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## Method of Accounting

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Aug. 15, 2013

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The proposal provides that the cash method of accounting is available for natural persons, i.e. individuals and any other taxpayer who meets the gross receipts test and is otherwise eligible to use the cash method, but effectively eliminates exceptions that currently exist for certain pass-through entities, such as partnerships and S corporations, farmers and personal service corporations.

“We support the expansion of the number of taxpayers that may use the cash method of accounting. The cash method of accounting is simpler in application, has fewer compliance costs, and does not require taxpayers to pay tax on income they have not yet received,” the AICPA explained in a letter to Camp and Ranking Member Sander Levin (D-Mich.). “For these same reasons, we are extremely concerned with and oppose certain limitations included in the Proposal. We believe that Congress should not further restrict the use of the long-standing cash method of accounting for the thousands of U.S. businesses that use it.”

The AICPA is urging the lawmakers to consider the financial burden the proposal, if

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