitate the disposition of assets that constitute a trade or business 	Yes
10.11(3)(a)(viii)	191	Change by a nondealer in property to capitalize commissions and other costs that facilitate the sale of property	1.263(a)-1(e)(1)	Does not apply to: <ul style="list-style-type: none"> Dealers in property; or Liabilities incurred to facilitate the disposition of assets that constitute a trade or business 	Yes
10.11(3)(a)(ix)	192	Change to capitalize acquisition or production costs and, if depreciable, to depreciating such property under Secs. 167 or 168	1.263(a)-2 (including 1.263(a)-2(f)(3)(ii))		Yes, but for inherently facilitative amounts under Regs. Sec. 1.263(a)-2(f)(3)(ii), modified Sec. 481(a) adjustment includes only amounts paid or incurred in tax years beginning on or after Jan. 1, 2014. A taxpayer may elect to take into account amounts paid or incurred in tax years beginning on or after Jan. 1, 2012
10.11(3)(a)(x)	193	Change to deduct certain costs for investigating or pursuing the acquisition of real property	1.263(a)-2(f)(2)(iii)	Does not apply to startup expenditures as defined in Sec. 195(c)(1)	Modified Sec. 481(a) adjustment includes only amounts paid or incurred in tax years beginning on or after Jan. 1, 2014. A taxpayer may elect to take into account amounts paid or incurred in tax years beginning on or after Jan. 1, 2012

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TEMPORARY REGULATIONS					
Rev. Proc. 2015-14 Section	Change No.	Item being changed	Regs. Sec.	Inapplicability	Sec. 481(a) adjustment
10.11(3)(b)(v) and (vi)	162	Change to deduct amounts paid or incurred for repair and maintenance, including the routine-maintenance safe harbor, or to capitalize amounts paid or incurred for improvements to tangible property and, if depreciable, to depreciate such property under Secs. 167 or 168. Includes a change, if any, in the method of identifying the unit of property, or, in the case of a building, identifying the building structure or building systems for the purpose of making this change	1.162-4T 1.263(a)-3T	Does not apply to: <ul style="list-style-type: none"> • A change in method of accounting for dispositions of depreciable property, including a change in the asset disposed of; or • Property for which a repair allowance election under Regs. Sec. 1.167(a)-11(d)(2) was made 	Yes, but does not include any amount attributable to property for which a repair allowance election under Regs. Sec. 1.167(a)-11(d)(2) was made
10.11(3)(b)(xii)	163	Change to the regulatory accounting method.	1.263(a)-3T(k)(2)	Same as above, also does not apply to any property not subject to regulatory accounting rules	Yes, but includes only amounts paid or incurred in tax years beginning on or after Jan. 1, 2012 Does not include any amount attributable to property for which a repair allowance election under Regs. Sec. 1.167(a)-11(d)(2) was made
10.11(3)(b)(i)	164	Change to deduct nonincidental materials and supplies when used or consumed.	1.162-3T(a)(1) and (c)(1)	Does not apply to rotatable or temporary spare parts described in Regs. Sec. 1.162-3T(a)(3)	Yes, but includes only amounts paid or incurred in tax years beginning on or after Jan. 1, 2012
10.11(3)(b)(ii)	165	Change to deduct incidental materials and supplies when paid or incurred.	1.162-3T(a)(2) and (c)(1)		Yes, but includes only amounts paid or incurred in tax years beginning on or after Jan. 1, 2012
10.11(3)(b)(iii)	166	Change to deduct nonincidental rotatable and temporary spare parts when disposed of.	1.162-3T(a)(3) and (c)(2)		Yes, but includes only amounts paid or incurred in tax years beginning on or after Jan. 1, 2012
10.11(3)(b)(iv)	167	Change to the optional method for rotatable and temporary spare parts.	1.162-3T(e)		Yes
10.11(3)(b)(vii)	168	Change by a dealer in property to deduct commissions and other costs that facilitate sales.	1.263(a)-1T(d)(1)	Does not apply to: <ul style="list-style-type: none"> • Nondealers in property; or • Liabilities incurred to facilitate the disposition of assets that constitute a trade or business 	Yes
10.11(3)(b)(xi)	169	Change to apply the <i>de minimis</i> rule	1.263(a)-2T(g) 1.263A-1T(b)(14)	Does not apply to: <ul style="list-style-type: none"> • Amounts paid for property that is or is intended to be included in inventory; • Amounts paid for land; or • Startup expenditures as defined in Sec. 195(c)(1) 	Yes, but includes only amounts paid or incurred in tax years beginning on or after Jan. 1, 2012
10.11(3)(b)(x)	170	Change to deduct certain costs for investigating or pursuing the acquisition of real property.	1.263(a)-2T(f)(2)(iii)	Does not apply to startup expenditures as defined in Sec. 195(c)(1)	Yes, but includes only amounts paid or incurred in tax years beginning on or after Jan. 1, 2012

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Rev. Proc. 2015-14 Section	Change No.	Item being changed	Regs. Sec.	Inapplicability	Sec. 481(a) adjustment
10.11(3)(b)(viii)	172	Change by nondealer in property to capitalize commissions and other costs that facilitate sales.	1.263(a)-1T(d)(1)	Does not apply to: <ul style="list-style-type: none"> • Dealers in property; or • Liabilities incurred to facilitate the disposition of assets that constitute a trade or business 	Yes
10.11(3)(b)(ix)	173	Change to capitalize acquisition or production costs and, if depreciable, to depreciate such property under Secs. 167 and 168	1.263(a)-2T		Yes, but the Sec. 481(a) adjustment related to inherently facilitative amounts under Regs. Sec. 1.263(a)-2T(f)(3)(ii) includes only amounts paid or incurred in tax years beginning on or after Jan. 1, 2012
DISPOSITION CHANGES – REV. PROC. 2015-14					
6.32	180	Change to make late GAA elections	1.168(i)-1	<ul style="list-style-type: none"> • Only available for tax years beginning on or after Jan. 1, 2012, and before Jan. 1, 2014 • Only applies to assets placed in service in a tax year beginning before Jan. 1, 2012 • Assets must be owned by the taxpayer as of the beginning of the year of change 	Change made using a modified cut-off method
6.33	196	Late partial disposition election	1.168(i)-8	<ul style="list-style-type: none"> • Does not apply to a taxpayer that does not apply the provisions of Regs. Sec. 1.168(i)-8 • Does not apply to any asset of which the disposed portion was a part that is not owned by the taxpayer at the beginning of the year of change • Does not apply to changes made under App. Section 6.35 • Only available for tax years beginning on or after Jan. 1, 2012, and before Jan. 1, 2015 	Yes
6.34	197	Revocation of a GAA election	1.168(i)-1	Only available for tax years beginning on or after Jan. 1, 2012 and before Jan. 1, 2015	Yes, but entire amount taken into account in tax year of change
6.35	198	Partial disposition election for assets to which an IRS adjustment pertains	1.168(i)-8	<ul style="list-style-type: none"> • Does not apply to any asset of which the disposed portion was a part that is not owned by the taxpayer at the beginning of the year of change • Does not apply to changes made under App. Section 6.33 	Yes
6.36	199	Depreciation of leasehold improvements	1.167(a)-4		Yes

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Rev. Proc. 2015-14 Section	Change No.	Item being changed	Regs. Sec.	Inapplicability	Sec. 481(a) adjustment
6.37	200	Permissible to permissible depreciation changes for single, multiple and general asset accounts (including changes in methods of identifying assets disposed of and changes in determining unadjusted depreciable basis of assets disposed of)	1.168(i)-1; 1.168(i)-7; and 1.168(i)-8	Does not apply to any property that is not depreciated under Sec. 168 under the present and proposed methods	Depending on the change, made with: <ul style="list-style-type: none"> • Sec. 481(a) adjustment; • Cut-off method; or • Modified cut-off method
6.38	205	Change in method of accounting for dispositions of buildings or structural components (including changes in methods of identifying assets disposed of and changes in determining unadjusted depreciable basis of assets disposed of)	1.168(i)-8	<ul style="list-style-type: none"> • Does not apply to any property that is not depreciated under Sec. 168 under the present and, if applicable, proposed methods • Does not apply to any assets subject to a general asset account election • Does not apply to a partial disposition for which the partial disposition election was required to be made but wasn't (but see Section 6.33) • Does not apply to a demolition of a structure to which Sec. 280B applies 	Yes, but certain changes require the Sec. 481(a) adjustment to be taken into account in full in the year of change
6.39	206	Change in method of accounting for dispositions of tangible property other than buildings or structural components (including changes in methods of identifying assets disposed of and changes in determining unadjusted depreciable basis of asset disposed of)	1.168(i)-8	<ul style="list-style-type: none"> • Does not apply to any property that is not depreciated under Sec. 168 under the present and, if applicable, proposed methods • Does not apply to any assets subject to a general asset account election • Does not apply to a partial disposition for which the partial disposition election was required to be made but wasn't (but see Section 6.33) 	Yes, but certain changes require the Sec. 481(a) adjustment to be taken into account in full in the year of change
6.40	207	Change in method of accounting for dispositions of tangible property in a general asset account	1.168(i)-1	<ul style="list-style-type: none"> • Does not apply to any property that is not depreciated under Sec. 168 under the present and, if applicable, proposed methods • Does not apply to any asset not subject to a general asset account election 	Yes, but certain changes require the Sec. 481(a) adjustment to be taken into account in full in the year of change