

Navigating tax implications during COVID-19

Respond and restore. Together.

Immediate actions to take

Revise approach based on tax stimulus package

With careful navigation, the new stimulus package can help to provide cash flow and generate tax minimization. Significant new benefits include:

- Deferring the 6.2% employer portion of Social Security tax
- 5-year NOL carrybacks for losses in 2018, 2019 and 2020, with no “haircut” for claiming against the 35% rate, and with the 80% taxable income limit suspended until 2021
- Corporate AMT credits immediately refundable
- Interest limitation now 50% of taxable income for 2019 and 2020, and taxpayers can use 2019 income limit for 2020
- QIP eligible for bonus depreciation
- Suspending the limit on deducting business losses in excess of \$250,000 or \$500,000 until 2021
- Refundable employee retention credit of up to \$5,000 for paying wages while the business is suspended or gross receipts drop by 50%

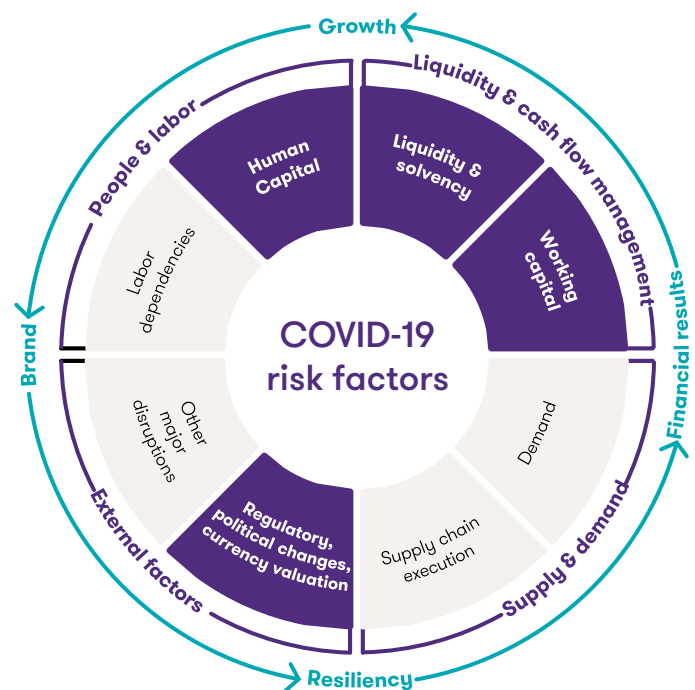
Seize other tax savings for liquidity

Companies can also increase tax savings through:

- Deferring revenue or accelerating expenses through accounting method changes
- Different annualization methods for computing estimated taxes to reduce 2020 Q1 estimated tax payments
- Form 4466 (quick refund of overpayment of estimated tax)
- Reducing expenses, e.g. write down partially worthless bad debts, treat charitable contributions of inventory as COGS, capitalize interest under Section 163(j)
- Evaluating worthless/abandonment losses and debt restructuring to generate deductions
- Assessing all global tax attributes (i.e. deferred tax assets) for monetization strategies
- Exploring changes to compensation & benefit plans (health, retirement, deferred compensation plans)
- Examining state and local tax areas for deferrals, overpayments and opportunities for savings (sales & use, VAT, income & franchise, real property, unclaimed property)

Prepare for new Paid Leave Law

Employers will need to expand/revise tracking systems for leave to comply with the new Paid Leave Law and claim the payroll tax credit. Companies can also develop a cost analysis for the paid leave and projected income from the tax credits, which can be used for cashflow planning purposes.



Resiliency starts with mitigating risk and continues with quickly seizing opportunities for better cash flow and tax savings.

At the ready to help you

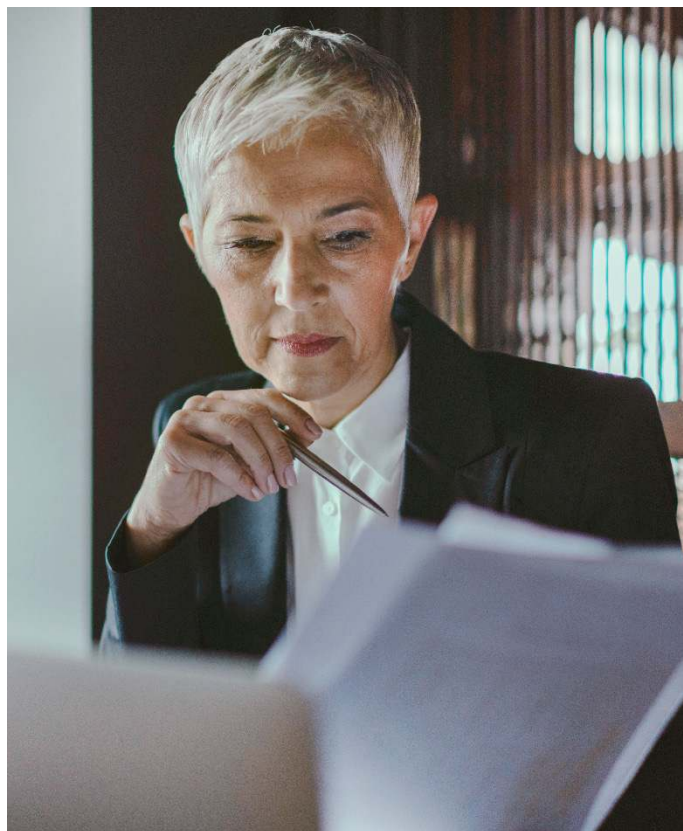
Our tax professionals are on standby to help you across a range of tax issues/opportunities in federal, state and local, and international tax. We also have dedicated Human Capital specialists to provide insights related to compensation and benefits.

Living our global values of collaboration, leadership, excellence, respect, responsibility and agility

Our approach is to provide practical, right-sized tax solutions to help companies in the ways that matter most.

You can count on us to:

- Bring a calm and deliberate approach to discussing key considerations
- Help you filter out the noise and create actionable plans
- Respond at the speed of your need
- Think holistically across four areas of risk
 - Liquidity & cash flow management
 - Supply & demand
 - External factors
 - People & labor



Contacts



Joseph Brown

Partner
Federal Tax Services
T +1 312 602 8580
+1 954 224 4171
E joseph.brown@us.gt.com



Brian Murphy

Partner
State and Local Tax Services
T +1 312 602 9017
E brian.murphy@us.gt.com



Christopher Schenkenberg

Partner
M&A Tax Services
T +1 312 602 8987
E christopher.schenkenbergt@us.gt.com



Jeffrey Martin

Washington National Tax Leader
Human Capital Services
T +1 202 521 1526
E jeffrey.martin@us.gt.com



Doreen Griffith

Partner
Federal Tax Services
T +1 214 561 2394
E doreen.griffith@us.gt.com



Jim Wittmer

Partner
Federal Tax Services
T +1 215-656-3065
E jim.wittmer@us.gt.com



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