The changes made to the Internal Revenue Code by the Tax Cuts and Jobs Act (TCJA) included a number of modifications to the rules associated with income recognition. Although the TCJA codified certain taxpayer-favorable methods (i.e., the Deferral Method under Rev. Proc. 2004-34), the revised Section 451(b) likely will result in an acceleration of taxpayers’ historic recognition of income. In light of these changes and the changes, made under ASC 606 regarding revenue recognition for financial accounting purposes, taxpayers now more than ever should be reviewing and evaluating their treatment of items of income and expense to ensure they are complying with the new law, while also utilizing the most advantageous methods.

This Bottom Line videocast discusses:

- the new income recognition standard provided under Section 451(b)
- the codification of Rev. Proc. 2004-34’s Deferral Method under Section 451(c)
- implications of the explicit, and implicit, repeal of other income deferral opportunities
Videocast: Implications of tax reform on income recognition

continued