

2020 TAX POLICY FORECAST CORONAVIRUS FLASH SURVEY

EXECUTIVE SUMMARY

What do business leaders expect – and want – from coronavirus-related tax legislation and guidance?

What was shaping up to be another year of tax gridlock in Washington has, like seemingly everything else, been disrupted by the coronavirus outbreak. Lawmakers are now ready to reach across the aisle and draft the third relief package to address the detrimental economic impact the outbreak is having on the country.

With various proposals making their way through Congress, we checked in with top tax executives to gauge what legislative and administrative tax proposals being considered would be most helpful to their businesses and their likelihood of passage or implementation.

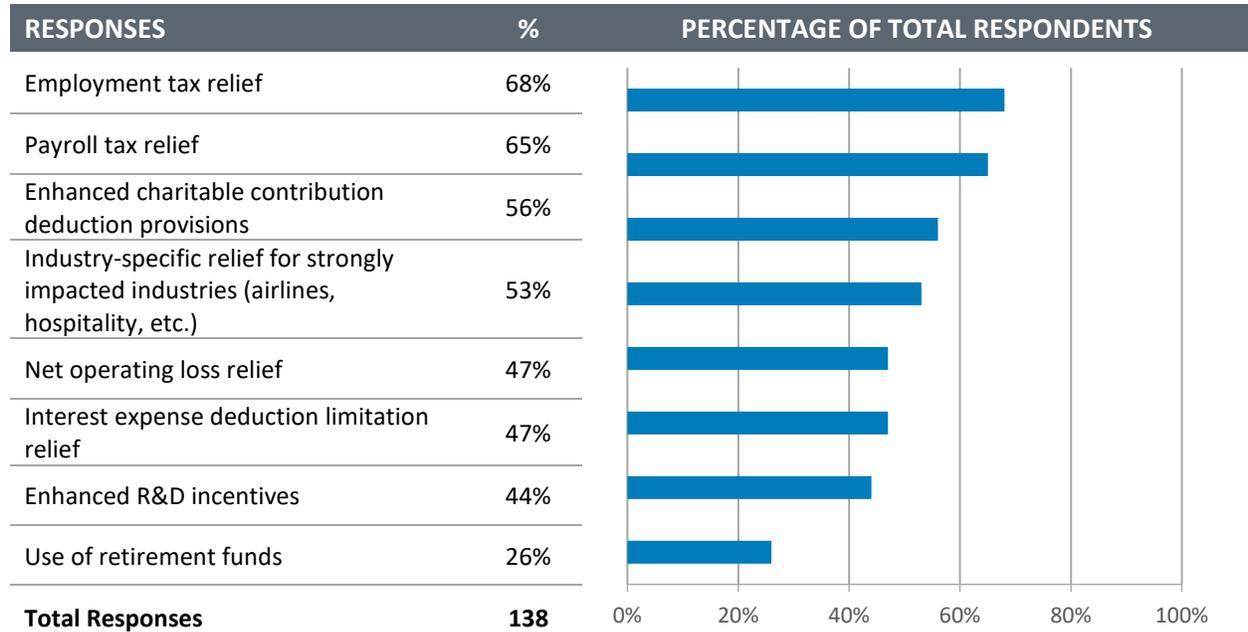
The results reflect cautious optimism: with respect to tax legislation, nearly 70 percent expect employment tax relief to be passed, trailed closely by payroll tax relief (65 percent), enhanced charitable deduction provisions (56 percent), and industry-specific relief (53 percent). Net operating loss relief, interest expense deduction limitation relief, and enhanced R&D incentive provisions are also likely to be enacted, according to nearly half of all respondents. Payroll and employment tax relief were also reported to be the most helpful to respondents' businesses (65 percent), with interest expense deduction limitation relief not far behind (62 percent).

As for administrative actions by the Internal Revenue Service (IRS) and Treasury Department, we've already seen an extension of the tax return filing deadline. But respondents also expressed a preference for regulators to extend deadlines related to examinations and appeals (74 percent).

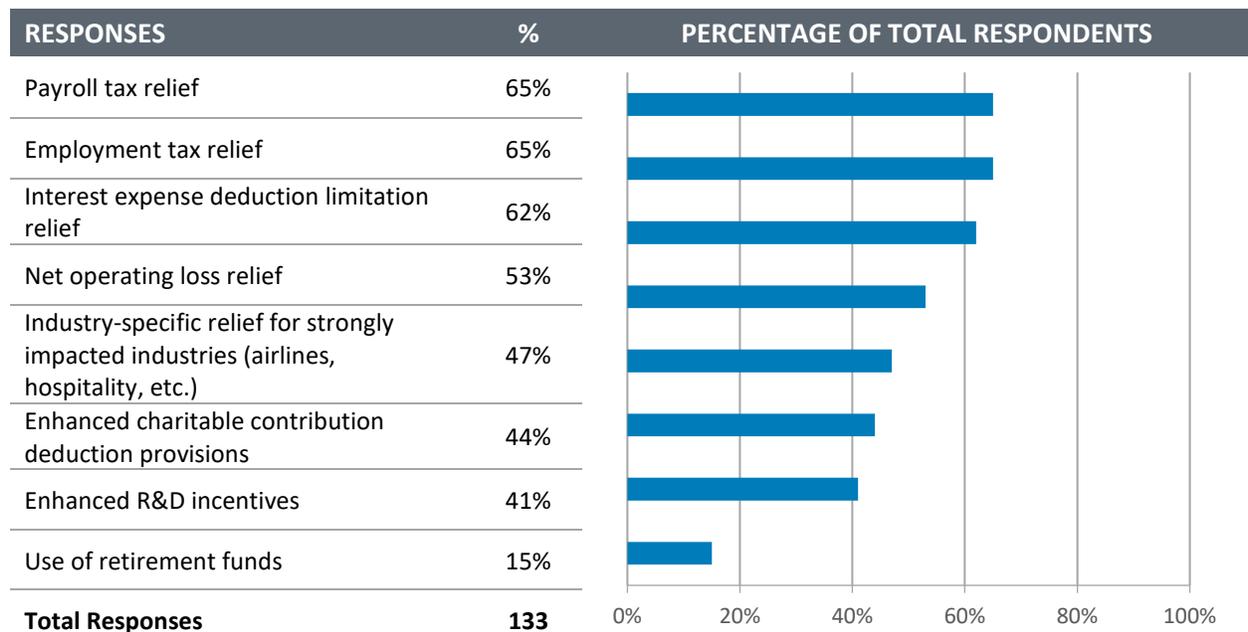
The situation, as we all know, continues to evolve by the hour. We hope our flash survey provides useful insights into where executives stand at this moment, along with helpful context surrounding the wide array of tax legislation currently on the table – legislation that will greatly impact businesses in the challenging times to come.

Coronavirus Flash Survey Results

1. What type of coronavirus crisis-related tax legislation do you expect to be enacted? (Select all that apply)



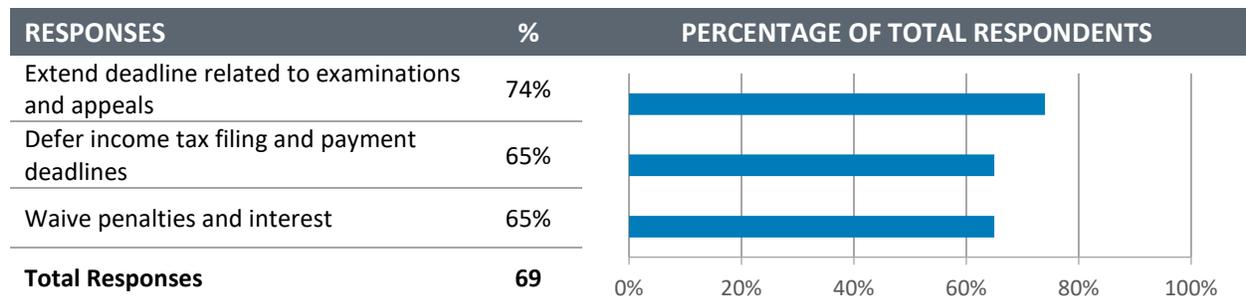
Q2. What type of coronavirus crisis-related tax legislation would be most helpful to your business? (Select all that apply)



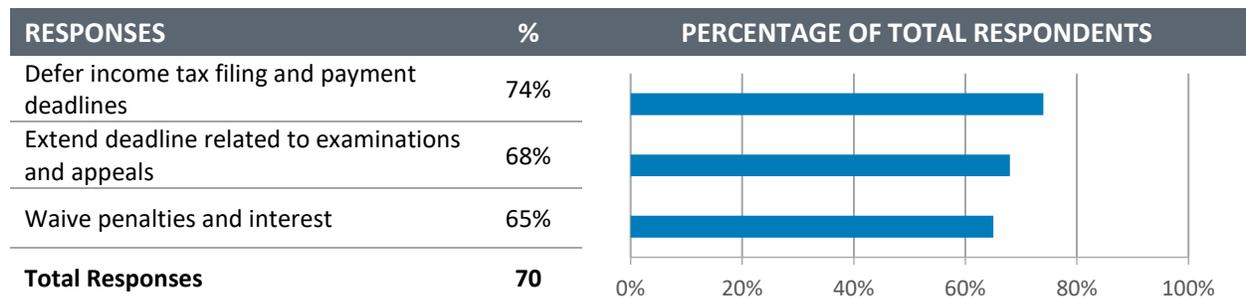
Crisis-specific tax policy must walk the delicate line of providing relief to workers on the one hand, without unduly burdening businesses on the other. Democrats, for instance, are resistant to any provisions that might be viewed as giving handouts to "big business" – a concern now playing out as various proposals move through Congress.

While Washington has already enacted several pieces of legislation, including a refundable small business tax credit for paid sick and family leave, it is becoming clear that additional measures are necessary. For example, the Administration and Congress are currently considering some combination of incentives for individual taxpayers, including payroll tax relief and the issuance of direct cash payments to taxpayers. So far, the Administration has floated the idea of at least two rounds of direct cash payments totaling at least \$500 billion. Senate Republicans have also proposed significant direct cash payments. As the economic impact of the crisis deepens, a third coronavirus-related relief package, including proposals to provide employer payroll tax relief, net operating loss relief (such as reinstatement of a carryback period), and relief from the interest expense deduction limitation, is currently being negotiated between Administration officials and the Senate.

Q3. What administrative actions do you expect the Internal Revenue Service and/or the Treasury Department to take to address the coronavirus crisis? (Select all that apply)



Q4. What administrative actions could the Internal Revenue Service and/or the Treasury Department to take to address the coronavirus crisis that would be most helpful to your business? (Select all that apply)



On March 18, 2020, the IRS issued Notice 2020-17, which extended the due date for certain income tax payments. Specifically, it allowed non-corporate taxpayers (including individuals) to defer the payment of up to \$1 million of tax, and corporations to defer the payment of up to \$10 million of tax for up to 90 days (until July 15, 2020). The IRS subsequently expanded this relief on March 20, 2020 by issuing Notice 2020-

18, which extends the tax return filing deadline to July 15, 2020 (with an associated waiver of penalties and interest) and stipulates no limitation on the amount of the tax payment that may be postponed. Given the interest of survey respondents in this type of relief, there may be efforts to extend the tax return filing deadline further. Allowing taxpayers to defer the return filing and associated payment of tax will provide them with essential capital and liquidity to maintain their operations and retain their employment base. Given the proactive approach the IRS has taken in extending the tax return filing deadline, it is hoped that similar relief will be provided with respect to extending the deadlines of examinations and appeals.

METHODOLOGY

Between March 17-19, 2020, Miller & Chevalier Chartered distributed a survey via email to leading business tax executives, including c-suite officers, directors, vice presidents, and managers of tax, at a myriad of U.S. companies.

Industries surveyed include financial institutions, technology manufacturing, retail, insurance, oil and gas, utilities, automotive, healthcare, defense, and media, among others. The survey was completed by 34 executives.

Political affiliations were split: 47 percent of respondents self-identified as Republican, 44 percent as Democrat, and nine percent as other.

Due to rounding and questions where respondents could select more than one answer, certain final percentages may not equal 100 percent.

We appreciate and thank those who contributed their views and shared their experiences.