

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.

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## 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

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## 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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