

104TH CONGRESS
1ST SESSION

H. R. 235

To amend the Internal Revenue Code of 1986 to provide that the percentage of completion method of accounting shall not be required to be used with respect to contracts for the manufacture of property if no payments are required to be made before the completion of the manufacture of such property.

IN THE HOUSE OF REPRESENTATIVES

JANUARY 4, 1995

Mr. EHLERS introduced the following bill; which was referred to the
Committee on Ways and Means

A BILL

To amend the Internal Revenue Code of 1986 to provide that the percentage of completion method of accounting shall not be required to be used with respect to contracts for the manufacture of property if no payments are required to be made before the completion of the manufacture of such property.

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. EXCEPTION FROM PERCENTAGE OF COMPLE-**
2 **TION METHOD FOR CERTAIN MANUFACTUR-**
3 **ING CONTRACTS.**

4 (a) IN GENERAL.—Paragraph (2) of section 460(f)
5 of the Internal Revenue Code of 1986 (relating to special
6 rule for manufacturing contracts) is amended by striking
7 “unless” and all that follows and inserting “unless—

8 “(A) such contract involves the manufac-
9 ture of—

10 “(i) any unique item of a type which
11 is not normally included in the finished
12 goods inventory of the taxpayer, or

13 “(ii) any item which normally requires
14 more than 12 calendar months to complete
15 (without regard to the period of the con-
16 tract), and

17 “(B) any payment for the manufacture of
18 such item is required to be made before the
19 manufacture of such item is completed.”

20 (b) EFFECTIVE DATE.—The amendment made by
21 subsection (a) shall take effect as if included in the
22 amendments made by section 804 of the Tax Reform Act
23 of 1986.

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