§ 1.467–8 Automatic consent to change to constant rental accrual for certain rental agreements.

(a) General rule. For the first taxable year ending after May 18, 1999, a taxpayer may change to the constant rental accrual method, as described in § 1.467–3, for all of its section 467 rental agreements described in paragraph (b) of this section. A change to the constant rental accrual method is a change in method of accounting to which the provisions of sections 446 and 481 and the regulations thereunder apply. A taxpayer changing its method of accounting in accordance with this section must follow the automatic change in accounting method provisions of Rev. Proc. 98–60 (see § 601.601(d)(2) of this chapter) except, for purposes of this section, the scope limitations in section 4.06 of Rev. Proc. 98–60 are not applicable. Taxpayers changing their method of accounting in accordance with this section must do so for all of their section 467 rental agreements described in paragraph (b) of this section.

(b) Agreements to which automatic consent applies. A section 467 rental agreement is described in this paragraph (b) if—

(1) The property subject to the section 467 rental agreement is financed with an “exempt facility bond” within the meaning of section 142;

(2) The facility subject to the section 467 rental agreement is described in section 142(a)(1), (2), (3), or (12);

(3) The section 467 rental agreement does not include a specific allocation of fixed rent within the meaning of § 1.467–1(c)(2)(i)(A)(2); and

(4) The section 467 rental agreement was entered into on or before May 18, 1999.

§ 1.467–9 Effective dates and automatic method changes for certain agreements.

(a) In general. Sections 1.467–1 through 1.467–7 are applicable for—

(1) Disqualified leasebacks and long-term agreements entered into after June 3, 1996; and

(2) Rental agreements not described in paragraph (a)(1) of this section that are entered into after May 18, 1999.

(b) Automatic consent for certain rental agreements. Section 1.467–8 applies only to rental agreements described in § 1.467–8.

(c) Application of regulation project IA–292–84 to certain leasebacks and long-term agreements. In the case of any leaseback or long-term agreement (other than a disqualified leaseback or long-term agreement) entered into after June 3, 1996, and on or before May 18, 1999, a taxpayer may choose to apply the provisions of regulation project IA–292–84 (1996–2 C.B. 462)(see § 601.601(d)(2) of this chapter).

(d) Entered into. For purposes of this section and § 1.467–8, a rental agreement is entered into on its agreement date (within the meaning of § 1.467–1(c)(2)(i)(B)) and, if applicable, § 1.467–1(c)(2)(i)(A)(2).

(e) Change in method of accounting—

(1) In general. For the first taxable year ending after May 18, 1999, a taxpayer is granted consent of the Commissioner to change its method of accounting for rental agreements described in paragraph (a)(2) of this section to comply