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Aug. 06, 2018

The Internal Revenue Service issued guidance today on new tax law changes that allow small business taxpayers with average annual gross earnings of \$25 million or less in the prior three-year period to use the cash method of accounting.

The [Revenue Procedure](#) outlines the process that eligible small business taxpayers may obtain automatic consent to change accounting methods that are now permitted under the Tax Cuts and Jobs Act, or TCJA.

The TCJA, enacted in December 2017, expands the number of small business taxpayers eligible to use the cash method of accounting and exempts these small businesses from certain accounting rules for inventories, cost capitalization and long-term contracts. As a result, more small business taxpayers will be allowed to change to cash method accounting starting after Dec. 31, 2017.

The Department of the Treasury and the Internal Revenue Service welcome public comments on future guidance. For details on submitting comments, see the [Revenue Procedure](#).

Updates on the implementation of the TCJA can be found on the [Tax Reform page](#) of IRS.gov.

Small Business

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