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IRS practice unit: Interest capitalization for self-constructed assets

The IRS Large Business and International (LB&I) division publicly released a “practice unit”—part of a series of IRS examiner “job aides” and training materials intended to describe for IRS agents leading practices about tax concepts in general and specific types of transactions.

The title of this “process unit” (as referred to by the IRS) is: *Interest capitalization for self-constructed assets*

Read the practice unit on the [IRS practice unit webpage](#) (posting date of February 7, 2020).

Legislative changes reflected

This practice unit reflects changes made by the 2017 tax law (Pub. L. No. 115-97)—the law that is often referred to as the “Tax Cuts and Jobs Act” (TCJA). Specifically, the 2017 tax law provides that a “small business taxpayer” (for tax years beginning after December 31, 2017) is not required to capitalize costs under section 263A.

The practice unit further reflects a change to the ending-production period of the aging process of beer, wine, and distilled spirits in section 263A(f)(4)(B)—from December 31, 2019, to December 31, 2020—pursuant to the consolidated appropriations legislation enacted in late December 2019.

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