

CONSTRUCTION
& REAL ESTATE
INDUSTRY

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

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. 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 recently passed CARES Act 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 for the NOL to be carried back for five years. The previously in force Tax Cuts and Jobs Act of 2017 had only allowed losses to be carried forward, not back. After examining CARES Act provisions, Marcum’s real estate tax professionals began searching our records for clients who had suffered losses in 2018 to inform them of the opportunity to take advantage of the newly allowed NOL carryback provisions.

THE PROCESS

The client’s tax relationship lead made our client 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, if our client does not receive their refund within 45 days of the filing, they will also receive daily interest for the delay.

THE SOLUTION

After learning what the CARES Act changes could mean for their company, our client could not have been happier. The \$180,000 Marcum helped the company recover will provide liquidity to 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 taxes 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 Marcum’s Real Estate Tax Advisors during the 2006-2010 real estate downturn proved to be invaluable. The advice we’re 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 was paramount to survival. Some lessons are never forgotten.”

