

URGENT IRS GUIDANCE

Revenue Procedure 2023-15

On April 14, 2023, the IRS published *Revenue Procedure 2023-15* which provides long-awaited guidance on the safe harbor method of accounting for tax repairs for natural gas distribution and transmission property.

This is of major significance to asset intensive companies with natural gas assets – directly affecting audit risk and tax strategy as well as possible effects on the Inflation Reduction Act’s Corporate Alternative Minimum Tax (CAMT) regime. Through direct review of the Revenue Procedure as well as on-going discussions with customers and partners, PowerPlan has been closely monitoring the impacts of these regulations. Based on those efforts, the following are some key considerations that we are keeping a close eye on:

- ✓ **Adoption Timing** – Understanding impacts to our customers from incentives for Year 1 adoption, nuances through Year 4, and requirements after Year 4
- ✓ **Aggregation Requirements** – Identifying data strategies to satisfactorily analyze related replacement activity
- ✓ **Measurement Nuances** – Reviewing safe harbor capitalization guidance to determine materiality
- ✓ **Unit of Property (UOP) Guidance** – Review specific UOP definitions for both linear and non-linear property
- ✓ **General Asset Election** – Understanding the effects of general asset election provisions in the guidance on our customers’ tax strategies

What PowerPlan is Doing

PowerPlan will continue to identify the requirements of the new guidance, but we currently assess that PowerPlan’s solutions are well-aligned to this Revenue Procedure. PowerPlan has been and will continue to closely monitor developments – through on-going discussions with our customers, partners, and experts – to help our customers navigate the challenges of this guidance.

Would you like to discuss this Revenue Procedure with our experts? We invite you to reach out to your account representative or email us at TaxRepairs@powerplan.com.

Resources: To read the full Revenue Procedure 2023-15 - <https://www.irs.gov/pub/irs-drop/rp-23-15.pdf>