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The Impact of the CARES Act on Tax Planning by Businesses in 2020

Introduction

The COVID-19 pandemic has resulted in many unforeseen Federal tax consequences for businesses, i.e., sole proprietors, partnerships, C corporations and S Corporations. The CARES Act included Federal tax changes designed to alleviate some of the adverse financial impacts on businesses. Moreover, there are Federal tax consequences caused by Federal, state and local government regulatory actions during the pandemic. Those regulations caused an economic recession that the Federal government mitigated somewhat with enactment of the CARES Act that authorized funds for businesses and made changes in the Federal tax law.

The objective of this term project is twofold. First, the author will identify and explain the provisions of the CARES Act that affect businesses. The tax consequence(s) of each provision is (are) also analyzed. The second objective is to develop year-end and multi-year tax plans that apply the tax provisions of the CARES Act to minimize a tax client's liability for 2020 as well as for 2019 and the years after 2020.