

MSCPA FEDERAL TAX COMMITTEE  
FEDERAL TAX FORUM  
TAX ACCOUNTING By Lorraine A. Travers

- I. **Final, Temporary and Proposed Regulations Issued Defining “Routine and Repetitive” for Simplified Service Cost and Simplified Production Methods—Code Section 263A. [T.D. 9217, 70 Fed. Reg. 44467 (8/3/05); REG-1215-05, 70 Fed. Reg. 44535 (8/3/05)]**

Taxpayer’s production of property is “routine and repetitive” only if the property is mass-produced and has a high degree of turnover.

- II. **Rev. Proc. 2005-78 Standard Mileage Rate for 2006—Business - .445/mi.; Medical - .18; Charity - .14.**

- III. **Importer Must Include Refunds of Antidumping and Countervailing Duties in Gross Income.**

Taxpayer using FIFO method of inventory accounting paid antidumping fees and countervailing duties imposed under the Tariff Act of 1930 and included these costs in inventory costs. Several years later, taxpayer received refunds of the duties paid and National Office advised that refunds must be included in gross income in the year of receipt.

- IV. **Taxpayer’s Attempt to Deduct Costs Previously Amortized Constitutes Change in Accounting Method. (TAM 2005-48022)**

Taxpayer’s attempt to deduct pre-acquisition costs after having first amortized them as start-up expenditures is a change in method of accounting requiring the consent of the IRS.

- V. **Rev. Proc. 2006-14—Allows Replacement Cost Method for Heavy Equipment Dealer Inventory**

Safe harbor for heavy equipment dealers selling heavy equipment parts at retail—use of replacement cost method.

- VI. **Items Within Same Inventory Pools Must Be valued and Accounted for in Same Manner—TAM 200603027**

Taxpayer’s method of accounting for inventory does not clearly reflect income when taxpayer uses different methods of valuing and accounting for items that fall within the same inventory pools.

