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Rev. Proc. 2019-34: Simplified procedures for insurance companies to change methods of accounting, compliance with U.S. tax law changes

The IRS this afternoon released an advance version of Rev. Proc. 2019-34 to provide simplified procedures under section 446 and Reg. section 1.446-1(e) for an insurance company to obtain the automatic consent of the Commissioner of Internal Revenue to change its methods of accounting to comply with amendments to sections 807 and 848 made by the U.S. tax law enacted in 2017 (Pub. L. No. 115-97) (the tax law that is often referred to as the “Tax Cuts and Jobs Act” (TCJA)), for the first tax year beginning after December 31, 2017.

Rev. Proc. 2019-34 [PDF 48 KB] states that these simplified procedures generally are the exclusive procedures that certain insurance companies are to use in obtaining the consent of the IRS Commissioner to change a method of accounting in order to comply with the 2017 legislative changes.

The IRS further stated that Rev. Proc. 2019-34 generally is consistent with the simplified procedures provided in Rev. Proc. 2019-30 for an insurance company to obtain the automatic consent of the IRS Commissioner to change its method of accounting for discounting unpaid losses and expenses unpaid, estimated salvage recoverable, and unearned premiums attributable to title insurance to comply with section 846 as amended by the TCJA.

Rev. Proc. 2019-34 includes cautionary language that it is only available for one tax year. As a result, the IRS noted that the timing of the issuance of this revenue procedure may pose challenges to an insurance company that has already prepared its tax return for the first tax year beginning after December 31, 2017. Accordingly, Rev. Proc. 2019-34 provides “accommodations” for such insurance companies.

The purpose of this report is to provide text of the revenue procedure.

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