



Business Tax Returns

The One Big Beautiful Bill Act (OBBBA), was signed into law on July 4th, 2025. This Tax Act includes additions, terminations and amendments to the Federal income tax that are likely to impact your business in 2025 and beyond.

You're encouraged to review this chart and then be in contact with us to discuss the impact on your tax plan.

<i>Topic Law</i>	<i>Law Prior OBBBA</i>	<i>New Law Under OBBBA</i>
Business Provisions with Amendments		
1% Floor on Corporate Charitable Deduction	Limited the total charitable contribution deduction for corporations to 10% of taxable income, with no floor. Exceptions were available for certain farmers, ranchers, and Native corporations.	Limits the total charitable contribution deduction for corporations to a minimum of 1% and maximum of 10% of taxable income. Allows excess contributions to be carried forward up to 5 years on a first-in-first-out basis, reduced to the extent they reduce taxable income and increase net operating loss (NOL) carryovers. Applies exceptions to certain farmers, ranchers, and Native corporations. Effective Date: Applies to taxable years beginning after Dec. 31, 2025.

<i>Topic Law</i>	<i>Law Prior OBBBA</i>	<i>New Law Under OBBBA</i>
Asset Expensing	Set the maximum amount of \$179 property that a taxpayer can expense at \$1M reduced by the amount by which the cost of \$179 property exceeds \$2.5M	Increases the maximum amount of \$179 property that a taxpayer can expense to \$2.5M reduced by the amount by which the cost of qualifying property exceeds \$4M. Effective Date: Applies to property placed in service in taxable years beginning after Dec. 31, 2024.
Percentage of Completion Method of Accounting Exception for Residential Construction Contract	Limited general exception from percentage of completion method of accounting to “home” construction contracts. Imposed a special rule for residential construction contracts that were not home construction contracts	Changes general exception for “home construction contracts” to exception for “residential construction contracts.” Requires the substitution of 3 years for the 2-year completion period used in determining whether a residential construction contract that is not a home construction contract has been met for purposes of the exception when determining if §263A applies. Repeals the existing special rule for residential construction contracts that are not home construction contracts. Effective Date: Applies to contracts entered into in taxable years beginning after July 4, 2025

<i>Topic Law</i>	<i>Law Prior OBBBA</i>	<i>New Law Under OBBBA</i>
Payments from Partnerships to Partners for Property or Services	Provided that under regulations issued by the Secretary, certain transactions were treated as payment for property or services or a sale or exchange of property between the partnership and a non-partner, rather than as allocations and distributions from a partnership to a partner.	Removes language requiring regulations to be issued. Thus, allocations and distributions that are in substance payments for property or services are treated as payments for property or services (disguised sales) rather than as allocations and distributions from a partnership to a partner. Effective Date: Applies to services performed and property transferred after July 4, 2025.
Small Business Stock Gain Exclusion	Provided an exclusion for gain from the sale or exchange of qualified small business stock (QSBS) held for more than 5 years. For QSBS acquired after Sept. 27, 2010, the exclusion was 100%. For QSBS acquired before Sept. 27, 2010, the exclusion was between 50% and 75%. The per-issuer limitation was \$10M	Provides an exclusion from gross income of 50% of gain from the sale or exchange of qualified small business stock (QSBS) held for at least 5 years and acquired before Feb. 17, 2009, 75% when acquired between Feb. 17, 2009, and Sept. 27, 2010, and 100% when acquired after Sept. 27, 2010, and on or before July 4, 2025. For QSBS acquired after July 4, 2025, the exclusion is 50% when held for at least 3 years, 75% for at least 4 years, and 100% for at least 5 years. The exclusion is subject to a per-issuer limitation of \$10M for QSBS acquired on or before July 4, 2025, and \$15M for QSBS stock acquired after July 4, 2025. Limits the qualified small business gross asset to \$50M for stock issued on or before July 4, 2025, and \$75M for stock issued after July 4, 2025. Adjusts the \$15M per-issuer limitation figure and \$75M gross asset limit annually for inflation in taxable years beginning after 2026. Effective Date: See above.

<i>Topic Law</i>	<i>Law Prior OBBBA</i>	<i>New Law Under OBBBA</i>
Information Reporting Threshold for Certain Payees	Required information returns for payments of \$600 or more in a tax year.	Raises the threshold from \$600 to \$2,000 for information reporting for many reportable payments, as well as for backup withholding, indexed annually for inflation. Effective Date: Applies to payments made after Dec. 31, 2025.
Business Provisions Extended with Amendments		
Qualified Business Income Deduction	For taxable years beginning in 2018 through 2025, allowed noncorporate taxpayers with passthrough business income a qualified business income (QBI) deduction from taxable ordinary income equal to the lesser of: (i) 20% of QBI earned in a qualified trade or business, plus 20% of qualified real estate investment trust dividends and qualified publicly traded partnership income); or (ii) 20% of the taxpayer's taxable income minus net capital gain. Subjected QBI earned in a qualified trade or business to certain phase-in limitations, depending on the amount of W-2 wages paid by the qualified trade or business and whether the taxpayer's QBI was earned in a specified service trade or business.	<u>Permanently</u> extends 20% deduction for QBI, increases phase-in income limitations, and adds inflation-adjusted minimum deduction of \$400 for taxpayers with at least \$1,000 of qualifying income from active qualified trades or businesses. Effective Date: Applies to taxable years beginning after Dec. 31, 2025.
Business Provisions Added		

Topic Law	Law Prior OBBBA	New Law Under OBBBA
Depreciation for Qualified Production Property	New	Provides an elective a 100% bonus depreciation deduction for qualified production property placed in service before Jan. 1, 2031, with extension possible due to acts of God. Defines “qualified production property” to include any portion of nonresidential real property used as an integral part of qualified manufacturing, agricultural or chemical production, or refining of a “qualified product” that results in a substantial transformation of the product. Excludes from “qualified production property” nonresidential real property used for functions unrelated to manufacturing, production, or refining of qualified products. Excludes from “qualified product” any food or beverage prepared in the same building as a retail establishment in which it is sold. Property used by a lessee is not considered to be used by the lessor as part of a qualified production activity. Additional requirements apply to acquired property not previously used in qualified production activities. Effective date: Applies to property placed in service after July 4, 2025, but before Jan. 1, 2031 construction of which begins after Jan. 19, 2025, but before Jan 1, 2029.
Business Provisions Reinstated		

Topic Law	Law Prior OBBBA	New Law Under OBBBA
Bonus Depreciation	Made bonus depreciation temporarily available, as follows: For qualified property placed in service and specified plants planted or grafted: • after Sept. 27, 2017, but before Jan. 1, 2023 – 100% • in 2023 – 80% • in 2024 – 60% • in 2025 – 40% • in 2026 – 20% • after 2026 – 0% For long production period property and noncommercial aircraft, the years above were shifted by 1 year (later), with 100% bonus depreciation ending Dec. 31, 2023, and 0% bonus depreciation taking effect after 2027.	<u>Permanently</u> reinstates 100% bonus depreciation. Allows taxpayers to elect 40% bonus depreciation (60% for long production period property and qualified aircraft) for qualified property placed in service, and specified plants planted or grafted, during first taxable year ending after Jan. 19, 2025. Effective Date: Applies to property acquired, and specified plants planted or grafted, after Jan. 19, 2025. Does not treat property as acquired after the date on which a written binding contract for its acquisition is entered into.
Business Provisions Terminated		
Alternative Fuel Vehicle Refueling Property Credit	Allowed a transferable tax credit for certain qualified alternative fuel vehicle refueling property placed in service before Jan. 1, 2033, located in either a low-income community or a non-urban census tract.	Eliminates alternative vehicle refueling property credit. Effective Date: Applies to property placed in service after June 30, 2026.
Commercial Clean Vehicle Credit	Allowed a credit for qualified commercial clean vehicles meeting certain emissions standards, and used predominantly in the U.S., for vehicles placed in service after Dec. 31, 2022, and before Jan. 1, 2033.	Eliminates the commercial clean vehicle credit. Effective Date: Applies to vehicles acquired after Sept. 30, 2025.

<i>Topic Law</i>	<i>Law Prior OBBBA</i>	<i>New Law Under OBBBA</i>
Energy Efficient Commercial Buildings Deduction	Allowed a deduction equal to the cost of energy efficient commercial building property placed in service during the taxable year.	efficient commercial building property placed in service during the taxable year. Eliminates the deduction for new energy efficient commercial buildings. Effective Date: Applies to property beginning construction after June 30, 2026.

These are important changes to most business tax returns. Please be in contact with us to discuss your questions and the implementation of these new provisions.

Best regards,

Anthony & Dodge, PC