



# TaxNewsFlash

United States



No. 2020-334  
May 22, 2020

## KPMG report: Tax implications of distressed leases (COVID-19)

Given the current economic climate resulting from the coronavirus (COVID-19) pandemic, many taxpayers with real estate ventures may be encountering tenants who are having troubling paying their rents and are considering entering into forbearance agreements or modifications with respect to their leases.

It is paramount for landlords to understand the tax implications of these distressed leases, and in particular, any requirements to continue to recognize rental income even when payments are not actually being made. Taxpayers need to consider how to avoid any unwanted "dry income" pickups.

Read a [May 2020 report](#) [PDF 92 KB] prepared by KPMG LLP: *What's News in Tax: COVID-19 and Distressed Leases*

The information contained in TaxNewsFlash is not intended to be "written advice concerning one or more Federal tax matters" subject to the requirements of section 10.37(a)(2) of Treasury Department Circular 230, as the content of this document is issued for general informational purposes only, is intended to enhance the reader's knowledge on the matters addressed therein, and is not intended to be applied to any specific reader's particular set of facts. Although we endeavor to provide accurate and timely information, there can be no guarantee that such information is accurate as of the date it is received or that it will continue to be accurate in the future. Applicability of the information to specific situations should be determined through consultation with your tax adviser.

KPMG International is a Swiss cooperative that serves as a coordinating entity for a network of independent member firms. KPMG International provides no audit or other client services. Such services are provided solely by member firms in their respective geographic areas. KPMG International and its member firms are legally distinct and separate entities. They are not and nothing contained herein shall be construed to place these entities in the relationship of parents, subsidiaries, agents, partners, or joint venturers. No member firm has any authority (actual, apparent, implied or otherwise) to obligate or bind KPMG International or any member firm in any manner whatsoever.

Direct comments, including requests for subscriptions, to [Washington National Tax](#). For more information, contact KPMG's Federal Tax Legislative and Regulatory Services Group at + 1 202.533.4366, 1801 K Street NW, Washington, DC 20006-1301.

To unsubscribe from TaxNewsFlash-United States, reply to [Washington National Tax](#).

[Privacy](#) | [Legal](#)