

# REVENUE PROCEDURE 2015-56: REMODEL SAFE HARBOR FOR RESTAURANTS AND RETAILERS

## DESCRIPTION OF SERVICES



PHASE 1:  
**Assessment**



PHASE 2:  
**Implementation**



PHASE 3:  
**Exam & Appeals  
Support**

## Phase 1

### Overview:

During Phase 1, we will assess your current practices and recommend changes for remodel safe harbor opportunities under Rev. Proc. 2015-56. You will receive a "Phase 1 Remodel Report" that documents our findings and recommendations for the areas addressed to the right. We will also estimate the potential tax savings related to filing accounting method changes necessary for compliance with the revenue procedure. The fee for Phase 1 will range from \$1,000 to \$5,000.

### Included services:

#### ► Remodel Safe Harbor Assessment

- Assess eligibility
- Assess current book and tax capitalization policies for remodels
- Review prior TPR method changes (e.g., repairs, dispositions)
- Evaluate and recommend changes to adapt current policies and procedures to comply with the safe harbor
- Assess interaction with General Asset Accounts

#### ► Estimate potential tax benefits

- As part of Phase 1, we will assist you in estimating the tax savings benefits from adopting the remodel safe harbor. Identified benefits will be implemented in Phase 2 by filing an Application for Change in Accounting Method with the IRS. To estimate your potential benefit, we will:
  - Analyze tax fixed asset listings with an emphasis on store remodels;

- Review previously filed fixed asset Forms 3115 and recommend revisions, as necessary;
- Calculate the potential benefit for filing an accounting method change; and
- Deliver the Phase 1 Remodel Report, documenting our findings, recommended accounting method change, and potential benefit from the implementation of the Phase 2 Plan.

### Next step:

Once you review the Phase 1 report, you can decide whether you would like us to proceed to Phase 2. If you want us to proceed, we will send you an addendum to our engagement letter for you to sign authorizing us to perform Phase 2. We will not perform Phase 2 without written authorization from you to do so.

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## Phase 2

### Overview:

During Phase 2, we will help you implement the change in accounting method. We will first provide a detailed "Phase 2 Plan," describing how we will specifically assist you in this process.

### The Phase 2 Plan will outline how we will:

- ▶ Gather support for the change in accounting method (e.g., analyzing financial and tax data, invoices, capital spending requests, work orders and other documentation; conducting interviews; visiting sites)
- ▶ Prepare reports calculating the required tax adjustments for your federal and state tax returns
- ▶ Assist in filing applications for change in accounting methods pursuant to Rev. Proc. 2015-14
- ▶ Provide you an audit-ready electronic deliverable containing summary

procedural and technical memoranda, supporting documentation, calculations of adjustments, and worksheets reflecting depreciation and deduction changes

- ▶ Work with you to update fixed asset records for changes made as a result of the accounting method change
- ▶ Provide a transition and training support session for your personnel regarding how to implement changes to existing processes and procedures to sustain compliance with the accounting method changes in subsequent tax years

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## Phase 3

### Overview:

During Phase 3, we will assist you in supporting the accounting method changes on exam or at appeals. If you decide you would like us to assist in exam and appeals support, we will send you an addendum to our engagement letter for you to sign authorizing us to perform Phase 3. We will not perform Phase 3 without written authorization from you to do so.

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