Existing rental review packet

A late study can require historical reconstruction and procedural work. The report delivery year does not establish a new acquisition or service date.

Define the review

Property / asset owner / first service year:

Last completed return year / proposed review year:

Current preparer / prior preparers / study provider:

Scope questions

- ☐ Which assets and years are being evaluated?
- ☐ Were prior studies, amendments or method changes filed?
- ☐ Did ownership, use or improvement history change?
- ☐ Who will determine the filing procedure and implementation fee?

Inventory completed-year schedules

Obtain asset-level depreciation schedules tied to the returns actually filed. A summary deduction does not show the entire method and election history.

Schedule inventory

Year / entity	Schedule source / filed version / missing detail
_____	_____
_____	_____
_____	_____
_____	_____
_____	_____

Records to request

- ☐ Recovery period, method, convention and service date by asset.
- ☐ Accumulated depreciation and separate additions/dispositions.
- ☐ Election statements, amendments, AARs and prior Forms 3115.
- ☐ Explanations of differences between drafts and filed returns.

Missing-year follow-up

Year / prior firm / requested date / response:

Reconstruct the asset cost file

Do not use current appraised value as a substitute for historical costs. Separate supported amounts from open questions.

Cost and history checklist

- ☐ Purchase contract, settlement and supported land allocation.
- ☐ Improvement invoices, payment and service-date records.
- ☐ Prior studies and allocations already implemented.
- ☐ Replaced assets, changes in use and ownership transactions.
- ☐ Differences between provider starting cost and CPA records.

Reconciliation worksheet

Cost or asset	Source / known amount / unresolved issue
_____	_____
_____	_____
_____	_____

No invented precision

Tell the preparer what evidence exists and what is missing. A new report does not make an unsupported historical invoice or date reliable.

Understand the adjustment concept

A Section 481(a) adjustment addresses duplication or omission from an accounting-method change. It is distinct from regular year-of-change depreciation.

Conceptual example only

Present-method prior amount	$20,000, assumed determined by the preparer.
Proposed-method prior amount	$75,000, assumed determined by the preparer.
Difference	$55,000.
Possible sign in this example	Negative $55,000, subject to applicable rules.

What this does not establish

The example does not establish eligibility, a bonus percentage, the correct change procedure or a currently usable loss. Real computations can require additional adjustments and separate state work.

Ask the preparer

Schedules used / required adjustments / explanation:

Separate current-year depreciation calculation:

Let the CPA determine the route

Do not choose a method-change number from the phrase cost segregation. Current guidance, scope and filing history matter.

Procedural review questions

- ☐ Is this a method change, correction, election issue or another matter?
- ☐ Which current revenue procedure and section apply?
- ☐ Are scope exclusions, prior changes or examination facts relevant?
- ☐ Who owns the assets and which taxpayer would file?
- ☐ Are study and procedural implementation separate engagements?

General framework

Form 3115 instructions distinguish automatic and non-automatic procedures. Rev. Proc. 2025-23 contains an automatic-change list subject to modifications; Rev. Proc. 2015-13 supplies broader procedures. The CPA must verify current applicability.

Document the selected authority

Preparer / proposed route / current authority / open conditions:

Coordinate filing and preserve proof

A report deadline is not a filing extension. Have the preparer verify actual submission steps, dates, signatures and current instructions.

Implementation checklist

- ☐ Written responsibility for the return and any separate submission.
- ☐ Applicable year, authority and deadline verified by preparer.
- ☐ Reconciled final report and asset schedules retained.
- ☐ Adjustment workpapers and regular depreciation kept separate.
- ☐ Loss-use, state treatment and sale consequences reviewed.
- ☐ Submission proof and final filed versions preserved.

Post-filing continuity

The next preparer should understand what changed and why. Keep the method history with the asset records through later improvements, changes in use and sale.

Follow-up log

Outstanding question / person / next review date:

Final file location / document custodian:

Sources and your next conversation

Use the governing source for your return year. This packet organizes questions; it is not a tax opinion, engineering study or completed return.

Primary sources

IRS instructions for Form 3115	Open IRS source online
Revenue Procedure 2025-23: automatic-change list	Open IRS source online
Revenue Procedure 2015-13: method-change procedures	Open IRS source online
IRS Publication 527: residential rental property	Open IRS source online
IRS Publication 925: passive activity and at-risk rules	Open IRS source online
IRS Publication 544: asset dispositions	Open IRS source online

Keep a decision record

Write down the facts still unresolved, the person responsible for answering and the date you will review the answer. Preserve the final proposal, report and implementation records.

Next question / responsible person / target date:

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