



# EquipmentDealers

## A S S O C I A T I O N

### For Immediate Release

#### Media Contact:

Alex Hoffman

ahoffman@equipmentdealer.org

636-349-6214

### Equipment Dealers Win with New IRS Development

**ST. LOUIS, MO (September 17, 2019)** – The Equipment Dealers Association praises the IRS’ final and proposed regulations that clarify bonus depreciation and interest expense for dealerships with floor plan financing. “To the extent that overall interest expense, including floorplan interest, is below 30% of adjusted taxable income, a dealership will be eligible to take 100% bonus depreciation. Further, eligibility to take bonus depreciation is determined on an annual basis. Therefore, even if a dealership has to use the floor plan exception one year in order to deduct all of its interest expense (thereby losing the ability to take bonus depreciation in that year), it may still be eligible to take bonus depreciation in subsequent years if overall interest expense falls below 30% of adjusted taxable income in that given year. This is great news for dealers who may have thought that bonus depreciation was lost forever once they used the floor plan interest exception.” said Rex Collins, EDA preferred provider and principal at HBK CPAs and Consultants.

“EDA had an audience with the House Ways and Means Committee during the development of the bill proposals. Rex and Natalie Higgins, our Vice President of Government Relations, were a vital part of the discussions and representation of equipment dealers before the Committee. As a result of EDA’s efforts and participation, the House version of the bill included language that allowed dealerships with floor plan financing to deduct all floor plan related interest expense, even if that expense ultimately exceeded 30% of adjusted taxable income.” added Kim Rominger, President and CEO of EDA.

Subsequently, the Joint Committee on Taxation issued a Blue Book interpretation of the interaction between floor plan interest expense and bonus depreciation that was much more favorable to dealerships. Essentially, it suggested that if interest expense including floor plan interest was less than 30% of adjusted taxable income, the dealership would be eligible for bonus depreciation expensing. However, the interpretation also held that once a dealership used the floor plan exception, the dealership would not be eligible to use bonus depreciation in subsequent years. “Friday’s announcement by the IRS of the new final and proposed regulations clarifies the conflicting language in the act and the Blue Book interpretation and is welcomed good news for those dealers with floor plan financing. Significant planning opportunities exist for dealers,” added Collins. Dealers are encouraged to contact the Dealership Industry Group at HBK today to discuss planning opportunities related to this ruling.

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## **About Equipment Dealers Association**

Founded in 1900, the [Equipment Dealers Association \(EDA\)](#), is a non-profit trade organization representing retail dealers extensively engaged in the sale and service of agricultural, construction, industrial, forestry, outdoor power, lawn and garden, and/or turf equipment. EDA provides essential value to its members by enhancing the dealer-manufacturer relationship and advocating for a positive legislative and regulatory environment. EDA is headquartered in St. Louis, MO and is affiliated with regional associations located throughout the United States and Canada.