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COVID-19

IRS Gives Tax Relief to Investors and Businesses Affected by Covid-19

The Treasury Department and the Internal Revenue Service have provided tax relief for certain taxpayers affected by the COVID-19 pandemic involved in new markets tax credit transactions.

Jun. 18, 2020



IRS

Department of the Treasury
Internal Revenue Service

The Treasury Department and the Internal Revenue Service have provided tax relief for certain taxpayers affected by the COVID-19 pandemic involved in new markets tax credit transactions.

The taxpayers receiving relief through this guidance are community development entities (CDEs) and qualified active low-income community businesses (QALICBs) investing and conducting businesses in low-income communities.

[Notice 2020-49 \(PDF\)](#) provides a CDE or QALICB with relief for certain specified time-sensitive acts that are due to be performed between April 1, 2020, and Dec. 31, 2020, in order to meet requirements under section 45D of the Internal Revenue Code and its regulations. A CDE or QALICB may perform these acts by Dec. 31, 2020. The additional time is provided for the following time-sensitive acts:

Making investments

If a CDE is due to invest cash received in a qualified low-income community investment (QLICI) on or after April 1, 2020, and before Dec. 31, 2020, that cash investment is treated as invested in a QLICI to the extent it is invested by Dec. 31, 2020.

Reinvestments

If a CDE is due to reinvest certain amounts of cash or payment in a QLICI on or after April 1, 2020, and before Dec. 31, 2020, the amounts are treated as continuously invested in a QLICI to the extent the amounts are so reinvested by Dec. 31, 2020.

Expending amounts for construction of real property

If a QALICB is due to expend the proceeds of a capital or equity investment or loan by a CDE for construction of real property on or after April 1, 2020, and before Dec. 31, 2020, such proceeds are treated as a reasonable amount of working capital of the QALICB if so expended by Dec. 31, 2020.

Additional information about [tax relief for businesses affected by the COVID-19 pandemic](#) can be found on [IRS.gov](https://www.irs.gov).

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