

Recent Tax Law Changes Can Provide Immediate Refund Opportunities

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I. Opportunity to Deduct 100% of the Cost of Qualified Improvement Property Placed in Service in Tax Year 2018

A drafting error in the 2017 Care Act required a taxpayer to capitalize the cost of interior improvements to real property instead of taking the 100% deduction that was available to most other types of assets placed in service in 2018. The new tax law allows taxpayers to go back and claim this benefit in their 2018 returns.

The IRS has just recently issued guidance that shows taxpayers how to claim this benefit.

II. Expansion of 2018 Net Operating Loss Deductions

The new tax law removes the 80% limitation on the use of net operating losses for the tax year 2018 through 2020. It also allows a five year carryback for those losses. The prior law had only allowed a carryforward.

The taxpayer has until June 30, 2020 to file a refund claim for the net operating losses generated in tax year 2018 that have become available for use because of this tax law change.

For additional information contact Chuck Potter.