



## PP&Co Action Alert Opportunities for Review

There may be actions you can take now to get a tax refund by amending prior years' tax returns!

The Coronavirus Aid, Relief and Economic Security (CARES) Act, and attendant additions/revisions, have created critical economic relief measures to help businesses and individuals weather the pandemic and the resulting economic effects.

A key provision of the Act with respect to Qualified Improvement Property (QIP) fixed the “retail glitch” found in the Tax Cuts and Jobs Act of 2017 (TCJA), assigning a 15-year recovery period (as opposed to the previous 39-year recovery period), retroactive to January 1, 2018. Thus, effectively rendering previously ineligible QIP eligible for bonus depreciation. This coupled with the expanded allowance of business losses can create opportunities to recoup tax dollars.

Here we provide a brief description of the provisions and potential ways you might be able to take advantage of the new rules.

- **Qualified Improvement Property** - The CARES Act makes a technical correction to the Tax Cuts and Jobs Act of 2017 (TCJA) with respect to qualified improvement property, making it a 15-year property rather than a 39-year property. This change also makes QIP eligible for 100% bonus depreciation and is retroactive to January 1, 2018. If you had property additions in 2018 that now qualify as QIP, you may be able to amend prior years' returns to reap the benefits of the greater deduction and claim a tax refund.
- **Utilization of Business Losses** – The TCJA limited business losses available to offset other income at \$250,000 single and \$500,000 married filing joint, with any excess carrying over, effective 2018 forward. The CARES Act suspends this law for 2018, 2019 and 2020. To the extent that returns were filed for 2018 and 2019 which had limited losses, these returns can be amended to fully apply the losses against other income and potentially claim a refund.

Amended returns can be prepared utilizing both of these provisions as appropriate, potentially creating an even larger refund. We are performing internal reviews to identify which of our clients could benefit. If you're not a PP&Co tax client, but are in need of guidance, we can review your information too. Contact us at [info@ppandco.com](mailto:info@ppandco.com) or (408) 287-7911, and someone will get back to you right away.

Our focus. Your **freedom.**