

118TH CONGRESS
1ST SESSION

S. 443

To treat certain liquidations of new motor vehicle inventory as qualified liquidations of LIFO inventory for purposes of the Internal Revenue Code of 1986.

IN THE SENATE OF THE UNITED STATES

FEBRUARY 15, 2023

Mr. BROWN (for himself, Mr. SCOTT of South Carolina, Ms. BALDWIN, Mr. BLUMENTHAL, Mr. CARDIN, Mr. CARPER, Mr. COONS, Ms. CORTEZ MASTO, Ms. DUCKWORTH, Mrs. FEINSTEIN, Ms. HASSAN, Mr. KELLY, Mr. KING, Ms. KLOBUCHAR, Mr. MANCHIN, Mrs. MURRAY, Mr. PADILLA, Mr. PETERS, Mrs. SHAHEEN, Ms. SMITH, Ms. STABENOW, Mr. TESTER, Mr. VAN HOLLEN, Mr. WARNOCK, Mr. BARRASSO, Mrs. BLACKBURN, Mr. BOOZMAN, Mr. BRAUN, Mrs. CAPITO, Mr. CASSIDY, Mr. CORNYN, Mr. CRAMER, Mr. CRAPO, Mr. DAINES, Mr. GRASSLEY, Mr. HAGERTY, Mr. HOEVEN, Mrs. HYDE-SMITH, Mr. JOHNSON, Mr. LANKFORD, Ms. LUMMIS, Mr. MARSHALL, Mr. MORAN, Mr. RISCH, Mr. ROUNDS, Mr. RUBIO, Mr. SCOTT of Florida, Mr. THUNE, Mr. TILLIS, and Mr. WICKER) introduced the following bill; which was read twice and referred to the Committee on Finance

A BILL

To treat certain liquidations of new motor vehicle inventory as qualified liquidations of LIFO inventory for purposes of the Internal Revenue Code of 1986.

1 *Be it enacted by the Senate and House of Representa-*
2 *tives of the United States of America in Congress assembled,*

1 **SECTION 1. SHORT TITLE.**

2 This Act may be cited as the “Supply Chain Disrup-
3 tions Relief Act”.

4 **SEC. 2. TREATMENT OF CERTAIN LIQUIDATIONS OF NEW**
5 **MOTOR VEHICLE INVENTORY AS QUALIFIED**
6 **LIQUIDATIONS OF LIFO INVENTORY.**

7 (a) IN GENERAL.—In the case of any dealer of new
8 motor vehicles which inventories new motor vehicles under
9 the LIFO method for any specified taxable year, the re-
10 quirements of paragraphs (1)(B) and (2) of section 473(c)
11 of the Internal Revenue Code of 1986 shall be treated as
12 satisfied with respect to such inventory for such taxable
13 year.

14 (b) ADDITIONAL RELIEF.—

15 (1) IN GENERAL.—The Secretary shall, not
16 later than the date which is 90 days after the date
17 of the enactment of this Act, prescribe regulations or
18 other guidance under which dealers of new motor ve-
19 hicles with a qualified liquidation (determined after
20 application of subsection (a)) of new motor vehicles
21 for any specified taxable year may elect—

22 (A) to not recognize any income in the
23 specified taxable year which is solely attrib-
24 utable to such qualified liquidation, and

25 (B) to treat the replacement period with
26 respect to such liquidation as being the period

1 beginning with the first taxable year after such
2 specified taxable year and ending with the ear-
3 lier of—

4 (i) the first taxable year after such
5 liquidation with respect to which such deal-
6 er does not inventory new motor vehicles
7 under the LIFO method, or

8 (ii) the last taxable year ending before
9 January 1, 2026.

10 (2) FAILURE TO FULLY REPLACE LIQUIDATED
11 VEHICLES DURING REPLACEMENT PERIOD.—If, as of
12 the close of the replacement period, the taxpayer has
13 failed to replace all liquidated vehicles with respect
14 to a qualified liquidation to which paragraph (1) ap-
15 plies, the taxpayer shall increase gross income for
16 the last taxable year of the replacement period by
17 the sum of—

18 (A) the aggregate amount of income that
19 would have been required to be recognized in
20 the liquidation year had the taxpayer elected to
21 apply the provisions of section 473 of the Inter-
22 nal Revenue Code of 1986 and not made the
23 election in paragraph (1), plus

1 (B) interest thereon at the underpayment
2 rate established under section 6621 of such
3 Code.

4 (3) ELECTIONS.—

5 (A) IN GENERAL.—Except to the extent
6 provided in subparagraph (B), an election
7 under paragraph (1) with respect to any speci-
8 fied taxable year shall be made by the due date
9 (including extensions) for filing the taxpayer's
10 return of tax for such taxable year and in such
11 manner as the Secretary may prescribe. Once
12 made, any such election shall be irrevocable.

13 (B) CERTAIN ELECTIONS TREATED AS
14 CHANGE IN METHOD OF ACCOUNTING.—In the
15 case of an election with respect to a specified
16 taxable year for which the return of tax has al-
17 ready been filed before the date of the enact-
18 ment of this Act, any election under paragraph
19 (1) for such specified taxable year may be made
20 on the return of tax for the first taxable year
21 ending after the date of the enactment of this
22 Act and shall be treated for purposes of section
23 481 of the Internal Revenue Code of 1986 as
24 a change in method of accounting initiated by

1 the taxpayer and made with the consent of the
2 Secretary.

3 (c) DEFINITIONS.—For purposes of this section—

4 (1) SPECIFIED TAXABLE YEAR.—The term
5 “specified taxable year” means any liquidation year
6 ending after March 12, 2020, and before January 1,
7 2022.

8 (2) NEW MOTOR VEHICLE.—The term “new
9 motor vehicle” means a motor vehicle—

10 (A) which is described in section
11 163(j)(9)(C)(i) of the Internal Revenue Code of
12 1986, and

13 (B) the original use of which has not com-
14 menced.

15 (3) SECRETARY.—The term “Secretary” means
16 the Secretary of the Treasury or the Secretary’s del-
17 egate.

18 (4) OTHER TERMS.—Except as otherwise pro-
19 vided in this section, terms used in this section
20 which are also used in section 473 of the Internal
21 Revenue Code of 1986 shall have the same meaning
22 as when used in such section 473.

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