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A Post-Tax Reform Primer on U.S. Tax Credits



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In the days leading up to passage of the Tax Cuts and Jobs Act of late 2017, the fate of federal tax credits for projects like wind and solar hung in the balance, as lawmakers sought to reconcile House and Senate versions of the legislation.¹ Renewable energy was one sector keeping an eye on whether such credits would be weakened or eliminated as part of a comprehensive overhaul not seen since the Tax Reform Act of 1986.

In the legislative debate over a host of provisions that culminated in lowering the corporate tax rate from 35 to 21 percent, tax credits were largely preserved,² reflecting the response they've consistently received through the decades. As a whole, tax credits have garnered decades-long bipartisan support.³

Though the new law shifts the focus to implementation, most business tax credits have been preserved under it, so the question is how businesses and investors will be inclined to leverage tax credits as part of an overall plan. While a lower corporate tax rate might seem to lessen the value of any tax strategy, it's nonetheless true that tax credits remain one of the most effective tools for increasing return on investment.

Tax credits are an effective investment option because the returns are more predictable and less volatile, as they embody benefits stemming from the depreciation, cash flow, and passive losses tied to the project.

Tax credits remain a valuable component in any tax mitigation strategy, especially when considering both the losses and wins that will accompany the new tax law. Some news reports have stressed that a lower corporate tax rate lessens the value of many tax credits.⁴ But these arguments do not tell the whole story. While a lower corporate tax rate lessens the impact of tax credits in offsetting losses, the overall tax liability is also decreased because of the lower tax rate. In addition, investors can still potentially offset 100 percent of whatever liability is owed—at a dollar-for-dollar rate, just as before.

A lower tax rate won't necessarily leave corporations in the best possible situation. The tax law curtailed or eliminated many business deductions, such as putting new limits on interest deductions and a new ceiling on, and repeal of carrybacks for, net operating losses. The law also outlines repatriation deadlines on earnings long held overseas. Such factors require a discussion of various tax mitigation strategies—some either overlooked or minimally leveraged in prior years—to offset these post-reform provisions.⁵ Tax credits figure importantly in those potential strategies.

While tax deductions reduce the percentage of taxable income used to calculate the total tax bill, tax credits provide a dollar-for-dollar reduction in the amount owed. As a result, tax credits hold greater value than a dollar-equivalent tax deduction.⁶ From the investor's perspective, therefore, exploiting a tax credit will in many cases be the more effective means of boosting the return on investment from a given

1 Georgina Gustin, "Tax Overhaul Preserves Critical Credits for Wind, Solar and Electric Vehicles," *Inside Climate News*, Dec. 22, 2018, <https://insideclimatenews.org/news/18122017/tax-bill-vote-renewable-credits-solar-wind-clean-energy-jobs-evs-investment-anwr>

2 Michael D. Haun and Ken Krug, "The Tax Cuts and Jobs Act Revised Certain Federal Tax Cuts," *Lexology*, Jan. 19, 2018, <https://www.lexology.com/library/detail.aspx?g=81985ebc-9f9d-4946-b7c6-3d77e383350>

3 Rina Palta, "How Trump's Tax Plan Could Hurt Housing for LA's Homeless," 89.3 KPCC, April 26, 2017, <https://www.scpr.org/news/2017/04/26/71190/how-trumps-tax-plan-could-hurt-housing-for-las-hom/>

4 Conor Dougherty, "Tax Overhaul Is a Blow to Affordable Housing Efforts," *The New York Times*, Jan. 18, 2018, <https://www.nytimes.com/2018/01/18/business/economy/tax-housing.html>

5 Mark A. Luscombe and George G. Jones, "Tax Strategy: Changes to Business Deductions, Exclusions, Credits under Tax Reform," *Accounting Today*, March 6, 2018, <https://www.accountingtoday.com/opinion/tax-strategy-changes-to-business-deductions-exclusions-credits-under-tax-reform>

6 US Tax Center at IRS.com (not affiliated with IRS.gov), "Tax Credits vs. Tax Deductions," <https://www.irs.com/articles/tax-credits-vs-tax-deductions>

asset.⁷ Tax credit investments don't just provide a dollar-for-dollar reduction in offsetting tax liabilities. They can provide a steady return on investment, over a predictable period of time, as in the case of low-income housing.

Despite that straightforward advantage, there's a lack of understanding, even among large companies, as to how credits can most effectively be leveraged, particularly in the area of renewable energy. Many corporate tax offices with personnel trained in the minutia of financial operations remain less knowledgeable about the value of tax credits, and may be reluctant because of the prospect those credits will sunset without any ensuing congressional action to extend them.⁸ Such reluctance, however, could prove costly. Between this year and next, renewable projects are accompanied by a 30 percent investment tax credit; step-downs ensue thereafter.

Overall, the tax credit marketplace is experiencing steady growth, particularly in the area of renewables,⁹ and investors are attracted by a solid return on investment over a predictable time period. The post-reform environment will further justify such interest. At a time when previous tax mitigation strategies may become obsolete or less effective, businesses will be wise to explore a new or previously overlooked plan of attack. Tax credits are a means of optimizing tax advantage with a 21 percent corporate tax rate that nonetheless may be tempered by the law's other, less welcome provisions.

Expanding Options

From the original tax credit of the early 1960s, which amounted to a 10 percent credit on tangible personal property, the marketplace for such credits has evolved to encompass a vastly expanded range of opportunities.

Tax credits hold greater value than a dollar-equivalent tax deduction and can often boost ROI from a given asset.

"It's a completely different structure now. Somewhere in there, people figured out the notion of the 'worker person' and the 'investor person,'" said Forrest Milder, a tax specialist with law firm Nixon Peabody. "Having partnerships and LLCs doing the projects has created its own confusion, even though it's been going on for years."¹⁰

The recent enactment of the new tax law has brought better clarity into entities' perception of the tax management function played by tax credits.

"For at least a few months, businesses that wanted to plan future investments had to gamble on whether they would be able to claim recently expired credits when forecasting their expected returns," said Amir El-Sibaie, an economist with the Center for Federal Tax Policy at the Washington, D.C.-based Tax Foundation. El-Sibaie cites more than 30 tax provisions, many of them business-related credits, which Congress let expire only to retroactively reinstate them. Despite such uncertainty, the end result was the very continuation in many tax credits that businesses had been counting on.

Many tax credits stretch back decades, signaling Congress's ongoing desire to promote business investments in projects beneficial to local communities and society at large. In turn, businesses have been able to deduct all or a portion of those expenses from their income tax

7 Bipartisan Policy Center, "Reassessing Renewable Energy Subsidies," March 22, 2011, <https://bipartisanpolicy.org/library/reassessing-renewable-energy-subsidies-issue-brief/>; also see Congressional Research Service, "An Introduction to the Low-Income Housing Tax Credit," Jan. 24, 2018, <https://www.everycrsreport.com/reports/RS22389.html>

8 Bloomberg interview with Forrest Milder, partner, Nixon Peabody, April 12, 2018

9 Bloomberg interview with Keith Martin, partner, Norton Rose Fulbright, April 13, 2018

10 Bloomberg interview with Forrest Milder, Nixon Peabody

bill. In simplest terms, a \$10,000 tax credit saves \$10,000 that would otherwise be remitted to the federal government, while tax deductions merely lower a business's taxable income by the percentage of its marginal tax bracket.¹¹

Tax credits with the greatest longevity include the Federal Rehabilitation Tax Credit, commonly known as the Historic Tax Credit, which began in 1976 and was expanded in 1981, and the related Low-Income Housing Tax Credit, which followed five years later and was permanently extended in 1993.

Even as the LIHTC is challenged on two fronts—detractors call it an ineffective corporate welfare program,¹² while the new tax law's lower corporate tax rate diminishes the value of losses associated with LIHTC investments¹³—analysts cite predictable returns on investment, fueled by steady market demand.¹⁴

Even though renewable tax credits face sunset provisions, as well as new provisions that may diminish their effectiveness,¹⁵ they continue to attract a bevy of investors, spurred by a predictable phase-down and what they see as an inevitable shift away from fossil fuels.¹⁶

Just as not all tax provisions will impact companies equally, not all of them hold the same tax mitigation potential. In the case of the new tax law's Base Erosion and Anti-Abuse Tax, for example, which amounts to a minimum tax on U.S. taxpayers who make payments to foreign-related entities,

renewable energy credits can partially offset the tax (at least through 2025), while the New Markets Tax Credit cannot.¹⁷ In assessing the role of tax credits in optimizing tax strategies, then, businesses should evaluate the various tax credits available and pursue a strategy consistent with their tax management objectives.

Renewables in Tax Mitigation

With the tax law's curtailment (or outright elimination) of certain deductions, plus mandatory repatriation provisions, companies may need alternate arrangements to either supplement or replace former tax strategies. Renewable energy tax credits emerged relatively unscathed in the latest law, and they continue to offer a dollar-for-dollar reduction on taxes, through investments in solar, wind, or geothermal electricity.

But many of these credits might face future sunset provisions, making the next several years the optimal time to act. "Right now, everybody's assuming the credits will phase out," said Keith Martin, a transactional lawyer at the law firm Norton Rose Fulbright. There's a caveat. "Even if there is no broad further extension, there could be tax credits for some narrow categories, like offshore wind or storage facilities," he said.

Industry proponents forecast continued growth. In the case of solar, even as the Trump Administration has imposed new tariffs under Section 201 of the Trade Act of 1974, analysts do not anticipate major impact to the market in 2018. Continuous, if slightly

11 Maurie Backman, "Are Tax Credits Worth More Than Deductions?" Motley Fool, March 21, 2018, <https://www.fool.com/retirement/2018/03/21/are-tax-credits-worth-more-than-deductions.aspx>

12 Chris Edwards, "Heritage Foundation Calls for LIHTC Repeal," Cato at Liberty, Cato Institute, April 11, 2018, <https://www.cato.org/blog/heritage-foundation-calls-lihtc-repeal>

13 Thomas D. Morton, "The Impact of the Tax Cuts and Jobs Act on LIHTC Investments," Pillsbury, Jan. 3, 2018, <https://www.pillsburylaw.com/en/news-and-insights/the-impact-of-the-tax-cuts-and-jobs-act-on-lihtc-investments.html>

14 Bloomberg interview with Nixon Peabody, April 6, 2018

15 Cassandra Sweet, "What the New Tax Law Means for Renewables," GreenBiz, Jan. 11, 2018, <https://www.greenbiz.com/article/what-new-tax-law-means-renewables>

16 Bloomberg interview with Keith Martin, Norton Rose Fulbright

17 Jon Nelsen et al., "Tax Reform Act—Impact on Renewable Energy Projects," Lexology, Dec. 20, 2017, <https://www.lexology.com/library/detail.aspx?g=46461733-7c75-460f-b9a4-9c44e319dee8>; also see Claire Arritola, "Highlights of the Tax Cuts and Jobs Act," The National Law Review, Dec. 22, 2017, <https://www.natlawreview.com/article/highlights-tax-cuts-and-jobs-act>

slower, growth is projected through 2022, as more than 10 gigawatts of solar installations are installed this year, followed by 11.9 gigawatts in 2019.¹⁸

Companies now face a climate in which tax rules may lead them to slow or suspend investment in renewables. Yet most of the tax law's changes can be addressed through pricing and risk sharing,¹⁹ curbing any perceived need to stay on the sidelines. An additional factor to consider is the impact of the new corporate tax rate on renewable projects. "Because of the lower tax rate, depreciation, which is half the benefit [of renewable energy tax credit investments], is worth less," Martin said. However, this reduction in value is being priced into transactions, preserving returns for investors.

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Experts also expect less tax equity per investor in each project. But they anticipate a rush on renewable projects between now and the end of 2019, as investors seek to maximize the last window for a 30 percent tax credit on renewable projects.²⁰ This timeframe suggests acting sooner rather than later on renewables.

New Tax Law: Impact on Renewables

The recent tax law made no significant changes to the investment tax credit or the production tax credit as they stood under the Consolidated Appropriations Act of 2016. The omnibus spending bill outlined the value of investment tax credits, per technology, by year. These numbers remain in effect under the new tax law:

Tech Type	12/31/16	12/31/17	12/31/18	12/31/19	12/31/20	12/31/21	12/31/22	Thereafter
PV, Solar Water Heating, Solar Space Heating/Cooling, Solar Process Heat	30%	30%	30%	30%	26%	22%	10%	10%
Hybrid Solar Lighting, Fuel Cells, Small Wind	30%	30%	30%	30%	26%	22%	22%	N/A
Geothermal Heat Pumps, Microturbines, Combined Heat and Power Systems	10%	10%	10%	10%	10%	10%	N/A	N/A
Geothermal Electric	10%	10%	10%	10%	10%	10%	10%	10%
Large Wind	30%	24%	18%	12%	N/A	N/A	N/A	N/A

Source: U.S. Department of Energy²¹

18 Julia Pyper, "New Tariffs to Curb U.S. Solar Installations by 11% Through 2022," Greentech Media, Jan. 23, 2018, https://www.greentechmedia.com/articles/read/tariffs-to-curb-solar-installations-by-11-through-2022#gs.t9IZ_No

19 Bloomberg interview with Forrest Milder, Nixon Peabody

20 Ibid.

21 U.S. Department of Energy, "Business Energy Investment Tax Credit (ITC)," <https://www.energy.gov/savings/business-energy-investment-tax-credit-itc>

Tax credits for wind projects may be claimed as either production tax credits or investment tax credits. Solar projects are only eligible for the ITC. The PTC, taken over 10 years, is based on the amount of energy generated, while the ITC is applied upfront, as a percentage of the total eligible capital expenses of installing the project.²² Neither credit was changed under the new tax law.²³

Choosing one credit over another for a wind project hinges mainly on cost and output. A project with a significant upfront installation cost may benefit more from the ITC, which is recognized in the year the project is placed in service. On the other hand, a project with a high production rate may be more suited as a PTC.²⁴

New Corporate Tax Rate: Impact on Investment Tax Credit

To understand the corporate tax rate's impact on ITC, take the case of a solar PV system, placed in service under the new tax rules.

Calculate the ITC

If the tax basis is \$1 million, the 30 percent ITC (in effect through 2019) reduces the tax liability by \$300,000. (After 2019, the ITC phases down to 26, 22, and finally 10 percent by 2022.)

Calculate the Depreciation

In renewable energy projects, the business must reduce the basis in the project by half the credit—effectively 15 percent. Accordingly, 0.85 multiplied by 1 million equals \$850,000.

In the following scenario, this project opts for the five-year modified accelerated cost recovery system (MACRS). Here's the tax benefit that ensues over five years.

	Year 1 (2018)	Year 2 (2019)	Year 3 (2020)	Year 4 (2021)	Year 5 (2022)	Year 6 (2023)
Depreciation Basis	\$850K	\$850K	\$850K	\$850K	\$850K	\$850K
Depreciation %	20%	32%	19.2%	11.52%	11.52%	5.76%
Depreciation Expense	\$170K	\$272K	\$163K	\$97,920	\$97,920	\$48,960
21% Tax Rate Impact on Depreciation	\$35,700	\$57,120	\$34,230	\$20,563	\$20,563	\$10,282

Source: NC Clean Energy Technology Center²⁵ and Internal Revenue Service²⁶

* Chart reflects half-year convention

22 Greg Pfahl, "ITC or PTC for Your Renewable Energy Project?" Renewable Energy World, July 19, 2010, <https://www.renewableenergyworld.com/articles/2010/07/itc-or-ptc-for-your-renewable-energy-project.html>

23 Durham C. McCormick Jr., et al., "Tax Reform Bill's Impact on Renewable Energy Projects," Lexology, Dec. 22, 2017, <https://www.lexology.com/library/detail.aspx?g=1b5e210f-d4e3-4a1b-b1ee-cb28a704ec10>

24 Bloomberg interview with Keith Martin, Norton Rose Fulbright

25 Benjamin Inskip and Autumn Proudlove, "Commercial Guide to the Federal Investment Tax Credit for Solar PV," North Carolina Clean Energy Technology Center, March 2015, http://solaroutreach.org/wp-content/uploads/2015/03/CommercialITC_Factsheet_Final.pdf

26 Internal Revenue Service, Appendix A, "Publication 946 (2017), How To Depreciate Property," https://www.irs.gov/publications/p946#en_US_2017_publink100053768

In addition, the 30 percent ITC credit will be lower over time, declining to 26 percent for projects that begin construction in 2020, 22 percent for projects that begin construction in 2021, and 10 percent thereafter. The tax law's new minimum tax on companies with cross-border payments, the Base Erosion and Anti-Abuse Tax, is an additional consideration.

The BEAT, which is an anti-base erosion provision in the form of a limited-scope alternative minimum tax, targets companies seeking to minimize their tax liability through deductible cross-border payments to affiliates in low-tax jurisdictions. However, a company is not affected by the BEAT unless its average annual gross receipts are at least \$500 million for the group of affiliated companies.²⁷ The final bill allows 80 percent of the PTC and ITC to be deducted from the BEAT calculation.²⁸

The law also provides the option for 100 percent expensing of property acquired and placed in service after Sept. 27, 2017 (and before Jan. 1, 2023). Thereafter, the bonus depreciation is phased out at 20 percent reduction per year.²⁹ Alternatively, the investor can opt to depreciate assets more slowly³⁰—solar and wind, for example, both have five-year depreciation options.³¹ Selecting one option over another often depends on the tax equity investor.

The ultimate return achieved depends on the exact terms negotiated for the project. "The developer would like the tax equity investor to choose 100 percent bonus, because the investor will invest

more," Martin said. "The tax benefits are richer, but the tax investors don't want it, because they would rather spread their tax capacity over a larger number of deals." However, such tension is typically resolved through negotiation between both parties.

In addition, current partnership structures may impede taking full advantage of the 100 percent depreciation option. Technical rules governing partnerships can make it difficult for an investor to use deductions that go beyond the amount of their investment.

Assessing Return on Investment

Looking at corporate-leveraged tax credits from a longer-term perspective offers better insight into potential returns on investment. Some, like the federal Historic Tax Credit, can be paired, in compliance with the secretary of the Interior's Standards for Rehabilitation, with renewable energy tax credits,³² maximizing the dollar-for-dollar reduction in tax liability.

In the three decades since President Ronald Reagan declared HTC "good economic sense" and made it a permanent feature of the tax code in 1986, the tax credit to encourage private-sector investing in older properties has been administered by the National Park Service and the Internal Revenue Service in consort with state historic preservation offices. To date, 34 states also provide their own credits against state taxes to promote rehabilitation of historic buildings.³³

²⁷ Ibid.

²⁸ Durham C. McCormick Jr., et al., "Tax Reform Bill's Impact on Renewable Energy Projects"

²⁹ Amish Shah, Bradley Seltzer, and Engin Nural, "What Tax Reform Means For the Energy Sector: Part 1," Law360, Jan. 8, 2018, <https://www.law360.com/articles/999415/what-tax-reform-means-for-the-energy-sector-part-1>

³⁰ Keith Martin, "Final U.S. Tax Bill: Effect on Project Finance Market," Norton Rose Fulbright, Dec. 16, 2017, <http://www.nortonrosefulbright.com/knowledge/publications/160375/final-us-tax-bill-effect-on-project-finance-market>

³¹ David K. Burton, Jeffrey G. Davis, and Anne S. Levin-Nussbaum, "GOP Tax Bill Proposes Changes to the Renewable Energy Industry's Tax Incentives," Mondaq, Nov. 4, 2017 (Updated: Jan. 18, 2018), <http://www.mondaq.com/unitedstates/x/665142/tax+authorities/GOP+Tax+Bill+Proposes+Changes+To+The+Renewable+Energy+Industrys+Tax+Incentives>

³² Elizabeth Packer, "Solar Power Heating Up in Commercial Real Estate," Community and Economic Development in North Carolina, University of North Carolina School of Government, Feb. 16, 2017, <https://ced.sog.unc.edu/solar-power-heating-up-in-commercial-real-estate/>

³³ HUD Exchange, "Using the Historic Tax Credit for Affordable Housing," 2018, <https://www.hudexchange.info/programs/environmental-review/historic-preservation/tax-credit/>

While the new tax law repealed the 10 percent rehabilitation tax credit for non-historic buildings, it retained the 20 percent tax credit for the preservation of historic, income-producing structures. Under new provisions, however, this credit must be claimed ratably over a five-year period from the year the building is placed in service.³⁴ This scenario diminishes the incentive's value, say preservationists, developers, and banks.³⁵ Despite this slowdown in payback, however, analysts say the switch to a "ratable" tax credit does not preclude comparable tax credit pricing for HTC investments.

As with the Historic Tax Credit, LIHTC is sometimes combined with other tax credits,³⁶ to include renewables. Under the new tax law, LIHTC remains mostly unchanged.³⁷ The tax credit, which helps finance affordable housing, falls into two vehicles: a 9 percent credit, applicable for projects that leverage conventional debt, and a 4 percent credit, when financed with tax-exempt bonds.

While LIHTC's value is diminished by the lower corporate tax rate,³⁸ analysts point to a steady strengthening of the credit over time. "When I first started doing low-income housing tax credits, they were 40 cents on the dollar, and now they're somewhere between 95 cents and \$1.20," Milder said. Experts also cite a predictable revenue stream, as well as long-term, fixed-price debt, over the long run.³⁹

The rate of return for renewable energy investments is solid as well, and in the case of renewables can be in the 8 to 12 percent range, based on total investment.⁴⁰ The overall rate of return for tax equity investors is impacted by four factors: the tax credits the tax equity investor receives, the cash the project generates, anticipated tax savings from depreciation, and any interest deductions, minus taxes owed on taxable income from the project.⁴¹

Any return on investment is also intricately linked to structuring, of course. Renewable energy projects mainly fall under one of three transaction structures. In a partnership flip, a sponsor recruits a tax equity investor as a partner, giving them 99 percent of the structure until a target event (date or return) occurs upon which ownership "flips" to the new predetermined ratio. In a sale-leaseback, the business sells the project to the investor and leases it back. With an inverted lease, the company leases the project to an investor, who receives the investment tax credit, and the company retains a portion of the depreciation.⁴²

Which structure is best? As with any analysis of tax credits in a post-overhaul environment, the answer depends on the amount of capital raised, the allocation of risk, and the tax equity investor's timing on when to invest—age-old factors that preceded tax changes.⁴³

34 Jed A. Roher, "Impact of Final Tax Reform Legislation on the Historic Tax Credits, New Markets Tax Credit, Low-Income Housing Tax Credit and Renewable Energy Tax Credits," *The National Law Review*, Jan. 15, 2018, <https://www.natlawreview.com/article/impact-final-tax-reform-legislation-historic-tax-credit-new-markets-tax-credit-low>

35 Scott Calvert and Jon Kamp, "Tax Law Erodes Historic-Building Credit, Threatening Some Projects," *The Wall Street Journal*, Jan. 19, 2018, <https://www.wsj.com/articles/tax-law-erodes-historic-building-credit-threatening-some-projects-1516357800>

36 HUD Exchange, "Using the Historic Tax Credit for Affordable Housing," <https://www.hudexchange.info/programs/environmental-review/historic-preservation/tax-credit/>

37 Bendix Anderson, "Congress Helps Affordable Housing Developers," *National Real Estate Investor*, April 3, 2018, <http://www.nreionline.com/multifamily/congress-helps-affordable-housing-developers>

38 Jed A. Roher, "Impact of Final Tax Reform Legislation on the Historic Tax Credits, New Markets Tax Credit, Low-Income Housing Tax Credit and Renewable Energy Tax Credits"

39 Bloomberg interview with Nixon Peabody

40 Ibid.

41 Keith Martin, "Calculating How Much Tax Equity Can Be Raised," Norton Rose Fulbright, June 1, 2008, <http://www.nortonrosefulbright.com/knowledge/publications/152264/calculating-how-much-tax-equity-can-be-raised>

42 Keith Martin, "Solar Tax Equity Structures," Norton Rose Fulbright, Sept. 10, 2015, <http://www.nortonrosefulbright.com/knowledge/publications/150230/solar-tax-equity-structures>

43 Ibid.

Time to Act Is Now

In the midst of the most sweeping tax overhaul in a generation, many corporations welcomed the law's corporate tax rate of 21 percent and repeal of the alternative minimum tax. Yet businesses were also left with curtailment and outright elimination of deductions they had previously relied on for tax-mitigation strategies.

In a climate where corporations face new tax provisions—such as limits on interest deductions and net operating losses—new ways to minimize tax liability is a key discussion topic. Some businesses may simply dust off strategies they used long ago, while others will have to start from the ground up. That reality takes center stage in considering tax credits.

Despite the debate that accompanied the recent tax overhaul, the dollar-for-dollar reduction in tax liability that tax credits provide is still operative,

reflecting the steady, mostly bipartisan support for a government-backed incentive that helps businesses further the common good. As the new corporate tax rate lowers the value of certain losses, the value of tax credits requires a case-by-case analysis. At the same time, it is essential not to wait on the sidelines and risk missing the large tax credit window that accompanies renewables for the next three to four years. Such urgency rests on the knowledge of past performance. In taking the long view, analysts prevailingly see steady value in tax credits, providing a return on investment only marginally impacted by the new corporate tax rate.

Given the continuing role tax credits can play in tax mitigation strategy, businesses would do well to supplement internal financial knowledge with a more in-depth analysis from outside experts of the best tax mitigation strategies. That collaboration can help businesses stay relevant—and competitive—as they look to the new tax landscape and beyond.



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