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KPMG report: Automatic accounting method change procedures for R&E expenditures under Rev. Proc. 2026-32

The IRS on September 4, 2026, issued **Rev. Proc. 2026-32**, modifying the current list of automatic changes in Rev. Proc. 2025-23 to expand and extend the time for automatic consent for changes in method of accounting for research or experimental (R&E) expenditures.

For R&E costs, the guidance extends the waiver of the Rev. Proc. 2015-13 eligibility rules to any tax year beginning before 2028, removes the sunset that had limited the foreign R&E change to comply with the "One, Big, Beautiful Bill Act" (OBBBA) to years of change beginning before 2026, and coordinates the section 481(a) adjustment from a domestic TCJA section 174 change with the OBBBA "recovery of unamortized amount" method. That coordination compresses what would have been a four-year spread into one or two tax years. It also updates the successive year change rules to allow changes from an impermissible method after only one year of use.

The modified procedures apply to Form 3115 filed after September 4, 2026. Three transition dates follow: September 21, 2026 (non-automatic Form 3115 filed before this date may be converted to automatic), October 21, 2026 (date by which the IRS must be notified of intent to convert), and November 15, 2026 (grandfathering for a duplicate automatic consent Form 3115 already filed under the pre-modification rules).

Read a **September 2026 report** prepared by KPMG LLP that explains the revised procedures, coordination rules, transition deadlines, and steps taxpayers need to consider now: *What's News in Tax: IRS Expands and Extends Automatic Method Changes for Research & Experimental Expenditures*

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