

KBKG TAX INSIGHT: SENATE FINANCE COMMITTEE DISCUSSES POTENTIAL FOR NEW CORONAVIRUS BILL THAT WOULD ALLOW ACCELERATED FEDERAL TAX BREAKS

As the Coronavirus pandemic continues to impact the country and economy, the Senate Finance Committee is continuing to discuss ways to help American businesses weather the storm. According to insiders, the potential proposal, which could be as large as \$1 Trillion in relief funds, will include a provision that would remove limitations on businesses that wish to claim credits that exceed their tax liability for the current year. This potential change would make certain credits fully refundable.

KBKG Insight:

If such a bill were passed, it would allow businesses with tax limitations to effectively “cash-out” on tax breaks in 2020, which would be a huge win for American businesses across the board. It would offer more businesses the ability to claim credits that were otherwise unavailable to them. As Research & Development Tax Credits apply to a vast majority of industries, the proposal could have a large, positive impact on businesses that develop new or improved products, processes, software, formulas, or techniques.

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- 179D Incentive for Energy Efficient Commercial Buildings
- Transfer Pricing
- IC-DISC

Experts point out that monetization of credits offers liquidity during the pandemic, which in turn keeps companies operational and employees on the payroll, something most lawmakers agree is essential to the health of the economy. Supporters of the idea believe this allowance would also encourage continued research and development, innovation, and entrepreneurship, all of which are vital during this tumultuous time.

With many businesses pivoting to create opportunities in this ever-changing environment, there is a lot of research and development happening across business sectors. Developments in medicine, testing, increased automation, and technology resources for remote communications, are just a few examples of the booming research and development efforts that have been undertaken as a result of COVID-19. This proposed idea would support these efforts.

Questions about this recent news and how it may impact your business? We can help. [Reach out to a KBKG R&D specialist](#) to see if you may qualify for the R&D tax credit.

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Sources:

<https://www.washingtonpost.com/business/2020/06/12/senators-weigh-allowing-corporations-accelerate-federal-tax-breaks-next-coronavirus-bill/>

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