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# Tax Alert

## Notice 2015-82 Increases Repair Regulations De Minimis Rule Limit



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The Internal Revenue Service (IRS) issued final regulations (the “repair regulations”) regarding whether to capitalize or deduct amounts paid to acquire, produce, or improve tangible property on September 17, 2013. The regulations were effective for years beginning on or after January 1, 2014.

These repair regulations contain a de minimis safe harbor election intended to reduce the compliance burden on taxpayers that permits a taxpayer to deduct certain amounts paid for tangible property. The limit on such amounts is \$5,000 per unit of property (UOP) for taxpayers with an “applicable financial statement” (e.g., audited financials) and \$500 for taxpayers without an applicable financial statement. In response to the receipt of over 150 comment letters, the IRS issued Notice 2015-82 on November 24, 2015, increasing the limit from \$500 to \$2,500 for each unit of property for taxpayers without applicable financial statements. The de minimis safe harbor for taxpayers with applicable financial statements remains unchanged at \$5,000.

These de minimis safe harbor limits do not limit a taxpayer’s ability to deduct otherwise deductible repair or maintenance costs that exceed the amount subject to the safe harbor. The safe harbor merely establishes a minimum threshold below which all qualifying amounts are considered deductible.



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The increased de minimis limit is effective for costs incurred during taxable years beginning on or after January 1, 2016. Also, for taxable years beginning before January 1, 2016, Notice 2015-82 provides that the IRS will not challenge upon examination the deductibility of amounts subject to the repair regulations if the amount deducted does not exceed \$2,500 per unit of property for taxpayers without applicable financial statements.

Please contact your WeiserMazars tax professional for more information.

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