



June 22, 2017

The Honorable John Thune
United States Senate Committee on Finance
511 Dirksen Senate Office Building
Washington, DC 20510

RE: Investment in New Ventures and Economic Success Today Act of 2017 (S. 1144)

Dear Senator Thune:

The American Institute of CPAs (AICPA) commends you on your efforts to improve the tax system through the Investment in New Ventures and Economic Success Today (INVEST) Act of 2017 (S. 1144). This tax reform legislation would simplify, for small and medium-sized businesses and their owners, certain accounting rules and key parts of the Internal Revenue Code.

Many of the provisions in the INVEST Act, such as the expansion of the deduction for start-up and organizational expenses, the expensing of inventory by small and mid-sized businesses, and the exception for small and mid-sized businesses from capitalization of certain costs to inventory, would contribute to simplifying the tax rules and encourage economic growth and efficiency. Also, updating the schedule of depreciable property under Revenue Procedure 87-56 to include a range of technology and other types of property that did not exist in 1987, would provide clarity, eliminate controversy, and provide a more accurate reflection of depreciation.

The AICPA also applauds your efforts to expand the use of the cash basis method of accounting, by increasing the qualifying threshold from \$5 million to \$15 million of average gross receipts during the preceding three years, without further restricting its use for the millions of U.S. businesses currently utilizing this method. The continued use of the cash method for pass-through entities, sole proprietors and personal service corporations is important because it is simpler in application, has fewer compliance costs, and does not require taxpayers to pay tax on income before receiving it.

In conclusion, the AICPA supports the INVEST Act of 2017. Tax reform efforts and ideas from forward-thinking leaders like you are greatly appreciated.

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We appreciate the opportunity to provide comments on this important tax reform bill. If you have any questions, please contact me at (408) 924-3508 or annette.nellen@sjsu.edu; Jennifer Kennedy, Chair, AICPA Tax Methods and Periods Technical Resource Panel, at (703) 918-6951, or jennifer.kennedy@pwc.com; or Ogochukwu Eke-Okoro, Lead Manager – AICPA Tax Policy & Advocacy, at (202) 434-9231, or ogo.eke-okoro@aicpa-cima.com.

Sincerely,

A handwritten signature in cursive script, appearing to read "Annette Nellen".

Annette Nellen, CPA, CGMA, Esq.

Chair, AICPA Tax Executive Committee