SALT opportunity analysis

Start saving on your SALT

When it comes to commercial real estate, it seems like every decision you make has tax implications. And it certainly doesn't help that state and local tax (SALT) laws are becoming increasingly complex. You could be overpaying, or you could even have overlooked SALT laws you're supposed to be complying with.

The good news is, there are quite a few tax-savings opportunities and ways to reduce your tax exposure that you can start leveraging. You just need the right knowledge on your side. And that's where Wipfli comes in.

Wipfli is your SALT specialist

Wipfli's specialized team of tax professionals works closely with you to identify SALT-based tax-savings opportunities, measure the SALT implications of taking certain business-related actions and ensure you're correctly complying with your SALT responsibilities.

Our team is deeply experienced with SALT laws and compliance requirements and the commercial real estate industry. We can help you with whatever your SALT needs are — from reducing your tax exposure to defending against an audit to determining how to comply with new laws.

WIPFLI

SALT. Simplified.

From identifying tax-savings opportunities to complying with taxes you weren't aware of, Wipfli can assist you with SALT in a number of ways:

Sales and use tax audit defense

The sales tax rules that apply to commercial real estate are complex. You may be paying or collecting more or less tax than required in areas such as common area maintenance (CAM) charges, ancillary services and capital improvements — and what's more, you may be audited. Wipfli helps your company defend against sales and use tax audits, while simultaneously looking for offsets that might turn an assessment into a refund.

Use tax compliance

Some sellers do not charge sales tax in particular states because they don't have nexus there. In that case, the buyer is required to remit use tax to the state. Wipfli can help you put procedures in place to track and report use tax on taxable items purchased from vendors who don't charge tax.

"Clawback" rules for multistate like-kind exchanges

Under Internal Revenue Code ("Code") Section 1031, you are allowed to exchange one piece of realty for another of "like kind" without recognizing any gain until the replacement property is sold. Some states have enacted clawback rules that apply when the replacement property is out of state, requiring gain recognition on the exchange unless specialized forms are filed. Wipfli helps you understand whether you need to comply with a state's clawback rules, and we can help complete the required forms.

Realty transfer tax

Some states have a realty transfer tax, which is paid by a seller when the title to real estate passes from the seller to a buyer. Wipfli can help you structure real estate transactions to avoid or minimize these taxes.

State conformity with federal opportunity zones

While many states' tax codes on opportunity zones conform to the Code, some do not. Other states create additional state-level benefits. This means the value you gain from investing in qualified opportunity funds (QOFs) can vary dramatically depending on the state(s) you file income tax returns in, and sometimes even the state(s) where the opportunity zone property is located. By tracking these issues, Wipfli can help you precisely measure the total federal/state tax benefit of investing in QOFs.

Ownership changes and California's Proposition 13

Under Prop 13, annual increases to the assessed value of California real estate are capped at 2%. Changes in ownership eliminate the Prop 13 protection and reset the assessed value to fair market value. Let Wipfli help you structure your California realty transactions to convey beneficial ownership without losing Prop 13 protection.

New York City and San Francisco rent taxes

If these taxes apply to you, we can help you calculate them and file the related forms. If you are subject to these taxes but have never complied, we can help you become compliant in a tax-optimized way by helping you negotiate a voluntary disclosure agreement (VDA).

Florida and Arizona sales tax on rent

Florida imposes sales tax on commercial rent payments, while in Arizona, there are five counties that impose a transaction privilege tax on commercial leases. Let Wipfli help you determine whether you need to comply with either tax, and assist with the related compliance needs.

Let's get started

Contact us to learn more about your potential SALT savings opportunities.

wipfli.com/SALT

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