



DEPARTMENT OF THE TREASURY  
INTERNAL REVENUE SERVICE  
WASHINGTON, D.C. 20224

OFFICE OF THE CHIEF COUNSEL

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The Honorable Eddie Bernice Johnson  
U.S. House of Representatives  
Washington, DC 20515

Dear \_\_\_\_\_ :

I am responding to your inquiry dated March 5, 2013, on behalf of your constituent, \_\_\_\_\_, a tax professional, wrote about the temporary regulations addressing the tax treatment of amounts paid to acquire, produce, or improve tangible property under sections 162 and 263(a) of the Internal Revenue Code and the accounting for, and disposition of, property under section 168.

Specifically, \_\_\_\_\_ wrote about the effects of certain provisions of the temporary regulations on small businesses and enrolled agents. \_\_\_\_\_ believes that the complexity of the temporary regulations will add record keeping responsibilities and excessive costs to small businesses. For example, \_\_\_\_\_ expressed concern about the limitations on the application of the de minimis rule provided in the temporary regulations and the effects of these limitations on small taxpayers.

The IRS and the Treasury Department received numerous comments on the temporary regulations. Many commentators were concerned about the administrative burden that the temporary regulations impose on small businesses and the application of the de minimis rule to small taxpayers. Accordingly, in Notice 2013-73, 2012-51 Internal Revenue Bulletin 713, the IRS and the Treasury Department announced that they expect to publish final regulations under sections 162 and 263(a) in 2013 and that these regulations are expected to contain changes to the temporary regulations, including the de minimis rule, that may simplify taxpayers' implementation of the rules.

On December \_\_\_\_\_, 20\_\_\_\_, the IRS and the Treasury Department amended the temporary regulations by delaying their applicable date to taxable years beginning on or after January \_\_\_\_\_, 20\_\_\_\_. Thus, taxpayers can apply the regulations that were in effect prior to the temporary regulations until final regulations become applicable. They can also choose to apply the temporary regulations for their taxable years beginning on or after

January , 20 , and before the applicable date of final regulations.

I hope this information is helpful. If you need further assistance, please call me or  
at ( ) .

Sincerely,

Merrill D. Feldstein  
Senior Counsel, Branch 3  
Office of Associate Chief Counsel  
(Income Tax & Accounting)