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to Maintain Inventory During Pandemic

The letter urges Treasury to provide tax relief for businesses using the last-in, first-out (LIFO) inventory accounting method who cannot maintain inventory due to the global supply chain interruptions during the pandemic and allow them to replace ...

Nov. 10, 2021

The [American Institute of CPAs](#) (AICPA) is applauding efforts by Congress to provide tax relief to businesses that have been unable to maintain inventory during the pandemic. The AICPA, along with the National Automobile Dealers Association (NADA), has endorsed a bipartisan letter to the Department of the Treasury led by Representatives Dan Kildee (D-MI) and Jodey Arrington (R-TX) and signed by 90 House Members.

The letter urges Treasury to provide tax relief for businesses using the last-in, first-out (LIFO) inventory accounting method who cannot maintain inventory due to the global supply chain interruptions during the pandemic and allow them to replace their inventory over a three-year period.

Government restrictions implemented in response to the pandemic have severely limited manufacturing capacity, causing major disruptions in the global supply chain and making it extremely difficult for U.S. companies to replace inventory, which has resulted in a significant reduction in inventory levels. Sec. 473 of the Internal Revenue Code provides relief for eligible taxpayers that experience qualified liquidations of LIFO inventories and applies if a business has had an interruption in the ability to obtain replacement inventory due to a trade embargo or other international event.

The AICPA submitted two letters earlier this year, in [April](#) recommending a safe harbor method that alleviates the burden of paying additional taxes on the related

income and eliminates the need to file amended tax returns to obtain section 473

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Treasury to extend relief to businesses during this challenging time.”

Accounting

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