VAN DER AA TAX EDUCATION

Key Tax Issues Facing Business and Industry

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$1T Bipartisan Infrastructure

Infrastructure Investment and Jobs Act

<u>NOT</u> (really) a Tax Act !

- Employee Retention Credit
- **Crypto-asset Reporting**
- Disaster Relief
- Miscellaneous

$1T Bipartisan Infrastructure

Cryptocurrency Reporting

Currently, covered Securities Brokers must report customers names, addresses, adjusted basis and ST or LT gain or loss

MERRILL

A BANK OF AMERICA COMPANY

$1T Bipartisan Infrastructure

Cryptocurrency Reporting

The Infrastructure Act extends the definition of **broker** to "any person who (for consideration) is responsible for regularly providing any service affecting transfers of **digital assets** on behalf of another person."

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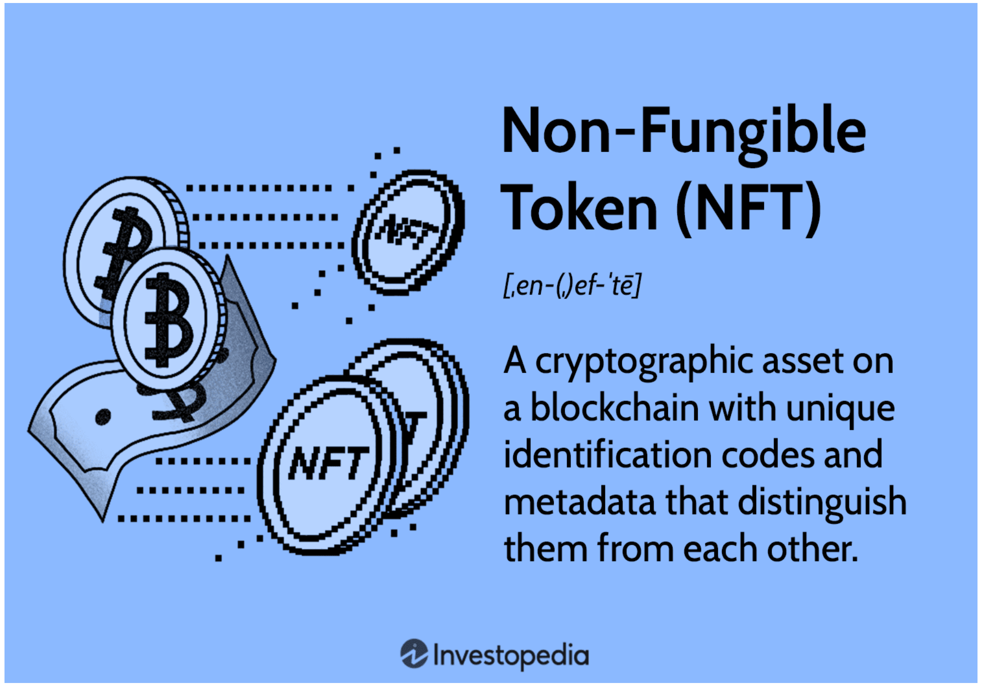
Cryptocurrency Reporting

A **digital asset** is "any digital representation of value which is recorded on a crypographically secured distributed ledger or any similar technology as specified by the" IRS.



$1T Bipartisan Infrastructure

Cryptocurrency Reporting

- The beginning date for basis tracking is January 1, 2023
- 1099-B reporting would start for 2023
  - Returns required to be filed after December 31, 2023
    - *Filed in 2024 for 2023 activity*

$1T Bipartisan Infrastructure

Cryptocurrency Reporting

In Announcement 2023-2 the IRS provided transitional guidance:

- It intends to publish regulations, accept public comments, and issue final regulations
- Brokers may report gross proceeds and basis as required under existing law and regulations as of December 23, 2022
- Brokers will not be required to report of file returns on dispositions of transfers of digital assets until final regulations are issued

$1T Bipartisan Infrastructure

Cryptocurrency Reporting

Digital assets will now be treated as **cash** for Code Section 60501(a) purposes

- Requiring reporting anytime you (a trade or business) receive more than $10,000 in **cash/digital assets**
  - *Returns and statements filed after December 31, 2023*

Form 8300 and Reporting Cash Payments of Over $10,000

“**Generally, if you're in a trade or business and receive more than $10,000 in cash in a single transaction or in related transactions, you must file Form 8300.**

The Form 8300, Report of Cash Payments Over $10,000 in a Trade or Business, provides valuable information to the Internal Revenue Service and the Financial Crimes Enforcement Network (FinCEN) in their efforts to combat money laundering. Money is "laundered" to conceal illegal activity, including the crimes that generate the money itself, such as drug trafficking, tax evasion and terrorist financing.”

https://www.irs.gov/businesses/small-businesses-self-employed/form-8300-and-reporting-cash-payments-of-over-10000

Form 8300 and Reporting Cash Payments of Over $10,000

"**When to File**

You must file Form 8300 by the 15th day after the date the cash transaction occurred.

Besides filing Form 8300, you also need to provide a written statement to each party whose name you included on the Form 8300 by January 31 of the year following the reportable transaction. This statement must include the name, address, contact person and telephone number of your business and the aggregate amount of reportable cash. The statement must also indicate that you provided this information to the IRS.

Civil and criminal penalties may apply if you fail to file Form 8300 and provide a written statement to each person named on Form 8300. Penalty amounts are adjusted annually for inflation."

https://www.irs.gov/businesses/small-businesses-self-employed/form-8300-and-reporting-cash-payments-of-over-10000

Form 8300 and Reporting Cash Payments of Over $10,000

"

How to File

Electronic filing. E-filing is a free, quick, and secure method for filing Forms 8300. You may electronically file Forms 8300 using FinCEN's BSA E-Filing System. You'll receive an electronic acknowledgement of each submission. For more information about Form 8300 e-filing, see the FinCEN news release announcing electronic filing.

Effective April 8, 2019, Form 8300 filers have the option to batch file their reports as opposed to discrete filing. Batch filing is for businesses that file a high number of Forms 8300 at a time. The BSA E-Filing System includes batch processing functionality in XML format. Find more information on batch filing in hot topics and quick links on the BSA E-Filing System, including:

- FinCEN's announcement of XML batch processing for FinCEN Form 8300.
- 8300 XML batch processing technical webinar and
- FinCEN 8300 XML filing requirements.

File by mail. You may mail Form 8300 to the IRS at: Detroit Federal Building, P.O. Box 32621, Detroit, Michigan 48232.

Form 8300 and Reporting Cash Payments of Over $10,000

IRS Form **8300**
(Rev. August 2014)
Department of the Treasury
Internal Revenue Service

Report of Cash Payments Over $10,000 Received in a Trade or Business

▶ See instructions for definition of cash.
▶ Use this form for transactions occurring after August 29, 2014. Do not use prior versions after this date.
For Privacy Act and Paperwork Reduction Act Notice, see the last page.

FinCEN Form **8300**
(Rev. August 2014)
OMB No. 1506-0018
Department of the Treasury
Financial Crimes Enforcement Network

1 Check appropriate box(es) if: **a** ☐ Amends prior report; **b** ☐ Suspicious transaction.

Part I Identity of Individual From Whom the Cash Was Received

2 If more than one individual is involved, check here and see instructions . . . . ▶ ☐

3 Last name	4 First name	5 M.I.	6 Taxpayer identification number
7 Address (number, street, and apt. or suite no.)		8 Date of birth . . . ▶ (see instructions)	M M D D Y Y Y Y
9 City	10 State	11 ZIP code	12 Country (if not U.S.)	13 Occupation, profession, or business

14 Identifying document (ID) **a Describe ID ▶** **b Issued by ▶** **c Number ▶**

Part II Person on Whose Behalf This Transaction Was Conducted

15 If this transaction was conducted on behalf of more than one person, check here and see instructions . . . . ▶ ☐

16 Individual's last name or organization's name	17 First name	18 M.I.	19 Taxpayer identification number
20 Doing business as (DBA) name (see instructions)			Employer identification number

21 Address (number, street, and apt. or suite no.) 22 Occupation, profession, or business

1099-K Reporting

☐ CORRECTED (if checked)

FILER'S name, street address, city or town, state or province, country, ZIP or foreign postal code, and telephone no.

FILER'S TIN

PAYEE'S TIN

OMB No. 1545-2205

Form **1099-K**

(Rev. January 2022)

For calendar year 20 ____

Payment Card and Third Party Network Transactions

1a Gross amount of payment card/third party network transactions
$

1b Card Not Present transactions
$

2 Merchant category code

Check to indicate if FILER is a (an):
Payment settlement entity (PSE) ☐
Electronic Payment Facilitator (EPF)/Other third party ☐

Check to indicate transactions reported are:
Payment card ☐
Third party network ☐

3 Number of payment transactions

4 Federal income tax withheld
$

Copy B
For Payee

This is important tax information and is being furnished to the IRS. If you are required to file a return, a negligence penalty or other sanction may be imposed on you if taxable income results from this transaction and the IRS determines that it has not been reported.

PAYEE'S name

Street address (including apt. no.)

City or town, state or province, country, and ZIP or foreign postal code

PSE'S name and telephone number

5a January $	5b February $
5c March $	5d April $
5e May $	5f June $
5g July $	5h August $
5i September $	5j October $
5k November $	5l December $

Account number (see instructions)

6 State	7 State identification no.	8 State income tax withheld
		$
		$

Form **1099-K** (Rev. 1-2022) (Keep for your records) www.irs.gov/Form1099K Department of the Treasury - Internal Revenue Service

- Previously the threshold to report third party network transactions was $20,000/200 transactions a year.
- **Under the American Rescue Plan this was dropping down to $600 a year for 2022!**
  - *Regardless of the number of transactions*

1099-K Reporting

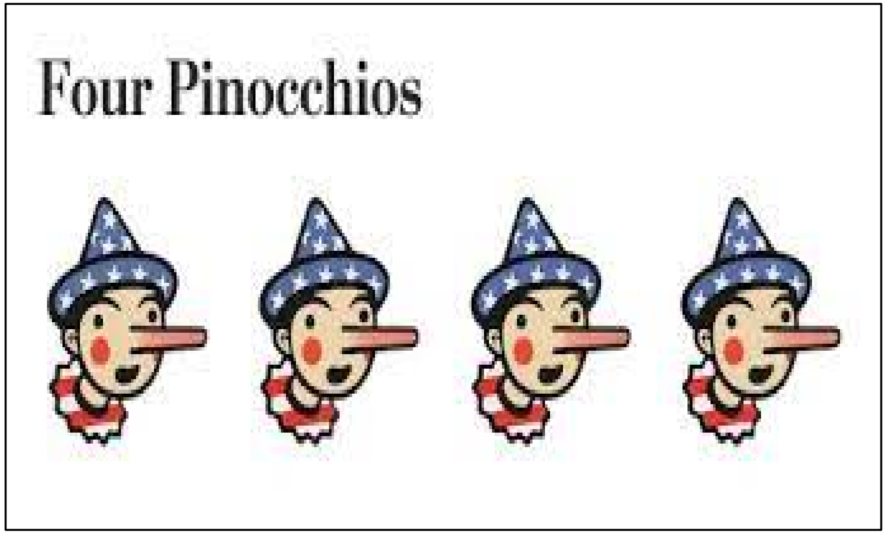
On December 23 the IRS announced a one-year delay

- Treating 2022 as a transition period
- Notice 2023-10

BBB - Bank Account Reporting

The IRS was pushing (hard) to require financial institutions to report to the IRS the total amount of deposits and withdrawals over $600/$10,000

- Purportedly this would help the IRS focus on **wealthy** tax evaders
- **No**, This is all about targeting Schedule C, E and F filers



BBB - Bank Account Reporting

The IRS was pushing (hard) to require financial institutions to report to the IRS the total amount of deposits and withdrawals over $600/$10,000

- Purportedly this will help the IRS focus on **wealthy** tax evaders
- ***How in the heck do they think they're going to match up all the bank and other financial accounts of "rich" people ?***

FINANCIAL CRIMES ENFORCEMENT NETWORK

Corporate Transparency Act

BENEFICIAL OWNERSHIP REPORTING

Corporate Transparency Act

- Enacted as part of the National Defense Authorization Act for Fiscal 2021. it amends the Bank Secrecy Act to require reporting of ***Beneficial Ownership***
- The CTA requires many (most) business entities to report their "Beneficial Owners" and "Company Applicants" to the US Treasury Financial Crimes Enforcement Network **("FinCEN")**

Beneficial Ownership Reporting

A **"Reporting Company"** is a Corporation or limited liability company and similar entities which are:

- Created by **filing a document** with the Secretary or State or similar office under the law of a State or Indian Tribe; or
- Foreign entities registered to do business in the US

Beneficial Ownership Reporting

23 types of entities are specifically excluded from the definition of reporting company, so they don't have to file, including:

- Tax-exempt organizations
- Publicly traded companies
- Banks and bank-type entities including Credit Unions
- Insurance Companies
- **Certain public accounting firms**
  - **Registered under Section 102 of SARBOX**
- Other regulated businesses

Beneficial Ownership Reporting

I think the most important exclusion is for entities with a **physical presence** in the US with **<u>over twenty (20)</u> full time employees** which file a **federal income tax return** reporting **<u>more than $5 million</u> in gross receipts or sales**

Beneficial Ownership Reporting

A **"Beneficial Owner"** is an individual who directly or indirectly, through any contract, arrangement, understanding, relationship or otherwise:

- Exercises **substantial control** over the entity; or
- Owns or controls not less than **25%** of the ownership interests of the entity.

- FinCEN published the final beneficial ownership rules at the end of September 2022 – 330 pages!

Beneficial Ownership Reporting

FAQ #9: **Who is a beneficial owner of a reporting company?**

In general, a beneficial owner is any individual (1) who directly or indirectly exercises "substantial control" over the reporting company, *or* (2) who directly or indirectly owns or controls 25 percent or more of the "ownership interests" of the reporting company.

Whether an individual has "substantial control" over a reporting company depends on the power they may exercise over a reporting company. For example, an individual will have substantial control of a reporting company if they direct, determine, or exercise substantial influence over, important decisions the reporting company makes. In addition, any senior officer is deemed to have substantial control over a reporting company.xvi Other rights or responsibilities may also constitute substantial control

Beneficial Ownership Reporting

FinCEN expects that the majority of reporting companies will have a simple ownership and control structure. A few examples of how to identify beneficial owners are described below.

Example 1: *The reporting company is a limited liability company (LLC). You are the sole owner and president of the company and make important decisions for the company. No one else owns or controls ownership interests in your company or exercises substantial control over your company.*

Beneficial Ownership Reporting

You are a beneficial owner of the reporting company in two different ways, assuming no other facts. First, you exercise substantial control over the company because you are a senior officer of the company (the president) and because you make important decisions for the company. Second, you are also a beneficial ow ner because you own 25 percent or more of the reporting company's ownership interests.

Because no one else owns or controls ownership interests in your LLC or exercises substantial control over it, and assuming there are no other facts to consider, you are the only beneficial owner of this reporting company, and your information must be reported to FinCEN.

Beneficial Ownership Reporting

Example 2: *The reporting company is a corporation. The company's total outstanding ownership interests are shares of stock. Three people (Individuals A, B, and C) own 50 percent, 40 percent, and 10 percent of the stock, respectively, and one other person (Individual D) acts as the President for the company, but does not own any stock.*

Beneficial Ownership Reporting

Assuming there are no other facts, **Individuals A, B, and D** are all beneficial owners of the company and their information must be reported. Individual C is not a beneficial owner.

Individual A owns 50 percent of the company's stock and therefore is a ben eficial owner because they own 25 percent or more of the company's owne rship interests.

Individual B owns 40 percent of the company's stock and therefore is a beneficial owner because they own 25 percent or more of the company's owne rship interests.

Individual C is not a company officer and does not directly or in directly exercise any substantial control over the company. Individual C also owns 10 percent of your company's stock, which is less than the 25 percent or grea ter interest needed to qualify as a beneficial owner by virtue of ownership interests. Individual C is therefore *not* a beneficial owner of the company.

Individual D is president of the company and is therefore a ben eficial owner. As a senior officer of the company, Individual D exercises substantial control, regardless of whether the individual owns or controls 25 percent or more o f the company's ownership interests.

Beneficial Ownership Reporting

Example 3: *The reporting company is a corporation owned by four individuals who each own 25 percent of the company's ownership interests (e.g., shares of stock). Four other individuals serve as the reporting company's CEO, CFO, COO, and general counsel, respectively, none of whom hold any of the company's ownership interests.*

Beneficial Ownership Reporting

In this example, there are **eight beneficial owners**. All four of the individuals who each own 25 percent of the company's ownership interests are beneficial owners of the company by virtue of their holdings in it, even if they exercise no substantial control over it. The **CEO, CFO, COO, and general counsel** are all senior o fficers and therefore exercise substantial control over the reporting company, making them beneficial owners as well.

[Issued March 24, 2023]

Beneficial Ownership Reporting

A **"Company Applicant"** is anyone who files an application to form a Reporting Company with the Secretary of State or similar office

- **And** the person who directs or controls the person to file the document

Beneficial Ownership Reporting

3. Does my company have to report its company applicants?

There can be up to two individuals who qualify as company applicants — (1) the individual who directly files the document that creates, or first registers, the reporting company; and (2) the individual that is primarily responsible for directing or controlling the filing of the relevant document.

Your company is only required to report its company applicants if it is created or registered on or after January 1, 2024.

Beneficial Ownership Reporting

You must report specific information about the Entity, its Beneficial Owners and the Company Applicant, including:

- Its Name and any trade names or d/b/a’s
- Business street address
- Jurisdiction of formation
- IRS TIN (Including EINs)

Beneficial Ownership Reporting

For each Beneficial Owner and Company Applicant you must report their:

- Legal name
- Date of birth
- Residencial street address for beneficial owners, or
- Business address for professional company applicants and residential address for other company applicants
- And…

Beneficial Ownership Reporting

For each Beneficial Owner and Company Applicant you must report their:

- Identification number
  - Drivers license, passport, state ID card, etc. **and an <u>image</u> of the document !**

Beneficial Ownership Reporting

4. What specific information does my company need to report?

A reporting company will need to provide: (1) its legal name and any trade name or DBA; (2) its address; (3) the jurisdiction in which it was formed or first registered, depending on whether it's a U.S. or foreign company; and (4) its Taxpayer Identification Number (TIN).

For each of your company's beneficial owners and each company applicant (if required), your company will need to provide the individual's: (1) legal name; (2) birthdate; (3) address (in most cases, a home address); and (4) an identifying number from a driver's license, passport, or other approved document for each individual, as well as an image of the document that the number is from.

Beneficial Ownership Reporting

The initial reports **can** be filed online beginning on January 1, 2024, and

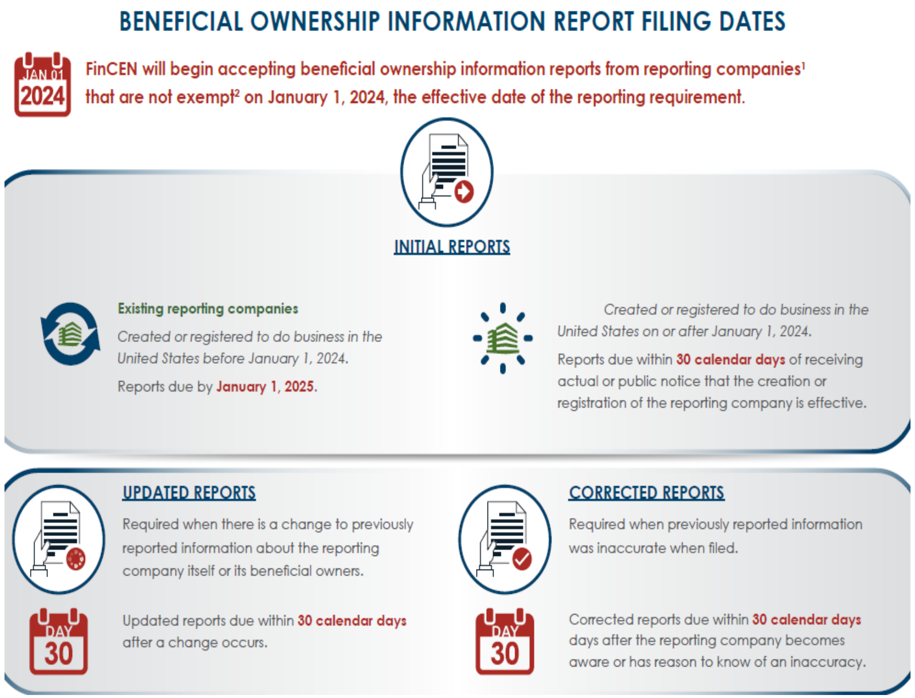
must be filed no later than **January 1, 2025**

- Beginning on January 1, 2024, Newly formed entities must file within 30 days of formation
- If there is a change in beneficial ownership, you must file within 30 days

Beneficial Ownership Reporting

Penalties for non-filing, or for providing false or fraudulent information are:

- Civil penalties of $500 per day; and
- Criminal penalties of not more than $10,000, imprisonment for not more than two years, or both



Inflation Reduction Act

The Act includes @$370 Billion in tax credits and other climate change provisions

Goal of reducing greenhouse gas emissions by @40% by the end of the decade

Green Energy Credits

The IRA introduces two new requirements to be eligible to receive the maximum amount for many of the tax credits

1) Compliance with Prevailing wage requirements

   (Davis-Bacon Act)

   - And Apprenticeship programs

On November 30 the IRS issued **Notice 2022-61** provides initial guidance on meeting the Prevailing Wage and Apprenticeship Requirements

Green Energy Credits

The IRA introduces two new requirements to be eligible to receive the maximum amount for many of the tax credits

1) Compliance with Prevailing wage requirements ***(Davis-Bacon Act)***
   - And Apprenticeship programs

2) Domestic Content Requirements

Green Energy Credits

Section 179D Energy Efficient Commercial Buildings Credit modified & extended

- Previously only commercial building owners and designers qualified
- Now designers of HVAC, lighting and building envelope systems can also qualify

Green Energy Credits

Section 179D Energy Efficient Commercial Buildings Credit modified & extended

Lowered the threshold for energy savings from 50% to 25%

- Starts at 25% at $0.50 sq ft
- Increased by 0.02 sq ft for each 1% up to $1.00 sq ft

Green Energy Credits

Section 179D Energy Efficient Commercial Buildings Credit modified & extended

- Contractors get a $2.50 bonus for meeting prevailing wage and apprenticeship requirements at 25%
  - *Increasing 10 cents sq ft, up to a $5 maximum*

Green Energy Credits

Qualified Commercial Clean Vehicle Credit

There is also a new credit for commercial clean vehicles

Vehicles placed in service after 12/31/2022!

Green Energy Credits

Qualified Commercial Clean Vehicle Credit

The credit per vehicle is the **lesser of**:

1) 15% of the vehicle's basis (**30%** for vehicles not powered by a gasoline or diesel engine) or
2) The "incremental cost" of the vehicle over the cost of a comparable vehicle powered solely by a gasoline or diesel engine.

Green Energy Credits

Qualified Commercial Clean Vehicle Credit

The maximum credit per vehicle is $7,500 for vehicles with gross vehicle weight ratings of less than 14,000 pounds, or $40,000 for heavier vehicles.

Green Energy Credits

Qualified Commercial Clean Vehicle Credit

- The vehicle must be acquired for use or lease by the taxpayer, and not for resale.
- It must be manufactured for use on public streets, roads, and highways, or be **"mobile machinery"** as defined in Section 4053(8).
- The vehicle must have a battery capacity of not less than 15 kilowatt hours (7 kilowatt hours for vehicles weighing less than 14,000 pounds) and be charged by an external electricity source.
- Qualified commercial fuel cell vehicles are also eligible for the credit.
- Qualifying vehicles must be depreciable property.
- Only vehicles made by qualified manufacturers can qualify.

Green Energy Credits

Section 30C Alternative Fuel Refueling Credit

- Credit retroactively extended through 2032
- Includes bidirectional charging equipment and electric charging stations for 2 and 3 wheel vehicles intended for use on public roads
- Beginning in 2023 the maximum credit is increased from $30,000 to **$100,000**
  - ***Computed per unit****, not per location*

Consolidated Appropriations Act, 2023

The most important tax provision in the Act may be DIVISION T—

SECURE 2.0 ACT OF 2022

(Pages 2,000 – 2,349)

Containing a host of changes to retirement savings, RMDs and qualified plan rules - over the next five (5) years

Secure 2.0 Act

- **Expanded auto-enrollment in retirement plans**
  - New Section 414A requires 401(k) and 403(b) plans adopted after the enactment date to provide for automatic enrollment of eligible employees beginning in 2025
    - Between 3% and 10% unless employee elects out
    - Automatically increasing 1% per year to at least 10%
      - But not move than 15%
  - Plans must also allow permissible withdrawals withing 90 days of first elective contribution

Secure 2.0 Act

- **Modified credit for small employer pension plan start-up costs**
  - 100% of Employ<u>**er**</u> contributions in years 1 &2
  - 75% of Employ<u>**er**</u> contributions in year 3
  - 50% of Employ<u>**er**</u> contributions in year 4
  - 25% of Employ<u>**er**</u> contributions in year 5
  - Up to Cap of $1,000 per employee if 50 or fewer employees, phased out from 51 to 100 employees
  - No credit for employees earning over $100,000

Secure 2.0 Act

- **New Tax credit for small employers with military spouses participating in defined contribution plan**
  - $200 credit for each military spouse who participates
  - Plus up to $300 of employer contributions to the plan
  - First 3 years of spousal participation

Secure 2.0 Act

- **Permits employers to offer small/de minimis financial incentives for employees making salary deferrals**

Secure 2.0 Act

- **New starter 401(k) deferral-only arrangements and safe-harbor 403(b) plans**

- **Part-time workers now eligible to participate after 2 years with 500 hours**
  - Original Secure Act was 3 years
  - Beginning in 2025

Secure 2.0 Act

- **New Pension-linked emergency savings accounts**
  - Plans may establish short-term employee savings accounts
  - Roth Accounts of up to $2,500
    - No minimum contribution or account balance required
    - Must allow for withdrawals at least once a month
    - **NOT** Subject to a 10% penalty!

Secure 2.0 Act

- **New penalty exceptions for Qualified plan withdrawals beginning in 2024**
  - Personal and family emergencies
    - Up to $1,000, option to repay within three years
  - Domestic Abuse
    - Up to $10,000. Self-certification
  - Terminal illness
  - Qualified disasters

Secure 2.0 Act

- **Mandatory ROTH treatment of Catch-up contributions (so after-tax dollars) for upper income employees in Sec. 401(k), Sec. 403(b), or Sec. 457(b) plans**
    - Workers over $145,000

- **Employees can designate employer matching and non-elective contributions as ROTH**

Secure 2.0 Act

- **New Department of Labor (DOL) lost-and-found database to search for retirement plan accounts**

- **Will allow sole proprietors to make a retroactive first year 401K Plan elective deferral**
  - Up to the due date - without extension!

Extenders Bill Failed to Launch

Expired Tax Provisions

Expired at 12/31/2022:

- 100% deduction for food and beverages provided by a restaurant
- **100% Bonus Depreciation!**

§168(k) Bonus Depreciation

100% after Sept 27 2017 thru 2022 - ***Then phases it out:***

- **80% Bonus in 2023 !**
- 60% Bonus in 2024
- 40% Bonus in 2025
- 20% Bonus in 2026
- -0-% in 2027

§168(k) Bonus Depreciation

Was it "Placed In Service" by 12/31 ?

Property is considered placed in service in the tax year in which the property is first placed in a condition or state of readiness and availability for a specifically assigned function

Tax Cuts and Jobs Act

Section 1031 Like-kind exchanges limited to real property.

- *No more trade-in on trucks, trailers, etc. !*

What is MACRS Depreciation?

Life after 100% Bonus Depreciation ends

Tax Depreciation

Under ACRS and MACRS, the allocation of the cost of the asset is referred to as "**capital cost recovery.**"

MACRS Classes

The MACRS rules for tangible personal property establish six (6) classes:

- **3-year**
- **5-year**
- **7-year**
- **10-year**
- **15-year**
- **20-year**

MACRS Classes

For the 3-year, 5-year, 7-year, and 10-year classes 200% declining balance (DB) depreciation is used.

For the 15-year and 20-year classes 150% declining balance depreciation is used.

MACRS

To determine property classifications within the MACRS classes, the law relies on the asset guideline classes which were part of the Asset Depreciation Range (ADR) system.

The ADR system places property into asset guideline classes delineated by **Rev. Proc. 87-56.**

MACRS CLASS LIVES BY ADR CLASS

Asset Class	General Description of Asset Class	Class Life (in years)	Recovery Periods (in years) General Depreciation System	Recovery Periods (in years) Alternative Depreciation System
3-YEAR MACRS CLASS:				
00.26	Tractor Units For Use Over-The-Road	4	3	4
01.222	Any breeding or work horse that is more than 12 years old at the time it is placed in service***	10	3	10
01.223	Any race horse that is more than 2 years old at the time it is placed in service***	****	3	12
01.224	Any horse that is more than 12 years old at the time it is placed in service and that is neither a race horse nor a horse described in class 01.222***	****	3	12
01.23	Hogs, Breeding	3	3	3
20.5	Manufacture of Food and Beverages -- Special Handling Devices	4	3	4
30.11	Manufacture of Rubber Products -- Special Tools and Devices	4	3	4
30.21	Manufacture of Finished Plastic Products -- Special Tools	3.5	3	3.5
32.11	Manufacture of Glass Products -- Special Tools	2.5	3	2.5
34.01	Manufacturer of Fabricated Metal Products -- Special Tools	3	3	3
37.12	Manufacture of Motor Vehicles -- Special Tools	3	3	3

Mid-Year Convention

For property other than **"real estate,"** a half-year convention is used to determine when the property is placed in service and disposed of [§168(d)(1)].

No matter when the property is actually acquired or disposed of during the tax year, it is deemed to be disposed of at the midpoint of the year.

Mid-Quarter Convention

The mid-quarter convention was added by the TRA of 1986 to curtail year-end tax planning

Mid-Quarter Convention

- If **more than 40%** of the value of property other than "real estate" is placed in service during the last three months of the taxable year, a mid-quarter convention applies.

- If the convention applies, property acquisitions are grouped by the quarter they were acquired and their MACRS class and depreciated accordingly.

Mid-Quarter Convention

- Acquisitions during the first quarter receive 10.5 months of depreciation
- Acquisitions during the second quarter, 7.5 months of depreciation
- Acquisitions during the third quarter, 4.5 months of depreciation
- Acquisitions during the fourth quarter, 1.5 months of depreciation

Mid-Quarter Convention

NOTE: The Mid-Quarter Convention 40% test is applied **after** reducing acquisition cost for the §179 expense election but **not** after the 50%/100% bonus depreciation if applicable

- ***Reg. §1.168(d)-1(b)(4)***

Concluding Thoughts

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Thank You

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