YEAR-END TAX AND ACCOUNTING UPDATE FOR THE REAL ESTATE INDUSTRY

December 17, 2019
YEAR-END TAX AND ACCOUNTING UPDATE FOR THE REAL ESTATE INDUSTRY

December 17, 2019
Agenda

• Economic update
• Accounting
  - ASC 842
  - Recent accounting standards
• Tax
  - Changes to bonus depreciation
  - Partnership audit rules
  - Updates to forms and reporting
  - Section 752 regulations
  - Qualified opportunity zones
  - Section 199A and 163J update
ECONOMIC OUTLOOK
U.S economic outlook: Baseline forecast

**Base Case**
Growth 1.8% percent in 2019, 1.5% in 2020
Strong employment & modest wage gains
New vs. Traditional Economy
Two supply shocks: immigration & trade
No recession: Recession probability at 34.8%

**Tax effect fades in 2019 and growth moves back towards 1.8 percent trend**
Growth at 1.9% in Q3’19
Unbalanced economy
20-25% of economy stagnant or in recession: manufacturing, agriculture, logistics, energy
Uncertainty tax linked to trade war
Global economic headwinds

**Fed in 2019**
Fed on hold, no rate cuts unless economy falters
Ten-year yield to trade between 1.5% & 1.7%

**Capital Expenditures**
6.3 % in Q2’19, -3% in Q3’19
Disappointing amidst corporate buybacks

**Tariffs Distortions**
Cash flows and corporate earnings. Now offsetting positive aspects of the 2017 Tax Cuts & Jobs Act

**Household consumption**
Moderation amidst solid hiring & wages gains: 2.5% in 2H’19
Middle market fund managers overlooked in new fundraising

Record Fundraising but by Fewer Funds

<table>
<thead>
<tr>
<th>Year</th>
<th>No. of Funds</th>
<th>Aggregate Capital Raised (USD BN)</th>
</tr>
</thead>
<tbody>
<tr>
<td>2010</td>
<td>200</td>
<td>50</td>
</tr>
<tr>
<td>2011</td>
<td>250</td>
<td>100</td>
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<tr>
<td>2012</td>
<td>300</td>
<td>150</td>
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<tr>
<td>2013</td>
<td>350</td>
<td>200</td>
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<tr>
<td>2014</td>
<td>400</td>
<td>250</td>
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<tr>
<td>2015</td>
<td>450</td>
<td>300</td>
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<tr>
<td>2016</td>
<td>500</td>
<td>350</td>
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<tr>
<td>2017</td>
<td>550</td>
<td>400</td>
</tr>
<tr>
<td>2018</td>
<td>600</td>
<td>450</td>
</tr>
<tr>
<td>2019</td>
<td>650</td>
<td>500</td>
</tr>
</tbody>
</table>

source: RSM US LLP, Pitchbook

Big B's Taking Large Piece of Fundraising

- Blackstone or Brookfield (6 funds)
- All other US/CA Funds (432 funds)

source: RSM US LLP, Pitchbook
MULTIFAMILY OUTLOOK
Multifamily – Key trends

• Affordability
  - Rent growth outpacing wage growth during recovery

• Demographic shifts/preferences
  - Millennials come of age

• Rent Control
  - Short term solution; long term problem
Vacancy stabilizing as rents continue climb

Multifamily - Effective Rent and Vacancy

source: RSM US, Bloomberg
OFFICE OUTLOOK
Office – Key trends

• Demographic headwinds
  - Boomers & Millennials

• Office densification
  - Mobile workforce
  - Tight labor market

• Building brand, reinventing spaces
U.S. office - Boomers and millennials lead outsized office growth

Office Employment Growth Rate - US
Population Growth Rate - US

Retail – Key trends

• Demand offsetting closures
  - Optimization of retail store counts
  - Demand skewed toward smaller spaces
  - Creative solutions for big-box spaces

• Bricks vs. clicks

• Experiential retail
U.S. retail – Demand offsetting store closures

Industrial – Key trends

• E-commerce drives long term trend
• Supply driving up vacancies and causing rent growth deceleration
• Specialized industrial
  - Cold storage
AUDIT UPDATE
ASC 842, LEASES
ASC 842 effective dates

- **February 2016**
  - ASU 2016-02 issued

- **CYE 2019**
  - (FYE beginning after 12/15/18 & interim periods in that FY)
  - Effective for PBEs and certain NFPs and EB plans that file with the SEC

- **CYE 2021**
  - (FYE beginning after 12/15/20 & interim periods in that FY)
  - UPDATED by ASU 2019-10
  - Effective for all others

*Early adoption permitted*
ASC 842: LEASES
PRIMARY LESSOR CHANGES
## Primary lessor changes

<table>
<thead>
<tr>
<th>Topic</th>
<th>ASC 842</th>
<th>ASC 840</th>
</tr>
</thead>
<tbody>
<tr>
<td>Existence of a lease</td>
<td>Arrangement must convey the right to control use of an identified asset</td>
<td>Lease could exist without control if customer takes substantially all output</td>
</tr>
<tr>
<td>Lessor classification</td>
<td>Less bright line/rules-based (i.e. no specified percentages in criteria)</td>
<td>Fairly bright line/rules-based (i.e. 90% and 75% specified in criteria)</td>
</tr>
<tr>
<td></td>
<td>Similar criteria as for lessees</td>
<td>Presence of manufacturer or dealer profit a determinant in lease classification</td>
</tr>
<tr>
<td></td>
<td>Additional criterion to assess collectability in determining classification when not sales-type</td>
<td>Leases with collectability uncertainties cannot be classified as sales-type</td>
</tr>
<tr>
<td></td>
<td>Control, not manufacturer or dealer profit, determines classification</td>
<td></td>
</tr>
</tbody>
</table>
Primary lessor changes (cont.)

<table>
<thead>
<tr>
<th>Topic</th>
<th>ASC 842</th>
<th>ASC 840</th>
</tr>
</thead>
<tbody>
<tr>
<td>Components</td>
<td>Taxes and insurance are not components</td>
<td>Taxes and insurance are executory costs</td>
</tr>
<tr>
<td></td>
<td>Right to use land is a separate lease component (unless insignificant)</td>
<td>Land is separate if it is 25% or more of the fair value</td>
</tr>
<tr>
<td>Initial direct costs</td>
<td>Incremental costs that would not have been incurred if the lease had not been obtained (more limited definition)</td>
<td>Includes costs incurred before lease was obtained, including internal costs</td>
</tr>
<tr>
<td>Topic</td>
<td>ASC 842</td>
<td>ASC 840</td>
</tr>
<tr>
<td>------------------------------</td>
<td>--------------------------------------------------------------------------</td>
<td>--------------------------------------------------------------------------</td>
</tr>
<tr>
<td>Sale lease-back</td>
<td>Applies to lessees and lessors</td>
<td>Applies only to lessees</td>
</tr>
<tr>
<td></td>
<td>Must meet sales guidance in ASC 606</td>
<td>Specific guidance for real estate</td>
</tr>
<tr>
<td></td>
<td>Leaseback cannot be a finance lease</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Repurchase options</td>
<td></td>
</tr>
<tr>
<td></td>
<td>No specialized guidance for real estate</td>
<td></td>
</tr>
<tr>
<td>Lease term renewal options</td>
<td>Consider more than economics/bargain renewal options alone (e.g. intent, history with lessee, etc.)</td>
<td>Bargain renewal options generally dictate any extensions to term</td>
</tr>
<tr>
<td>Topic</td>
<td>ASC 842</td>
<td>ASC 840</td>
</tr>
<tr>
<td>--------------------------</td>
<td>--------------------------------------------------------------------------</td>
<td>--------------------------------------------------------------------------</td>
</tr>
<tr>
<td>Initial accounting</td>
<td>Initial measurement, classification and recognition all at <strong>commencement</strong></td>
<td>Initial measurement and classification at inception; recognition at commencement</td>
</tr>
<tr>
<td>Substitution rights</td>
<td>Must be “substantive” in nature</td>
<td>Lessor does not need to economically benefit</td>
</tr>
<tr>
<td></td>
<td>Lessor should economically benefit</td>
<td></td>
</tr>
<tr>
<td>Leveraged leases</td>
<td>Eliminated prospectively (existing can be grandfathered unless a modification and re-measurement event takes place)</td>
<td>Accounted for separately</td>
</tr>
</tbody>
</table>
ASC 842: LEASES

ASU 2018-20 NARROW-SCOPE IMPROVEMENTS FOR LESSORS
ASU 2018-20—Leases (Topic 842): Narrow-Scope Improvements for Lessor

- ASU 2018-20 relates to lessor accounting
- Issued in December 2018
- The ASU addresses:
  - Sales taxes and other similar taxes collected from lessees
  - Certain lessor costs
  - Recognition of variable payments for contracts with lease and non-lease components
• Lessors are permitted to make an accounting policy election to not evaluate whether the taxes in the scope are costs of the lessors or costs of the lessee.

• Lessors are required to exclude from variable payments, and therefore revenue, lessor costs paid by lessees directly to third parties. Lessors must account for costs excluded from the consideration of a contract that are paid by the lessor and reimbursed by the lessee as variable payments. A lessor will record those reimbursed costs as revenue.

• Lessors would be required to allocate certain variable payments for contracts with lease and non-lease components when changes in facts or circumstances on which the variable payment is based occur.
For entities that have not adopted ASC 842, the effective date is the same as under ASU 2016-02.

For entities that have adopted ASC 842:
- An entity should apply the amendments at the original effective date of ASC 842 for the entity.
- Alternatively, the entity has the option to apply the amendments in either the first reporting period ending after the issuance of the ASU (for example, December 31, 2018) or in the first reporting period beginning after issuance (for example, January 1, 2019).
ASC 842: LEASES
LEASE COMPONENTS FOR REAL ESTATE
Lease components for real estate

Lease components

Nonlease components

NON COMPONENTS
Lease components for real estate (cont.)

- **Lease components**
  - Customer can benefit from the right of use on its own or together with other readily available resources
  - The right of use is neither highly dependent on nor highly interrelated with other rights of use in the same contract
  - Leases involving land and other assets
    - Land is considered a separate lease component, unless the effect of separate accounting is insignificant

- **Non-lease components**
  - Any activity that transfers a separate good or service to the lessee
    - Example: maintenance services, utilities

- **Non-components**
  - Any activity that does NOT transfer a good or service to the lessee
    - Example: delivery of leased asset, reimbursements for insurance or property taxes, fees or other administrative costs
Lease components for real estate (cont.)

- **Practical expedient**
  - Lessors may (by class of asset) elect an accounting policy to not separate nonlease components from associated lease components, if both of the following conditions are met:
    - The timing and pattern of transfer for the lease component and associated nonlease components are the same
    - The lease component, if accounted for separately, would be classified as an operating lease

- If elected, lessor must determine whether the nonlease component or the lease component is the **predominant** component
  - Nonlease: Account for combined component under ASC 606
  - Lease: Account for combined component under ASC 842
Additional Resources

- **RSM Lease Accounting Resource Center**
- Recently released **overview** and **guide**
  - Leases: Overview of ASC 842
    - High level summary
  - A guide to lessee accounting under ASC 842
    - In-depth discussion and examples
SECTION 168(K)
“BONUS DEPRECIATION”
• The IRS issued final regulations in September 2019, along with additional proposed regulations on bonus depreciation.

• The final regulations closely resemble the original proposed regulations in their treatment of common acquisition transactions.

• Confirm the application of bonus depreciation rules to common ‘stepped-up’ basis transactions.
Bonus depreciation update

• Bonus depreciation now eligible for certain used property following the TCJA.

• In a real estate context, bonus depreciation is generally unavailable for land, buildings, and LHI’s. However the acquisition of FF&E and land improvements generally will qualify for bonus depreciation.
  - Consider the exceptions: related party and prior use principles.
  - Common transactions include asset acquisition, purchase of partnership interest, purchase of DRE (99-5) and purchase of entire partnership (99-6)
Bipartisan Budget Act (centralized audit regime) rules

• Mandatory for all partnerships required to file a return that has:
  - A requirement to issue greater than 100 Schedules K-1 (including indirect S corporation shareholders), or
  - Any partner that is other than an individual, C corporation, S corporation or an estate of a deceased partner
    • LLCs (even single member), trusts (including grantor trusts) or other partnerships cause application of the BBA rules

• Election out by small partnerships
  - Must be made each year on the partnership’s return
  - If the BBA rules do not apply, then the pre-1982 (non-TEFRA) rules apply
    • IRS can examine the partnership, but to propose adjustments related to the partnership, must place the partner under examination
• You can no longer “amend” a BBA Partnership return
  - Alternative procedures using an AAR.
    - Option to either pay tax at the partnership level or use a “push out” statement
      - “Push out” pushes adjustments to partners who were partners in the year being adjusted. Partnership level tax, if chosen, is payable with the AAR
      - “Push out” forms recently finalized (12/6/19)
  - Partnerships that elect out of the BBA can still file amended returns
    - Election out cause pre-TEFRA procedures to apply. Partners must file their own amended returns to account for partnership amendment, but are under no duty of consistency

• Consider extending 1065 for the ability to supersede.
FORMS AND CHANGES IN REPORTING
Negative tax basis capital relief

• The IRS granted penalty relief to otherwise timely filed returns that omit tax basis capital information, provided the information is separately mailed in within one year of the original unextended deadline (e.g., March 16, 2020, for a calendar year partnership)

• In addition, the IRS announced a safe harbor, allowing a partner’s tax basis capital account to be calculated by subtracting the partner’s liability share from outside tax basis
2019 Draft forms

• 2019 Form 1065 Draft K-1
  - Tax basis capital reporting only (delayed until 2020)
  - Share of unrealized section 704(c) gain or loss
    • Indirectly require the tracking of section 704(b) capital

• Specific codes
  • Section 743(b) adjustments, Guaranteed Payments, section 751 gain/loss, 199A

• New disclosure requirements
  • Section 465 (delayed until 2020), section 469, whether liabilities are from a lower tier, whether there was a sale or exchange.

• Key Point – as of 12/17/2019, this form is still in DRAFT form, but we don’t expect any substantial changes
<table>
<thead>
<tr>
<th>L</th>
<th>Partner’s Capital Account Analysis</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Tax Basis Capital</td>
</tr>
<tr>
<td></td>
<td>Beginning capital account</td>
</tr>
<tr>
<td></td>
<td>Capital contributed during the year</td>
</tr>
<tr>
<td></td>
<td>Current year net income (loss)</td>
</tr>
<tr>
<td></td>
<td>Other increase (decrease) (attach explanation)</td>
</tr>
<tr>
<td></td>
<td>Withdrawals &amp; distributions</td>
</tr>
<tr>
<td></td>
<td>Ending capital account</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>M</th>
<th>Did the partner contribute property with a built-in gain or loss?</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>□ Yes □ No If “Yes,” attach statement. See instructions.</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>N</th>
<th>Partner’s Share of Net Unrecognized Section 704(c) Gain or (Loss)</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Beginning</td>
</tr>
<tr>
<td></td>
<td>Ending</td>
</tr>
</tbody>
</table>
DEBT ALLOCATION UPDATE FINALIZED §752 REGULATIONS
Basis in partnership interest

• Partner’s basis and partner’s capital account
  - Generally, basis will equal the sum of –
    • Tax basis capital account, and
    • Partner’s share of liabilities.
  - Partners can have negative or deficit capital accounts
  - In general, Subchapter K issues deal with basis, only §704(b) (income allocations) uses capital accounts
Basis in partnership interest

• **Treatment of liabilities – §752**
  - Increase in a partner's share of partnership liabilities are treated as cash contributions by the partner
  - Decrease in a partner's share of partnership liabilities are treated as cash distributions to the partner
  - A liability to which property is subject shall, to the extent of the fair market value of such property, be considered as a liability of the owner of the property.
  - Liabilities can be recourse (economic risk of loss) or nonrecourse (no economic risk of loss)
    • Also consider qualified nonrecourse (if in the trade or business of Real Estate). QNR is considered at-risk
Recourse debt

• Final regulations
  - Provided that bottom-dollar guarantees and similar payment obligations were not effective to cause the “guaranteeing” partner to be allocated recourse liabilities
  - Addresses impact on deficit restoration obligations (DROs)

• Anything failing rules would be considered nonrecourse, subject to different allocation rules
QUALIFIED OPPORTUNITY ZONES
Background to Opportunity Zones

• Opportunity Zone program created by the Tax Cuts and Jobs Act of 2017. New §§1400Z-1 and 1400Z-2 of the Internal Revenue Code create OZs.

• Intent is to spur economic growth in low income/distressed areas by harvesting unrealized gains & injecting capital into areas

• Some questions remain unanswered; some answers still cause concern

• Proposed Treasury Regulations issued October of 2018 and April of 2019.
Timeline of a QOF – Investment

July 1, 2019
Taxpayer enters into a sale that generates $1M of capital gain (not proceeds)

December 27, 2019
(within 180 days), Taxpayer contributes entire $1M of capital gain to a Qualified Opportunity Fund

- Taxpayer is deemed to have a $0 basis in its QOF investment
- QOF Invests the $1M in Qualified Opportunity Zone Property
Timeline of a QOF – Exit

Dec 31, 2024 (after 5 years), Taxpayer’s basis in investment in QOF increases from $0 to $100k (10%)

Dec 27, 2026 (after 7 years), Taxpayer’s basis in investment in QOF increases from $100k to $150k (15%)

Dec 31, 2026
$850K of the $1M of deferred capital gains are taxed and the basis in QOF investment increases to $1M.

Dec 31, 2028 (after 10 years), Taxpayer sells investment for $2M. Basis in the investment is deemed to be FMV. The effect is no tax on $1M appreciation in QOZ investment.

2025 2026 2027 2028 2029
What is a Qualified Opportunity Fund (QOF)?

• A QOF is an investment vehicle organized as a domestic corporation (C or S) or a domestic partnership formed after 2017.
  - A QOF can be an LLC but cannot be a disregarded entity.
  - A QOF cannot invest in another QOF.

• 90% of the QOF’s assets must be invested in Qualified Opportunity Zone Property (QOZP); tested every 6 months.

• QOZP must be either QOZ stock, QOZ partnership interest, or QOZ business property (tangible property) acquired after 2017 for cash.
• The QOF can meet its 90% asset test by owning Qualified Opportunity Zone Business Property (QOZBP) directly.

• QOZBP is tangible property used in a trade or business of the QOF if:
  - the property was acquired by the QOF via purchase from an unrelated party after 12/31/17;
  - the original use of property in the Qualified Opportunity Zone commences with the QOF, or the QOF substantially improves the property; and
  - during substantially all of the QOF’s holding period (90%) for property, substantially all (70%) of the use of property was in a Qualified Opportunity Zone.
Two Tier Structure – QOF Owns QOZ Partnership Interest

• The QOF can meet its 90% asset test by owning a Qualified Opportunity Zone Partnership Interest (QOZPI).

• A partnership interest will be a QOZPI if:
  1. acquired by the QOF after 12/31/17 for cash;
  2. at time of acquisition, the partnership was a Qualified Opportunity Zone Business (or, if a new partnership, partnership was being organized for the purpose of being a Qualified Opportunity Zone Business); and
  3. during substantially all (90%) of the QOF’s holding period of the interest, the partnership qualified as a Qualified Opportunity Zone Business.
A Qualified Opportunity Zone Business (QOZB) is a trade or business:

1. in which substantially all (70%) tangible property owned or leased by the taxpayer is Qualified Opportunity Zone Business Property;
2. in which at least 50% of the QOZB’s gross income is derived from active conduct of a trade or business in the QOZ (including safe harbors);
3. in which a substantial portion (40%) of the QOZB’s intangible property is used in the active conduct of the trade or business;
4. in which less than 5% of the QOZB’s property is financial property such as stock, debt, options, etc. (but QOZB can hold reasonable amounts of working capital); and
5. which is not a specified “sin business”.
SECTION 199A AND 163J UPDATE
Updates to Section 199A

• Must rely on final regulations. No longer reliance upon proposed regulations

• Rev. Proc. 2019-38
  - Real estate safe harbor
  - Triple net lease definition

• New forms/reporting
  - Form 8995/8995-A computation form
  - New table format for reporting Sec. 199A information. No longer a footnote
  - Entity level aggregation
§163(j) RPToB election update

Most real estate companies elected out of business interest limitation (RPToB election), ADS depreciation required for real property (even if placed in service prior to 2018)

• Cost benefit analysis still required
  - When would you consider not making the election?

• Irrevocable election

Why did real estate companies use the RPToB Election?

• Traditional real estate funds often could not meet small business exemption (aggregation and tax shelter rules)

• QIP “glitch” made the analysis lean towards election
Polling question #4

• If I elect out of the business interest limitation using the Real Property Trade or Business Election, can I still take bonus depreciation on 5, 7, and 15 year class life assets.

A. True
B. False
Who qualifies for the RPToB election?

- Section 163(j)(7)(B) defines an electing real property trade or business by reference to section 469(c)(7)(C), which states, "'real property trade or business' means any real property development, redevelopment, construction, reconstruction, acquisition, conversion, rental, operation, management, leasing, or brokerage trade or business."

- Real property includes "land, buildings, and other inherently permanent structures that are permanently affixed to land" and excludes from the definition items such as machines and equipment that serve an active function, even if they are permanently affixed to real property (Prop. Regs. Section 1.469-9(b)).
Small business exemption

• Not Subject to 163j with Small Business Exemption
  - Taxpayers with less than $25,000,000 in average annual gross receipts in three previous preceding years.

• A trade or business that is otherwise eligible for the small business exception will not qualify if the trade or business is classified as a tax shelter or has greater than $25 million in aggregation.
Tax shelters and aggregation

• A tax shelter for purposes of §448(d)(3) has the same meaning given to the term in section 461(i)(3)
  ▪ Any Syndicate as defined in §1256(e)(3)(B)
    • A syndicate is any partnership or other entity (not C Corps) where more than 35% of the losses of such entity during the taxable year are allocable to limited partners or limited entrepreneurs

• Aggregation rules
  ▪ More than 50% common ownership
10 considerations for real estate investors

For the past decade, growth in commercial real estate has been on a steady run, bolstered by low interest rates and an abundance of dry powder. As the end of the current business cycle approaches, however, real estate owners and investors face increasing risks. As we close the book on 2019, here are 10 year-end resolutions:

1. RIGHT THOSE REITS
   Review distributions from your real estate investment trusts. Have you met the distribution requirements for 2019? Here are some suggestions if your REIT hasn’t hit the distribution mark.

2. DO SOME ANALYSIS THAT’S NOT TOO TAXING
   In December, the IRS confirmed new reporting requirements for 2019 partnership tax returns. Review your tax records to make sure that you have all information necessary to comply. Here’s the skinny on this nitty gritty.

3. KNOCK ON OPPORTUNITY’S DOOR
   If you want the full benefit of the government’s newly established qualified opportunity zone program, Invest by Dec. 31. The clock is ticking, so make sure that you understand the risks and rewards.

4. GET A YEAR-END CHECKUP
   Is your real estate portfolio financially healthy enough to endure a potential recession? While borrowers have been enjoying an extended period of low interest rates, a series of recent rate cuts by the Federal Reserve has fueled a surge in refinancing activity.

5. SHED SOME BAGGAGE
   Stocks have experienced some wild swings in recent months, as trade policy, slowing economic growth and other factors weigh on the equities market. If you’re sitting on one-time gains that have now gone south, consider taking losses prior to year-end to offset substantial capital gains.

6. KICK SOME TIRES
   Have you performed a stress test on your underwriting standards for new investments? Given a volatile economic environment, investors must work harder—and faster—to ensure assumptions remain accurate and reasonable.

7. EMBRACE THE BUDDY SYSTEM
   Your 2018 partnership tax returns required disclosure of a partnership representative. Review the ins and outs of this role before an audit occurs.

8. CONSIDER CONVERTING
   You’ll take a short-term tax hit, but converting a traditional IRA into a Roth may be worthwhile for the long haul. Tax-free distributions could pay off down the road, particularly if you are looking to reduce your tax liability upon retirement.

9. BE GENEROUS
   The annual federal gift tax exclusion allows you to give away up to $15,000 to as many people as you’d like in 2019. That means no tax for you, or for them. If you haven’t done much estate tax planning, this may be the time to start gifting dollars.

10. CLOSE THE GAAP
    Understand how the new FASB standard for leases (ASC 842)—which replaced the longstanding GAAP standard this year—applies to your business. While all leases are covered under the standard, there are significant ramifications for those involving tenants and landlords.
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