

Non-Corporate Business Loss Limitation

Pre-CARES Act	Post CARES Act (Current Law)	Current Oregon Impact
<ul style="list-style-type: none">• Enacted in TCJA, applicable TYs 2018-2025, not applicable to C-Corps• Business loss for the TY is limited to: \$250,000 (S) \$500,000 (J) (limits are indexed)• Business losses above respective limits may not offset other sources of income (e.g. portfolio income)• Unused losses are converted to net operating losses (NOLs) that are carried forward	<ul style="list-style-type: none">• TYs 2018, 2019 & 2020: Eliminates net business loss limitation• Technical and administrative changes aligning with original intent of legislation (per Joint Committee on Taxation)	<ul style="list-style-type: none">• Direct impact• Near term loss in revenue due to increased use of losses to offset income

Net Operating Losses Modification

Pre-CARES Act	Post CARES Act (Current Law)	Current Oregon Impact
<p><u>Personal Income Tax</u></p> <ul style="list-style-type: none">• Net operating Loss (NOL)<ul style="list-style-type: none">• Amount by which taxpayer's business deductions exceed their gross income• NOL can be carried forward• NOL generated in TY 2018 and later limited to 80% of adjusted taxable income (ATI) when used in succeeding tax years• NOL policy recently changed by TCJA (2017)	<p><u>Personal Income Tax</u></p> <ul style="list-style-type: none">• NOLs originating in TYs 2018 - 2020 may be carried back up to 5 years• NOLs originating in TYs 2018 & 2019 and carried forward, allowed to offset 100% of ATI in TYs 2019 & 2020 (suspension of 80% limitation)	<p><u>Personal Income Tax</u></p> <ul style="list-style-type: none">• Direct impact• NOL carrybacks via amended returns as far back as TY 2013• Reduced tax liability in 2019-21 & 2021-23 biennia, increased liability reflects less NOLs carried forward in 2023-25

Business Interest Limitation Modification

Pre-CARES Act	Post CARES Act (Current Law)	Current Oregon Impact
<ul style="list-style-type: none">• Interest expense deduction• Allowed the sum of<ul style="list-style-type: none">• Business interest income• Floor plan financing interest expense• 30% of adjusted taxable income (ATI)	<ul style="list-style-type: none">• Change to 50% of ATI for tax years 2019 and 2020• 2019 ATI can be used to make the 50% calculation instead of 2020<ul style="list-style-type: none">• Assumes 2019 ATI > 2020 ATI• Results in a larger deduction	<ul style="list-style-type: none">• Direct impact• Revenue loss expected