

## **Business Interest Limitation Modification under the CARES Act**

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March 27, 2020 – Taxpayers were faced with a substantial limitation with the passing of the Tax Cuts and Jobs Act (TCJA) in the form of a business interest limitation under Code Section 163(j). With the limitation, effective for tax years beginning in 2018, taxpayers were limited in the amount of business interest they could deduct on their tax returns to 30% of their modified taxable income. The CARES Act has eased the limitation by increasing the allowable percentage from 30% of modified taxable income to 50% of modified taxable income for taxable years beginning in 2019 and 2020.

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