



# CARES Act

## How your business can benefit from the CARES Act legislation...

### Net Operating Losses:

- Allows for a five-year carryback of NOLs arising in 2018, 2019, and 2020
- Allows NOLs to offset 100% of income
- **Impact:** When an engineering-based Cost Segregation study is applied, large depreciation deductions may be taken as a NOL in 2019. You can carry back this loss for five years and apply it to the gains made in those years.
- **Result:** When your tax professional applies these calculations to your 2019 return, this would result in a tax refund now providing cash flow in a time of need.
- **Important Note:** The five year carryback rules require you to go back five years and roll forward from there.
- **Example:** John Smith has income for the past 5 years, and a loss in 2019.

|      | Income          | Taxed Paid    | Loss Carry Back     | Refund Due           |
|------|-----------------|---------------|---------------------|----------------------|
| 2014 | \$ 75,000.00    | \$ 14,606.25  | \$ (75,000.00)      | \$ 14,606.25         |
| 2015 | \$ 150,000.00   | \$ 35,071.25  | \$ (150,000.00)     | \$ 35,071.25         |
| 2016 | \$ 400,000.00   | \$ 115,529.25 | \$ (200,000.00)     | \$ 66,000.00         |
| 2017 | \$ 350,000.00   | \$ 95,906.75  |                     |                      |
| 2018 | \$ 195,000.00   | \$ 44,089.50  |                     |                      |
| 2019 | \$ (425,000.00) |               |                     |                      |
|      |                 |               | <b>Total Refund</b> | <b>\$ 115,677.50</b> |

**John's immediate tax benefit this year is \$115,677.50.**

### Qualified Improvement Property:

- Corrects Congressional oversight in TCJA and now defines Qualified Improvement Property as 15-year property. Any Qualified Improvement Property acquired and placed in-service after 9/27/2017 is eligible for 100% Bonus Depreciation.
- **Impact:** You can now retroactively apply bonus depreciation to Qualified Improvement Property.

**Let CSSI work with you to realize the tax savings opportunities available to you through this new legislation.**

### *This \$2.2 trillion package includes:*

An added five-year carryback period and suspended the 80% limitation for 2018, 2019 and 2020 Net Operating Losses.

### *Using Cost Segregation to increase your cash flow:*

With less taxable income, you can increase your company's cash flow significantly. Our cost segregation studies enable you to keep more of the money you make.

### *During uncertain times:*

CSSI has been called on in the past to help building owners increase much needed cash during difficult times. We welcome the opportunity to help you and your business during these uncertain times.

### *How to get started:*

1. Have a discussion with a CSSI Representative.
2. Allow CSSI to create a no-cost analysis to outline your savings.
3. Allow CSSI to review the analysis so you can decide to take advantage of your tax savings.

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