



# THE 2020 CARES ACT TAX BENEFITS

What you need to know to write off 100% of qualifying facility improvement costs

In spite of the current economic uncertainty caused by the pandemic, now is an excellent time to invest in non-residential facility upgrades.

The 2020 Coronavirus Aid, Relief, and Economic Stability (CARES) Act allows full deduction of qualifying project costs when you invest in facility

upgrades in a single year, with no limitation on the size of the project.

Now is the perfect time to consider upgrading your HVAC system to ensure you're providing the best indoor air quality for your facility's occupants.

## FACILITIES THAT QUALIFY FOR THE FULL DEDUCTION

Qualified improvement properties (QIPs), including:

- + Hospitals and healthcare facilities
- + Office buildings and logistics facilities
- + Factories and plants
- + Other non-residential properties

## QIPS INCLUDES:

- + New construction
- + Residential structures
- + Upgrades to the facility structure, or certain equipment, like elevators
- + External envelope of the building

## QUALIFYING NON-STRUCTURAL UPGRADES

Upgrades, including equipment and installation costs, to the interior envelope of existing facilities, including:

- + Building management systems
- + HVAC devices, such as sensors, valves and actuators
- + Uninterruptible power supplies, switchgear, and other electrical distribution equipment

You can combine your deduction with other tax incentives, such as renewable energy tax credits and utility rebates.

**REMEMBER: THERE'S NO LIMIT TO THE COST OF EQUIPMENT THAT CAN BE EXPENSED.**

### Example Cash Savings Of A Qip Project Cost

A fictional university invests \$500,000 in a new classroom and lecture theater ventilation system upgrade, replacing the existing overhead mixing air system with a displacement ventilation system. The chart shows the tax benefits before and after the changes the CARES Act made to Section 168 of the tax code. The benefit of the accelerated depreciation results in a cash savings of \$102,312 in year one.<sup>1</sup>

Combining the savings of the CARES act along with local state rebates for energy tax credits or utility rebates can increase your savings further.

Impact of the CARES Act on the Section 168 deduction	Section 168 before CARES Act	Section 168 as amended by the CARES Act
Total project cost (equipment and installation)	\$500,000	\$500,000
First year tax deduction	\$12,800	\$500,000
Corporate tax rate	21%	21%
Tax savings in year one	\$2,688	\$105,000
Net project cost in year one	\$497,312	\$395,000

<sup>1</sup> This example is fictional, not a guarantee of actual savings, and is not intended to be tax or legal advice. Tax calculations are complex; consult your tax advisor for more specific guidance.

**CONTACT US TODAY TO DISCOVER HOW WE CAN HELP YOU TAKE ADVANTAGE OF THE CARES ACT INCENTIVE.**