

LUTZ IS AN INTEGRATED BUSINESS
SOLUTIONS FIRM OFFERING
ACCOUNTING, FINANCIAL, TAX,
M&A, AND TALENT SERVICES.
WE EMBRACE YOUR BUSINESS AS OUR
OWN TO DISCOVER THE RIGHT
SOLUTIONS AND HELP YOU THRIVE.
WE MIND WHAT MATTERS.

AGC ANNUAL CONVENTION

CONSTRUCTION INDUSTRY TAX OVERVIEW

FEBRUARY 12, 2025

Lutz

ACCOUNTING · FINANCIAL · TECH · M&A · TALENT

▲ THE PRESENTERS



ZACH WEIS

TAX MANAGER

402.514.0003 | zweis@lutz.us



TOM DOCTER

TAX MANAGER

531.500.2012 | tdocter@lutz.us

AGENDA

+ GENERAL TAX OVERVIEW

+ CONSTRUCTION SPECIFIC METHODS

+ STRATEGIC PLANNING



A modern office interior with large glass windows and people working at tables. The scene is dimly lit, with a blue tint. The office has a clean, minimalist aesthetic with wooden tables and chairs. Several people are seated at the tables, some looking at laptops. The background shows a cityscape through the windows.

01. GENERAL TAX OVERVIEW

ENTITY STRUCTURE AND TAX COMPLIANCE

SOLE PROPRIETORSHIP VS PARTNERSHIP VS S CORPORATION

SOLE PROPRIETORSHIP

- No separate tax return
- Subject to self-employment income

PARTNERSHIP

- More than one owner
- Files a Form 1065 due March 15th
- Subject to self-employment income
- Possibly ideal for highly leveraged/ loss position
- Potentially tax-free distributions from the company

S CORPORATION

- Files Form 1120S due March 15th
- Income not subject to self-employment income
- Potentially tax-free distributions from the company

C CORPORATION

- Files Form 1120
- Income does not flow to individuals
- Double Taxation



TAX CUTS & JOBS ACT (TCJA)

MOST PROVISIONS EXPIRING AT THE END OF 2025

- The most recent tax legislation, signed by President Trump during his first term.
- Qualified Business Deduction for Individuals
 - 20% deduction on net qualified business income
- Individual rates revert to higher rates in 2026 and beyond

TAX CUTS & JOB ACT (TCJA)

ACCELERATED DEPRECIATION

- 60% immediate deduction for 2024
- 40% immediate deduction for 2025
- Section 179 expensing available under certain circumstances
 - Up to \$1,220,000 in 2024
 - Up to \$1,250,000 in 2025

PASS THROUGH ENTITY TAX

- Tax paid by flow-through businesses rather than by owners
- \$10,000 Schedule A tax limitation workaround



TAX CUTS & JOBS ACT (TCJA)

- Most professionals are expecting many of the tax provisions that were scheduled to expire to be extended.
 - Qualified Business Income Deduction
 - Bonus Depreciation
- Passthrough income tax rates would exceed corporations
 - Top Passthrough Rate would be 39.6%
 - Corporation Rate would remain at 21%



02. CONSTRUCTION SPECIFIC METHODS



ACCOUNTING METHODS FOR CONTRACTORS

- Long term contract vs service contracts
- Percentage of Completion Method
 - Revenue is recognized throughout the completion of the job
 - Option to defer the recognition of income until 10% complete with the contract

EXEMPT CONTRACTS - OPTIONS

- Small taxpayers under \$30m in prior 3 year average and job under 2 years
 - Completed Contract Method
 - Revenue and expenses related to a job are not recognized until contract is at least 95% completed
 - Percentage of Completion
 - Cash
 - Accrual



TAX CREDITS AND DEDUCTIONS

- ImagineNE – Headquarters
- Work Opportunity Credits & Fuel Tax Credits
- Retirement Plan Tax Credits
- Energy Tax Credits

TAX CREDITS CONTINUED

Imagine NE

- State based credits manufacturing and headquarter expansion
- Investment and Wage Credits

Work Opportunity & Fuel Tax Credits

- WOTC available for employing targeted groups
 - Payroll Providers Can Assist with Qualification
- Fuel Tax Credit for Nontaxable use of gasoline
 - Off-Highway Business Use
- Alternative fuel tax credit for natural gas and propane

Retirement Plan Credits

- Small business (under 50 EE) eligible for credits
- Tax Credit for Start-up Costs
- Tax Credit for Employer Contributions
- Auto-Enrollment Credits

Energy Tax Credits

- Clean Vehicle Tax Credits
- Solar Energy
- Geothermal
- Credits can potentially be sold if unused



STRATEGIC TAX PLANNING

- Congress
- Nebraska Legislature
- Employee Stock Ownership Plan

A man in a light-colored shirt stands at the head of a conference table, gesturing towards a large screen displaying a dashboard. Several people are seated around the table, looking towards the screen. The dashboard shows various data points, including a 'Current Ratio' of 2.3 and a 'Balance Sheet' section. The entire image has a green tint.

QUESTIONS?

Lutz
MIND WHAT MATTERS

THE LUTZ NETWORK

ACCOUNTING

- ▲ **Audit & Assurance**
 - Audit, Review, & Compilations
 - Employee Benefit Plan Audits
- ▲ **Client Accounting Services**
 - Outsourced Accounting
 - Accounting Procedures Assessment
 - General Accounting Support
- ▲ **Tax**
 - Federal Business Tax
 - Individual Tax
 - State & Local Tax
 - Estate & Succession Planning

CONSULTING

- ▲ **Business Valuation**
- ▲ **Healthcare Consulting**
- ▲ **Internal Control Assessment**
- ▲ **Litigation Support & Forensic Services**

FINANCIAL

- ▲ **Financial Planning**
- ▲ **Investment Advisory**
- ▲ **Retirement Plan Services**
 - Pooled Employer 401(k) Plan

Investment advisory services are offered through Lutz Financial Services, LLC

M&A

- ▲ **Sell-side Representation**
- ▲ **Transaction Advisory**
 - Due Diligence
 - Quality of Earnings
- ▲ **Business Transition & Exit Planning**

TALENT

- ▲ **Search & Staffing**
- ▲ **Outsourced HR**
- ▲ **HR Consulting**

TECH

- ▲ **Data Analytics**
- ▲ **Outsourced IT**
- ▲ **Technology Strategy Consulting**
- ▲ **Software Consulting & Implementation**

