American Institute of CPAs (AICPA) expressed its strong support for the Supply Chain Disruptions Relief Act.

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In a letter sent to members of the U.S. Senate and the U.S. House of Representatives, the American Institute of CPAs (AICPA) expressed its strong support for the Supply Chain Disruptions Relief Act. The bills – S.443 and H.R. 700 – led by Senators Sherrod Brown (D-OH) and Tim Scott (R-SC), and Representatives Jodey Arrington (R-TX) and Dan Kildee (D-MI) would allow automobile dealerships to choose to wait until

As a result of global supply chain disruptions caused by various government restrictions in response to the COVID-19 pandemic, many companies will realize additional taxable income and unexpected tax liabilities, which may continue to hamper their recovery, as they may not have the cash readily available to pay taxes on the additional income. Section 473 of the Internal Revenue Code authorizes the Department of the Treasury and the Internal Revenue Service (IRS) to permit taxpayers to reduce the unanticipated income from a qualified liquidation of LIFO inventories by replacing the inventory over a three-year period.

As Treasury has indicated that it does not have the authority to grant section 473 relief specifically under current circumstances, the AICPA has endorsed this legislation and particularly appreciates that the Supply Chain Disruptions Relief Act leverages principles of the AICPA safe harbor method.

"There are many dealerships that are feeling the pressure of the supply chain disruptions that have affected their businesses, and adding a large, unanticipated tax liability could lead to a downsizing of those businesses such as employee layoffs," said Jan Lewis, AICPA Tax Executive Committee Chair. "We thank Senators Brown and Rice and Representatives Arrington and Kildee for their leadership on this important issue and urge Members of Congress to support this legislation."

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