



## NORTH AMERICAN EQUIPMENT DEALERS ASSOCIATION

*“Committed to building the best business environment for North American equipment dealers.”*

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RE: Small Business/Pass Throughs Tax Reform Working Group  
IRC Section 263A

Section 263A of the IRS Code requires businesses to capitalize certain costs, such as labor, handling, purchasing and storage of inventory products, if the business has more than \$10 million in annual sales.

The trouble and issue for our equipment dealers with this Section of the IRS Code is that the calculation is highly complicated and complex and the \$10 million in annual sales threshold amount has not kept pace with business growth and or business consolidations. This section is particularly hard on our smaller equipment dealers as they often lose the ability to write-off these costs as part of their normal operations each year.

NAEDA recommends that this IRS Section be deleted. If retained, it should be indexed after increasing the threshold amount in annual sales to \$100 million. We also believe there has to be a way to clarify and simplify the capitalization calculation if retained in IRS Code.

NAEDA represents and works with nearly 5,000 retail agricultural, industrial and outdoor power equipment dealerships in the U.S. and Canada. Collectively, these dealerships employ approximately 100,000 people. NAEDA is an association that works with 16 affiliated associations throughout North America and it is on their behalf – and the dealerships we all serve – that we submit comments concerning IRC Section 263A.

*“Helping Dealers Succeed”*