



2023 TAX PLANNING

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Welcome



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2023 Tax Planning Topics

- Final year for 100% Bonus Depreciation
- Net Operating Loss (NOL) Limitations
- Business Interest expense Limitations



Qualified Property for Bonus Depreciation

#1: TYPE OF PROPERTY

- Property with a recovery period of 20 years or less
- Computer Software
- Water utility property

#2: ORIGINAL USE AND ACQUISITION

- Can be new or used at time of acquisition, as long as first use by the taxpayer
- Must be purchased in an arm's-length transaction between related parties

#3: PLACED IN SERVICE BEFORE 1/1/2027

Bonus Depreciation Sunset

Placed in Service Date	Between 9/28/17 & 12/31/22	In 2023	In 2024	In 2025	In 2026	In 2027 and Thereafter
Additional First-Year Depreciation	100%	80%	60%	40%	20%	0%

Taxpayer can elect out of bonus depreciation (generally irrevocable once election is made)



Maximize Tax Benefits of NOLs

- For tax years beginning after 2020, NOL carryovers from tax years beginning after 2017 are limited to 80% of the excess of the corporation's taxable income over the corporation's NOL carryovers from tax years beginning before 2018.
- NOL carryovers from tax years beginning before 2017 are not subject to the 80% limitations but may be carried forward only 20 years.
- If the corporation does not have pre-2018 NOL Carryovers, but does have post-2017 NOLs, the corporation's NOL deduction can only negate up to 80% of the 2022 taxable income with the remaining subject to the 21% federal corporate income tax rate. Corporations should monitor their taxable income and submit appropriate quarterly estimated tax payments to avoid underpayment penalties.



Consider Business Interest Expense Limitations

- Section 163(j) limitation is based on 30% of adjusted taxable income.
- Nondeductible interest expense that exceeds the limitation is carried over indefinitely.
- Beginning with 2022 taxable years, taxpayers will no longer be permitted to add back deductions for depreciation, amortization and depletion in arriving at adjusted taxable income (the principal component of the limitation).
- Consider the effect of the lower adjusted taxable income base when submitting quarterly estimated payments.



Q&A

Thank you!