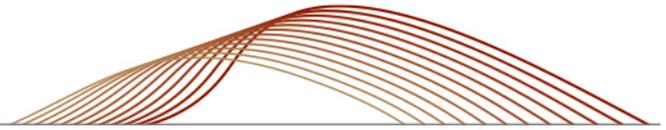


PH COVID-19 Client Alert Series: Tax Provisions of Senate GOP Draft of Third COVID-19 Relief Bill

By [Joe Opich](#) & Lauren Smith

Senate Republicans released a third COVID-19 relief package, the Coronavirus Aid, Relief, and Economic Security Act (“CARES Act”), on Thursday afternoon, with negotiations with Senate Democrats to begin on Friday. Business tax highlights of the 250-page bill released on Thursday include:

- **Estimated Taxes:** C Corporations may postpone estimated tax payments due after enactment until October 15, 2020. There is no cap on the amount of tax payments postponed.
- **Payroll Tax:** Employers may defer payment of the employer share of Social Security tax. Deferred payment must later be paid over the 2021 and 2022 tax years, with half of the amount deferred due in each year.
- **Net Operating Losses:** NOLs from 2018, 2019, and 2020 may be carried back five years. The income limitation on utilizing NOLs is currently removed, allowing companies to fully offset income. This modification applies both to corporate and pass-through entities.
- **Corporate AMT Credits:** Corporations may accelerate their recovery of AMT credits to receive a refund.
- **Business Interest Expense Limitation:** Businesses may deduct business interest expense up to interest income plus 50 percent of adjusted taxable income (as opposed to the normal 30 percent after the Tax Cuts and Jobs Act) plus floor plan financing interest.
- **Tax Cuts and Jobs Act Corrections:**
 - Qualified Improvement Property: Businesses may immediately write off costs associated with improving facilities.
 - Repatriation: Companies that overpaid 2017 taxes due to the repatriation toll charge may recover a refund on overpaid taxes.



- Downward Attribution of Stock Ownership of CFCs: Clarifies that certain controlled foreign corporations will not be subject to certain new tax and reporting requirements.

The full text of the bill may be viewed [here](#).



If you have any questions concerning these developing issues, please do not hesitate to contact the following Paul Hastings New York lawyer:

Joseph P. Opich
1.212.318.6596
josephopich@paulhastings.com

Paul Hastings LLP

Stay Current is published solely for the interests of friends and clients of Paul Hastings LLP and should in no way be relied upon or construed as legal advice. The views expressed in this publication reflect those of the authors and not necessarily the views of Paul Hastings. For specific information on recent developments or particular factual situations, the opinion of legal counsel should be sought. These materials may be considered ATTORNEY ADVERTISING in some jurisdictions. Paul Hastings is a limited liability partnership. Copyright © 2020 Paul Hastings LLP.