



Les Schneider Comments to Bloomberg on Wins in Final Revenue Accounting Rules from IRS

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IPB partner Les Schneider spoke to Bloomberg Tax about victories for the funeral and aerospace in the final rules under 451(b) published on December 21, 2020.

"Everything we asked for we basically got," said Leslie Schneider, a partner at Ivins, Phillips & Barker Chartered, who represented the International Cemetery, Cremation, and Funeral Association, in the article entitled Funeral, Aero Industries Win in Final Revenue Accounting Rules, outlining how the rules clarify how businesses recognize revenue for tax purposes no later than they recognize it in their financial statements.

The article notes that, "The deathcare industry paid close attention to the IRS regulations because cemeteries sell what's called pre-need contracts for burial plots. They collect money over installments that may stretch for years and a customer doesn't get entitled to the burial plot until it is paid for in full.

Under new, separate financial accounting rules from the Financial Accounting Standards Board that publicly traded companies had to follow in 2018, deathcare companies have to recognize the revenue for these contracts up front as opposed to over time. Absent clarity from the IRS, the financial accounting shift meant that these companies would have had to accelerate when they have to pay income taxes, Schneider said.

The IRS noted the cemetery and funeral industries' concerns in the final regulations, and said the receipt of installment payments prior to the transfer of those rights are governed by separate section of the tax code as opposed to section 451. This was good news to the deathcare industry, Schneider said.

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"The fear was we'd have all the income up front and no deduction," Schneider said. The IRS "took care of that problem," he said."

Along with IPB partner Pat Smith, Les previously submitted comments to the IRS on sections 451(b) and 451(c).