



To avoid this double-taxation issue, you might consider using a pass-through entity to lease to your C corporation appreciating assets or depreciable assets that will hold their value.

**C corporation status isn't generally advisable for ventures that will incur ongoing tax losses.**

When a venture is set up as a C corporation, losses aren't passed through to the owners (the shareholders) like they would be in a pass-through entity. Instead, they create corporate net operating losses (NOLs) that can be carried over to future tax years and then used to offset any corporate taxable income.

This was already a potential downside of C corporations, because it can take many years for a start-up to be profitable. Now, under the TCJA, NOLs that arise in tax years beginning after 2017 can't offset more than 80% of taxable income in the NOL carryover year. So it may take even longer to fully absorb tax losses.

Do you have questions about C corporation tax issues post-TCJA? Contact us.