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**[Local CPA Rich Shavell Influences Reversal of National IRS Tax Ruling Affecting Construction Industry: Contractors, Home Builders and Developers Will Benefit](#)**

**South Florida -**

BOCA RATON, FL – Three years ago in August 2005, the Internal Revenue Service paused and listened when **Rich Shavell**, a local CPA in Boca Raton, helped bring an unfair tax issue to their attention. On August 1, 2008, the IRS issued a proposed rule to reverse their position limiting construction contractors using the completed contract method (CCM) of accounting.

Prior to this proposed rule to reverse the tax policy, contractors performing work on a housing project were being prevented by the IRS from using the more favorable CCM depending on whether the property owner was structured as a homebuilder or a developer. However, the IRS has proposed an amendment to the Income Tax Regulations (REG-120844-07. Rules for Home Construction Contracts), that would allow contractors to qualify for the home construction contract exception regardless of how the property owner is structured.

Shavell, president of Shavell & Company, PA, a certified public accounting and consulting firm, was primary author of the request submitted by the national construction association Associated Builders and Contractors, Inc. (ABC) in Arlington, VA. Shavell is ABC National Tax Advisory Group Chairman and has been a member of the National Tax Advisory Group since the late 1980s and previously chaired the Committee in the mid-1990s. In late 2005 and again in early 2007 Shavell traveled to Washington, DC to represent ABC in meetings with IRS to discuss how the IRS could rectify and clarify the situation.

ABC had been working with the Construction Financial Management Association (CFMA) on this specific issue. Jointly, ABC and CFMA were the two groups that requested the IRS consider this issue through the IRS's Industry Issue Resolution (IIR) program which was created



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to "...resolve business tax issues common to significant numbers of taxpayers though new and improved guidance."

Shavell said, "Since the early 1990's ABC has worked hard to open the lines of communications with the IRS to voice the views of our members and how IRS regulations and policies affect our members' wallets. In this case we utilized the IRS Industry Issue Resolution ("IIR") Program to convey a clear message: the IRS was changing positions and narrowing definitions that had been in place and well understood since the late 80's. We told IRS we did not think this was proper and that it would negatively impact our subcontractor members."

"This is a major victory for ABC and the construction industry," Shavell continued. "It is not often that the IRS reverses positions, but this is clearly what happened here."

Shavell continues, "There is still much to be done - as part of these proposed regulations the IRS is asking for feedback on additional technical issues surrounding the completed contract method, which would impact contractors beyond those working on home construction. A hearing will be held in November 2008."

#### **About Rich Shavell, CPA, CCIFF**

Over the last 18 years, Shavell has testified before Congress including the House Education and Labor Subcommittee on Workforce Protections (2007), House Ways and Means Committee (1991 & 1995), Senate Finance Committee (1991), the House Committee on Small Business (1998) and before the IRS on proposed regulations (1990 & 2006). The IRS has called upon Mr. Shavell to review training materials, present seminars for IRS auditors focused on the construction industry, and to facilitate IRS outreach programs with industry. Mr. Shavell is the 2005, 2006 and 2007 winner of the *South Florida Business Journal* award for accountants in the construction, real estate, and tax categories, respectively.

Rich Shavell has been a member of the Construction Financial Management Association since 1990 and in June 2006 was appointed as vice chairman of its national Tax and Legislative Affairs Committee.

He has served on the National CFMA Tax and Legislative Affairs Committee for nine of the past ten years. He is also is treasurer of the Association of Professional Estimators (ASPE) Local Chapter 49.

Shavell & Company, P.A. is a full service certified public accounting and consulting firm with offices in Boca Raton, FL. Since January 2002, Shavell & Company, P.A. has offered a full array of tax and accounting services for small and medium-sized businesses. For the real estate and construction industries, Shavell & Company helps clients with bonding maximization, cash flow analysis and planning, job costing, management and operational reviews, Section 1031 structuring, due diligence, project feasibility analysis and cost segregation studies.

For more information, visit [www.shavell.net](http://www.shavell.net), or email [info@shavell.net](mailto:info@shavell.net), or contact Shavell & Company at 950 Peninsula Corporate Circle, Suite 1000, Boca Raton, FL 33487, 561-997-7242.

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