

## Tax Provisions with One Big Beautiful Bill for Businesses

A sweeping tax reform bill has been signed into law, with several important updates that impact business owners, self-employed individuals, and corporate taxpayers. Here's a summary of the provisions most relevant to your operations and planning.

### Bonus Depreciation (Section 168)

- Businesses can now permanently deduct 100% of the cost of eligible assets (i.e. equipment, machinery, and technology) placed in service after January 19, 2025.

### Section 179 Expensing

- The cap for full expensing of business assets is increased to \$2.5 million.
- The deduction begins to phase out once purchases exceed \$4 million annually.

### 100% Depreciation for Qualified Production Property

- A new provision allows **full, immediate depreciation** of production-related property (i.e., tools and machinery used in domestic manufacturing).

### R&D Expensing for Small Firms

- Businesses with under \$31 million in gross receipts can immediately deduct domestic research and development (R&D) expenses.
- This change is retroactive to 2022, offering refund opportunities for past years.
- Foreign research expenses must still be amortized over five years.

### Paid Family and Medical Leave Credit (Section 45S)

- This credit, for employers who voluntarily offer paid family or medical leave, is now permanent.

### Opportunity Zones & New Markets Tax Credit

- Both programs, which provide tax benefits for investments in underserved communities, are now permanent.

## **Qualified Small Business Stock (QSBS) Exclusion**

- Investors in eligible small businesses can now exclude 75% of capital gains after holding the stock for 4 years and 100% of gains after 5 years.

## **Excess Business Loss Limitation (Section 461(l))**

- This rule, which limits the amount of business losses non-corporate taxpayers can deduct, is now permanent.

## **Credit Card Processing**

- The threshold for Form 1099-K (used by platforms like PayPal or Stripe) is restored to \$20,000 and 200 transactions.

## **Form 1099 Updates**

- Starting in 2026, businesses only need to issue general 1099 forms when payments exceed \$2,000 (up from \$600).

## **Farmland Sale Deferral**

- Taxpayers who sell farmland may now defer capital gains by spreading them across four annual installments, helping smooth the tax impact over time.

## **Clean Energy Incentives Winding Down**

- Federal clean energy credits for vehicles, fuel systems, and building improvements will begin phasing out between 2025 and 2028.