

TAX BENEFITS FOR CORPORATE DEBTORS

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▶ Net Operating Losses (NOLs)

- ▶ NOLs from 2018, 2019 and 2020 may be carried back to the 5 prior tax years.
- ▶ Losses must be carried back to the earliest year available for offset.
- ▶ As losses will be carried back to pre-2018 tax years, corporate taxpayers may benefit from a tax refund at favorable rates of up to 35% (rather than 21% under the Tax Cuts and Jobs Act).
- ▶ For tax years 2020 and earlier, the 80% of taxable income loss limitations has been suspended, allowing an NOL to offset 100% of taxable income.
- ▶ For tax years 2021 and forward, the 80% limitation is also suspended with respect to losses arising prior to 2018.

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- ▶ Filing Deadlines (IRS Notice 2020-23)
 - ▶ All taxpayers (including corporations) that have a filing or payment deadline for specified returns falling between April 1, 2020 and July 14, 2020 now have until July 15, 2020 to file their 2019 federal income tax return and to pay any tax due.
 - ▶ Certain “time sensitive” acts which normally must be completed between April 1 and July 14, 2020 will be considered timely if completed by July 15, 2020.

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▶ Miscellaneous Business Tax Provisions

- ▶ If you took a PPP loan and it is forgiven, the forgiven amount will not be included in gross income and thus no tax will be due on the cancelled debt.