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)? ☐ **Yes** ☐ **No**

b If "Yes," do all the contracts qualify for the exception under section 460(e) (see instructions)? ☐ **Yes** ☐ **No**
If line 2b is "No," attach an explanation.

c Is the applicant requesting to use the percentage-of-completion method using cost-to-cost under Regulations section 1.460-4(b)? ☐ **Yes** ☐ **No**

d If line 2c is "Yes," in computing the completion factor of a contract, will the applicant use the simplified cost-to-cost method described in Regulations section 1.460-5(c)? ☐ **Yes** ☐ **No**

e 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)? ☐ **Yes** ☐ **No**
If line 2e is "Yes," attach an explanation of what method the applicant will use to determine a contract's completion factor.
If line 2e is "No," attach an explanation of what method the applicant is using and the authority for its use.

3a Does the applicant have long-term manufacturing contracts as defined in section 460(f)(2)? ☐ **Yes** ☐ **No**

b If "Yes," attach a description of the applicant's manufacturing activities, including any required installation of manufactured goods.

4a Does the applicant enter into cost-plus long-term contracts? ☐ **Yes** ☐ **No**

b Does the applicant enter into federal long-term contracts? ☐ **Yes** ☐ **No**

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 ☐ **Yes** ☐ **No**

b Is the applicant's present inventory valuation method in compliance with section 263A (see instructions)?
If "No," attach a detailed explanation ☐ **Yes** ☐ **No**

4a Check the appropriate boxes in the chart.

	Inventory Method Being Changed		Inventory Method Not Being Changed
	Present method	Proposed method	Present method
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)			
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 a non-automatic change.** 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 23.01(5) of Rev. Proc. 2018-31 (or its successor).