

Business Interest Deduction Limit: The New Code Section 163

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Carlton Fields tax attorney Jordan August authored *The Practical Tax Lawyer* article, “Business Interest Deduction Limit: The New Code Section 163(j),” covering the basic mechanics of the newly enacted Tax Cuts and Jobs Act and the planning considerations businesses will face. The act abandoned prior earnings stripping rules, and replaced them with regulations restricting a taxpayer’s business interest deduction to the sum of the business interest income of the taxpayer, 30 percent of the taxpayer’s adjusted taxable income, and the floor plan financing interest of the taxpayer. Many businesses that have previously benefitted from deducting all of their interest expenses during the taxable year will now need to reevaluate their financing options. August urges companies to work with their tax advisors and financial stakeholders to determine the true after tax cost of borrowing following the rule change, and assess whether borrowing money is still a cost-efficient way to boost assets. [Read the article.](#)

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