

Cost Segregation	Pre CARES Act Rules	Post CARES Act Rules	Comments & Strategy
Bonus Depreciation	100% Bonus if in service generally after 9/2017	Same 100% Bonus + New 5 year carryback option	Given NOLs can be carried back, review all cost segregation, 179 and 179D energy tax deduction opportunities to generate a NOL and possible refunds
Net Operating Losses (NOLS)	NOLs limited to 80% of current year taxable income, cannot be carried back	NOLs are limited to 80% of current year taxable income and may not be carried back to prior tax years (i.e., to generate refunds). CARES Act now permits a loss from taxable years 2018, 2019, and 2020 to be carried back 5 years prior to generate refunds and remove taxable income limitation allowing NOLs to fully offset income in current taxable years. Additionally, the Act removes excess business loss limitation applicable to pass-through business owners and sole proprietors so they can also benefit from the modified NOL carryback rules.	Taxpayers can file amended return to generate refunds where appropriate, or also have option to file a Form 1145 to get these for 2019 more quickly For losses in 2020, they should be prepared to file the form in as soon as they can in Jan. of 2021.
Qualified Improvement Property (QIP)	Not eligible for accelerated depreciation or Bonus	A drafting error in the Tax Cuts & Jobs Act (TCJA) required using a 39-year depreciable life for qualified improvement property (certain improvements to a building's interior). The CARES Act corrects this error and makes it 15-year depreciable property allowing possible immediate expensing of these improvements as they would now also be eligible for 100% bonus depreciation	This is retroactive, so taxpayers and CPAs need to determine how best option to go back and claim this. In some cases it may be amended returns, and in others where there was a 3115 filed, it may be different.
Interest Deductions	30% maximum deduction	Increase in interest deductions permitted under IRC Section 163(j): The TCJA limited interest deductions to a portion of an entity's adjusted taxable income (ATI). The Act would generally raise the limit on interest deductions from 30 percent of ATI to 50 percent for taxable years beginning in 2019 and 2020, allowing taxpayers more leeway in deducting interest	
Excess Business Loss Carryback	\$500,000 cap	The CARES Act resolves the excess business loss limitation applicable to pass-through business owners and sole proprietors for taxable years beginning in 2018, 2019, and 2020. This allows businesses to benefit from the modified NOL carryback rules.	This too may require amended returns.

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Energy Tax Incentives	Pre CARES Act Rules	Post CARES Act Rules	Comments & Strategy
179D Energy Tax Deductions	\$1.80 per sf for all commercial buildings and residential 4 stories or more, both new construction or improvements of new lighting, HVAC, roof, windows retroactive 006-2020	Same + New 5yr carry back option	Given tax deductions (NOLs) can now be carried back 5 years, review all 179D opportunities to generate immediate tax savings and possible retroactive refunds
45L Energy Tax Credits	\$2,000 tax credit per unit for residential and multifamily new construction or substantial improvements retroactive 2016-2020	Same + New 5yr carry back option	Given tax credits can generally be carried back 1 year and forward 20, review all 45L opportunities to generate immediate tax savings and possible retroactive refunds

R&D Tax Credits	Pre CARES Act Rules	Post CARES Act Rules	Comments & Strategy
Powerful Federal & State Tax Credits	Yes	Yes	Tax Credit generally based on employee wages, external contractors and materials and supplies for research and development activities on innovative products, processes, software, techniques, and knowhow. Can capture benefits generally 3-4 years back retroactively and generate cash refunds now against taxes paid or to be paid going forward.

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