

# Application Of The Domestic Production Activities Tax Deduction (Relating To A Wide Range Of Industries)

**Martin A. Goldberg**

University of New Haven

**Robert E. Wnek**

University of New Haven

**Jonathan D. Leone**

University of New Haven

**Michael Rolleri**

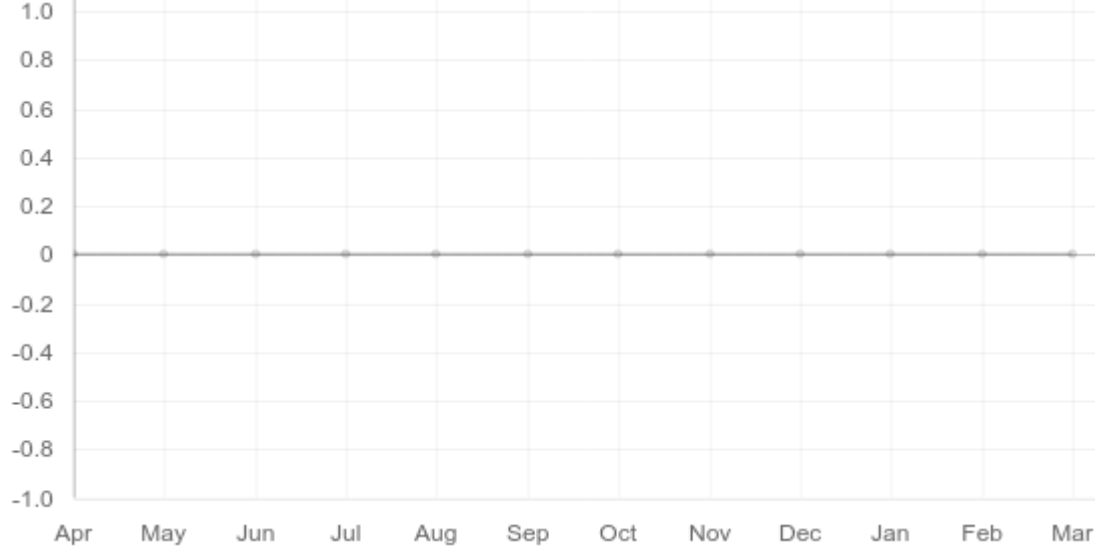
University of New Haven

## Keywords

## Abstract

Internal Revenue Code Section 199 is the domestic production activities deduction, which was enacted under the American Jobs Creation Act of 2004. This new deduction was to help compensate the repeal of the extritorial income exclusion. Section 199 was intended to lower the tax burden on domestic manufacturers as well as to attract new investments in domestic manufacturing facilities. The deduction would yield tax breaks for certain types of businesses ranging large to small that predominately manufacture, produce, grow, or extract tangible personal property entirely or partially within the United States. The types of businesses, specifically, that will have an impact from Section 199 would be those in the film and sound recordings industries, companies in the construction business, and those in the field of architectural and engineering. In addition, those that qualified as doing business in any of the specific industries falling under Section 199 must be located and providing services in the United States. The Section 199 tax break will also benefit those in the business of producing electricity, natural gas, and water in the United States. The deduction is allowed to be taken for taxable years beginning after 2004, which creates many challenges. First, Section 199 establishes detailed tax concepts conditions, de minimis rules, exceptions, and safe harbors. Second, the deduction forces many businesses to implement new accounting systems to classify between qualifying and non-qualifying activities. All in all, this report explains how Section 199 works as well as benefits specific industries. However, important production eligibility issues remain in determining the production deduction for tangible property, which are the central items focused throughout this article. Furthermore, the research contain within, covers the guidance in Notice 2005-14, along with the proposed and final regulations to the rules under Section 199. An understanding of these rules will provide additional opportunities to qualify property and take advantage of tax breaks, yielding a better financial result to the taxpayer.

Downloads



Abstract 83 | PDF Downloads 156

[PDF](#) ([../..../index.php/JBER/article/view/2585/2631](#))

Published  
Sep 1, 2007

DOI <https://doi.org/10.19030/jber.v5i9.2585> (<https://doi.org/10.19030/jber.v5i9.2585>)

#### How to Cite

Goldberg, M. A., Wnek, R. E., Leone, J. D., & Rolleri, M. (2007). Application Of The Domestic Production Activities Tax Deduction (Relating To A Wide Range Of Industries). *Journal of Business & Economics Research (JBER)*, 5(9). <https://doi.org/10.19030/jber.v5i9.2585>

[More Citation Formats](#) ▾

Issue  
[Vol. 5 No. 9 \(2007\)](#) ([../..../index.php/JBER/issue/view/276](#))

Section  
Articles

## Most read articles by the same author(s)

- Martin A. Goldberg, Christina Reis, MingLun Lee, Kathleen Summa-Rabtoy, [Restaurant Reviewer Liability For Defamation In A Global Context \(/\)](#), *Journal of Business & Economics Research (JBER): Vol. 10 No. 1 (2012) (/)*
- Martin A. Goldberg, Robert E. Wnek, Presley Rodricks, Cynthia Kruth, [Untangling The Carried Interest Controversy \(/\)](#), *Journal of Business & Economics Research (JBER): Vol. 11 No. 2 (2013)* ([../..../index.php/JBER/issue/view/821](#))
- Martin A. Goldberg, Robert E. Wnek, Gregory J. Russo, Cynthia Kruth, [Section 409A Deferred Compensation Issues for Domestic and International Businesses \(/\)](#), *Journal of Business & Economics Research (JBER): Vol. 13 No. 2 (2015)* ([../..../index.php/JBER/issue/view/960](#))
- Martin A. Goldberg, Robert E. Wnek, Jonathan D. Leone, Michael Rolleri, [Application Of The Domestic Production Activities Tax Deduction \(Relating To A Wide Range Of Industries\)](#) ([../..../index.php/JBER/article/view/2585](#)),




- Martin A. Goldberg, Robert E. Wnek, Michael J. Rolleri, [Life After Defined Benefit Plans \(/\)](#), *Journal of Business & Economics Research (JBER): Vol. 4 No. 8 (2006) (/)*
- A.E. Rodriguez, Martin A. Goldberg, [Demonstrating Failure To Discharge Plaintiffs Duty To Mitigate In A Wrongful Termination Case: An Empirical Approach \(/\)](#), *Journal of Business & Economics Research (JBER): Vol. 4 No. 7 (2006) (/)*



(<https://www.cluteinstitute.com/#conferences>)

[Make a Submission \(../.../.../index.php/JBER/about/submissions\)](https://www.cluteinstitute.com/#conferences)

## Current Issue

- »  ([../.../.../index.php/JBER/gateway/plugin/WebFeedGatewayPlugin/atom](https://www.cluteinstitute.com/#conferences))
- »  ([../.../.../index.php/JBER/gateway/plugin/WebFeedGatewayPlugin/rss2](https://www.cluteinstitute.com/#conferences))
- »  ([../.../.../index.php/JBER/gateway/plugin/WebFeedGatewayPlugin/rss](https://www.cluteinstitute.com/#conferences))

Advertisement

The logo features a stylized, golden letter 'C' with a vertical blue bar on its left side. To the right of the 'C', the journal's title is written in white text.

# Journal of Business & Economics Research

**Published since 2003**

ISSN 1542-4448 (print), ISSN 2157-8893 (online)

The Journal of Business & Economics Research (JBER) welcomes articles in all areas of business and economics.

## IMPORTANT LINKS

About the Journal (<http://www.cluteinstitute.com/index.php/JBER/about>)

---

Editorial Team (<http://www.cluteinstitute.com/index.php/JBER/about/editorialTeam>)

---

Submissions (<https://www.cluteinstitute.com/submissions/>)

---

Contact (<http://www.cluteinstitute.com/index.php/AJBE/about/contact>)

---

Become a Reviewer (<https://www.cluteinstitute.com/journal-reviewer-application/>)

---

## CONTACT

Email: [Journals@CluteInstitute.com](mailto:Journals@CluteInstitute.com) (<mailto:Journals@CluteInstitute.com>)

---

Phone: +1 303-904-4750

---

Website: [www.CluteJournals.com](http://www.CluteJournals.com) (/)

---

Address: 6901 South Pierce Str. Suite #100M Littleton, Colorado 80128 United States

---

Copyright © 2020 Clute Institute

OJS Hosting, Support, and Customization by: [OpenJournalSystems.com](http://openjournalssystems.com) (<http://openjournalssystems.com/>)