CONSULTANT'S CORNER

NEW IRS RULES PRESENT OPPORTUNITIES FOR BUSINESSES

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The Internal Revenue Service (IRS) released its long-awaited rules regarding what taxpayers can deduct currently as repair costs verses what must be expensed over a longer period of time (capitalized and depreciated). At over 200 pages in length, the IRS regulations have significantly impacted most taxpayers with a tight timetable for compliance beginning in tax year 2014.

Who is impacted? Every taxpayer that acquires, maintains, repairs, and replaces fixed assets (i.e. virtually every taxpayer). Previously, taxpayers relied on their specific facts and circumstances to determine if repairs could be deducted or capitalized. This created controversies throughout different industries. Court cases over the decades provided some guidance, but were not consistent across the board. The intent of the IRS was to provide a set of rules for all to follow.

These rules are much more taxpayer friendly than those proposed just a year ago. In fact, taxpayers may benefit from the new rules. Analyzing and updating current policies will help maximize potential benefits. These rules require significant investment in time and talent in order to comply and maximize potential benefits. Crosslin and Associates' tax professionals can not only assist you in complying with these rules but also help maximize any benefits.

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