**CARES Act Guide: Tax Modifications**

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|  | **Regulations prior to****the CARES Act** | **What did the CARES****Act change?** | **What does this****mean for me?** |
| **Bonus Depreciation** | 100% bonus depreciation for eligible assets put in service after September 2017 (generally). | Added a new five-year carryback option to the already-existing bonus depreciation. | Since NOLs can now be carried back (see below), consider reviewing all cost segregation. |
| **Excess Business Loss Carryback** | Deductions attributable to a trade or business for noncorporate taxpayers capped at income + $250,000 ($500,000 for MFJ). | Lifted the deduction cap for tax years beginning in 2018, 2019, and 2020. | Noncorporate taxpayers are no longer subject to the deduction threshold for those years. For tax years beginning in 2021 through 2026, those taxpayers can treat excess business losses as NOLs. |
| **Interest Deductions** | The maximum deduction for business interest is 30%. | For tax years beginning in 2019 and 2020, the business interest expenses limitation is increased to 50% maximum. | Consider increasing the amount of business interest you expense for 2019 and 2020. |
| **Net Operating Losses (NOLs)** | NOLs are subject to a taxable-income limitation of 80% and are not allowed to be carried back. | (1) NOLs incurred in 2018, 2019, and 2020 can be carried back five years and (2) the taxable income limitation of 80% is temporarily lifted for tax years beginning before January 1, 2021. | Consider filing an amended return in order to generate refunds. To get refunds from 2019 more quickly, file Form 1145. For losses in 2020, be prepared to file the form as soon as possible (sometime in January 2021). |
| **Qualified Improvement Property** | A drafting error in the TCJA set the depreciation window of QIP at 39 years. | Reduces the depreciation window of QIP from 39 to 15 years (retroactive to January 1, 2018). | Consider filing an amended return using bonus depreciation rather than straight-line depreciation. |