

CONSTRUCTION
& REAL ESTATE
INDUSTRY

“It’s a no-brainer.
How quickly can
you do it?”

- Business Owner

CASE STUDY:

Marcum Helps Company Recover 2013 Taxes, Increasing Liquidity for Upcoming Projects

ABOUT THE CLIENT

A long-time client, this mid-market, family owned construction contractor in the mid-Atlantic region had begun diversifying and acquiring a commercial real estate portfolio.

THE CHALLENGE

In 2018, the company experienced a business loss, which was limited for tax purposes due to the excess business loss provisions created by the Tax Cuts and Jobs Act (TCJA) of 2017. In addition, a continuing challenge for our real estate and construction client is having sufficient liquidity to fund upcoming projects, which has been especially difficult since the COVID-19 outbreak.

THE GOAL

The Coronavirus Aid, Relief, and Economic Security (CARES) Act of 2020 eliminated the limitation on losses a taxpayer could have in any one year. In addition, the CARES Act modified the net operating loss (NOL) deduction rules by allowing a NOL to be carried back for up to five years. Previously, under the TCJA, losses could only be carried forward, not back. After examining CARES Act provisions, Marcum Tax Advisors went to work with the goal of identifying all clients with 2018 losses who could potentially take advantage of the newly allowed NOL carryback provisions—which included this construction and real estate client.

THE PROCESS

Marcum’s partner leading tax services for this client made them aware of the ramifications of the CARES Act changes, explaining that Marcum could file to carry back their 2018 loss five years and recover \$180,000 in taxes they’d paid in 2013. And, the client will also receive interest if their refund isn’t received within 45 days of the filing.

THE SOLUTION

After learning what the CARES Act changes could mean for their company, our client was elated. The \$180,000 Marcum helped the company recover will provide liquidity to help fund their next project at a time when new capital is difficult to come by, given the pandemic’s effect on the business and investment environments.

In addition, Marcum’s help and initiative in recovering 2013 tax payments reconfirmed to our client that Marcum is continually looking out for their best interests.

Ed Reitmeyer, Marcum’s Real Estate Industry Leader for the Mid-Atlantic Region, remarked,

“The experience gained by our real estate tax advisors during the 2006-2010 real estate downturn proved invaluable. The advice we are providing to clients during the 2020 pandemic is the same type of consulting advice that helped our real estate clients through the previous downturn, when capital and liquidity were paramount to survival. Some lessons are never forgotten.”

