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administrative burden imposed on small business taxpayers by the tangible property regulations

Oct. 09, 2014



The [American Institute of CPAs](#) (AICPA) is urging the Internal Revenue Service (IRS) to act quickly to relieve the administrative burden imposed on small business taxpayers by the tangible property regulations (T.D. 9636), which are often referred to as “repair regulations” that were issued earlier this year. The regulations provide a general framework for distinguishing capital expenditures from supplies, repairs, maintenance, and other deductible business expenses.

The organization sent a [letter to the IRS](#) on October 8.

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Porter emphasized that “time is of the essence” because “a significant portion of the burdens placed on small businesses from the transitional requirement of the repair regulations will occur between now and the upcoming filing season.”

The letter recommended the following changes as a means of reducing the burden on small business taxpayers and their tax practitioners:

- Increase the de minimis safe harbor threshold amount for taxpayers without an applicable financial statement from \$500 to \$2,500 and adjusting the de minimis safe harbor threshold amount on an annual basis for inflation.
- Allow small businesses to elect to apply the repair regulations *prospectively*, without calculating adjustments with respect to prior-year tangible property costs.

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