

# Tax Planning in an Uncertain Climate

Planning for Grants, Changes, and the Future

TOPICS COVERED

+ **Principles to Understand**

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+ **What We Know Now**

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+ **Call to Action**

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+ **Review Potential Tax Legislation**

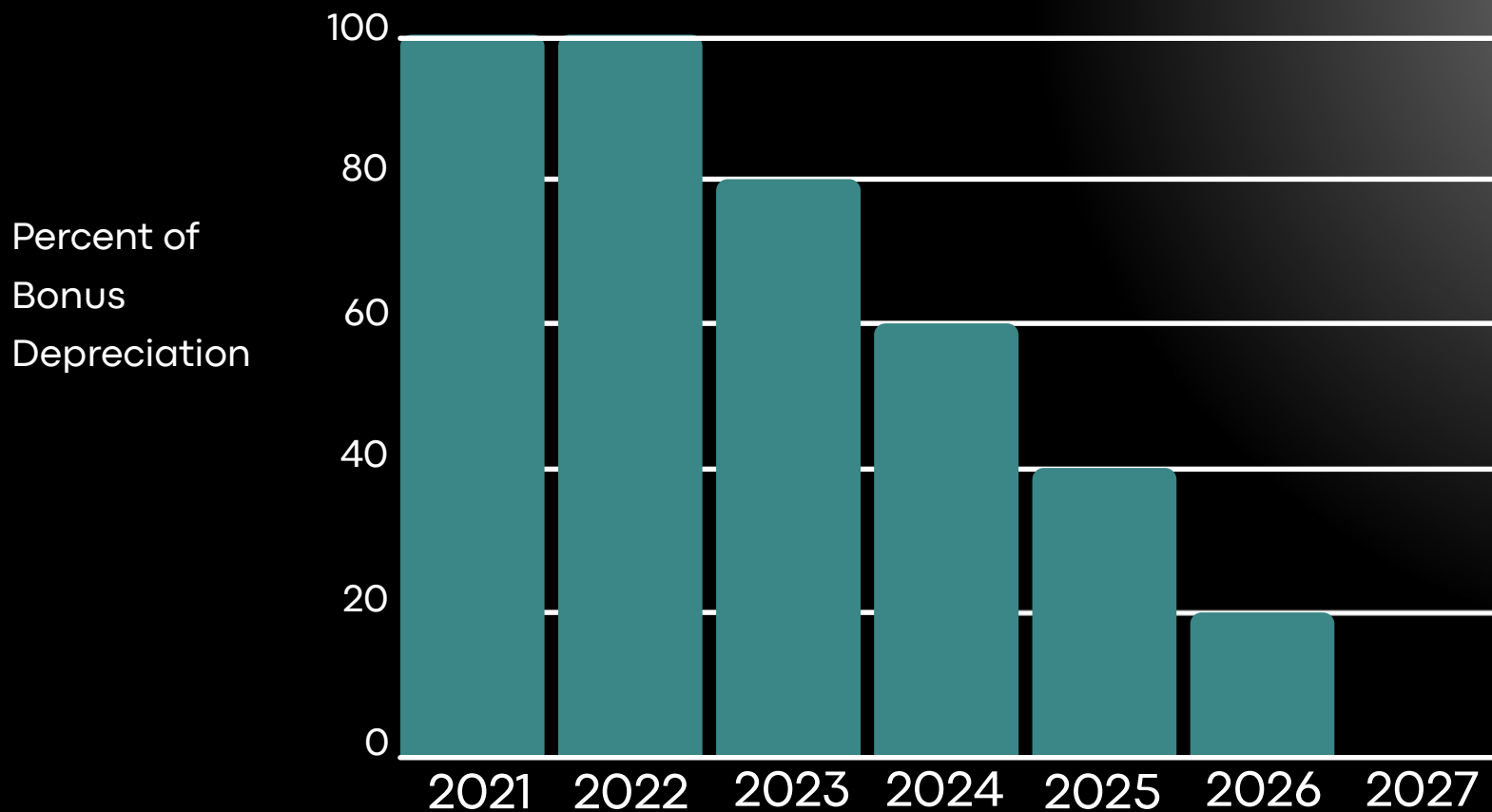
# + Principles for Understanding Taxes

- What to Encourage
- What to Discourage
- Fund Government Expenditures

# + What We Know Now

## Impacts of Tax Cuts & Jobs Act of 2017:

- Grants are taxable income when funds are received
- Phase out of bonus depreciation



# Bonus Depreciation Phase-Out Schedule

# + What We Know Now

## Impacts of Tax Cuts & Jobs Act of 2017:

- Grants are taxable income when funds are received
- Phase out of bonus depreciation
- Removal of NOL carrybacks

# Call to Action

Where Do We Go From Here?

POTENTIAL SOLUTIONS



**TIMING**



# + **When are assets placed in service?**



**Wrong Timing** - income one year,  
deduction in the next - no NOL carryback

**Good timing** - bonus depreciation  
to offset income recognition



## When is property considered placed in service?

- + Generally, property is considered placed in service when it is ready and available for a specific use, regardless of whether or not it is actually used at the time.

POTENTIAL SOLUTIONS: TIMING

# Network Asset Maintenance Allowance

POTENTIAL SOLUTIONS: **TIMING**

## **Network Asset Maintenance Allowance:**

- + IRS safe harbor
- + In general, immediate deduction of 12% of certain assets placed in service

POTENTIAL SOLUTIONS: TIMING

# Research & Development Tax Credit

Research and Development Tax Credit

# Four Part Test

- + Qualified Business Purpose
- + Technical in Nature (Hard Sciences)
- + Technical Uncertainty
- + Process of Experimentation

Research and Development Tax Credit

# Qualified Research Expenses (QREs)

- + Employee Wages
- + Supplies
- + 3<sup>rd</sup> Party Contractors

Research and Development Tax Credit

# R & D Credit Nuances

- + Economic Risk Lies with the Taxpayer
- + 20 Year Carry Forward



POTENTIAL SOLUTIONS

ADVOCATE



POTENTIAL SOLUTIONS: **ADVOCATE**

**Speak up:  
Participate in the Process**

- + **Tell the Story**
- + **Make Grants Non-Taxable**
- + **Extend 100% Bonus Depreciation**

# Potential Tax Legislation

# + **Build Back Better is pronounced dead - but will it resurrect?**

- Increased corporate tax rates?
- Capital gain rate change?
- Surtax on individuals with income over \$10m?
- Net Investment Income Tax on active business income (S corps)?

Thank You!

# Questions?

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