

BUSINESS TAX PROVISIONS

WHAT'S INCLUDED IN THE FINAL BILL?

- **Net operating loss relief for corporations.** Allows taxpayers to carryback 2018, 2019, and/or 2020 net operating losses for five years. The NOL can fully offset prior years' taxable income and result in a refund. Taxpayers can elect not to utilize the NOL carryback provision for any or all years. (Sec. 2303)
- **Net operating loss relief for taxpayers other than corporations.** Allows pass-through businesses and sole proprietors to retroactively turn off the excess active business loss limitation rule implemented with Tax Cuts and Jobs Act (TCJA) by amending the provision to apply to tax years beginning after December 31, 2020 (rather than December 31, 2017). (Sec. 2304)
- **Interest deductibility relief.** Increases the section 163(j) interest income deductibility limitation from 30% to 50% of earnings before interest, income, taxes, depreciation and amortization (EBITDA) for 2019 and 2020. Taxpayers may also elect to use 2019 income numbers for purposes of computing 2020 interest deductibility limitation. Includes election permitting taxpayers to not apply the provision for 2019 and/or 2020. (Sec. 2306)
- **Payroll tax deposit delay for employers.** Allows employers to defer 100% of their 6.2% Social Security payroll taxes for the remainder of 2020, with 50% of deferred tax due on December 31, 2021 and the remaining 50% due on December 31, 2022. (Sec. 2302)
- **Employee retention tax credit.** Refundable payroll tax credit for 50% of wages paid by eligible employers to certain employees during the COVID-19 crisis to encourage businesses to keep workers on payroll during the crisis. The credit is available to employers, whose operations have been fully or partially suspended as a result of a government order limiting commerce, travel or group meetings. The credit is also provided to employers who have experienced a greater than 50% reduction in quarterly receipts, measured on a year-over-year basis. (Sec. 2301)
- **Exclusion for certain employer payments of student loans.** Enables employers to annually pay up to \$5,250 of its employee's student loans on a tax-free basis to the employee. The employer's loan payment is not included in the employee's income. (Sec. 2206)
- **Alternative Minimum Tax (AMT) refunds.** Allows taxpayers to accelerate the refund of remaining corporate AMT credits. (Sec. 2305)
- **Qualified Improvement Property (QIP).** Fixes the QIP a/k/a the "Retail Glitch" - by permitting businesses to immediately expense interior building improvements. The provision is retroactive to December 22, 2019 and will provide billions of dollars of tax refunds to restaurants and other retailers that have improved their establishments over the last several years. Restaurant and other retailer property improvements will be fully benefit from the expensing provisions on a going forward basis. (Sec. 2307)
- **Charitable Deductions.** For corporations, increases the 10% limitation to 25% of taxable income. (Sec. 2205)

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BUSINESS TAX PROVISIONS RESOURCES AND MORE INFORMATION

- Final bill text can be found [here](#).
- A section-by-section summary of the business tax provisions can be found [here](#).
- The Joint Committee on Taxation (JCT) released its [scoring analysis](#) of the revenue provisions contained in the COVID 3 package. JCT found the bill's revenue and tax provisions would cost \$591 billion over a 10-year budget window. Of note, this is **not** the score for the entire package, which is estimated to total \$2.2 trillion

BUSINESS PROVISIONS IN COVID 4 AND BEYOND

- U.S. Travel will continue to press Congress for additional relief in the weeks and months ahead.