

abip **webinar** series

One Big Beautiful Bill Act of 2025

Business Session

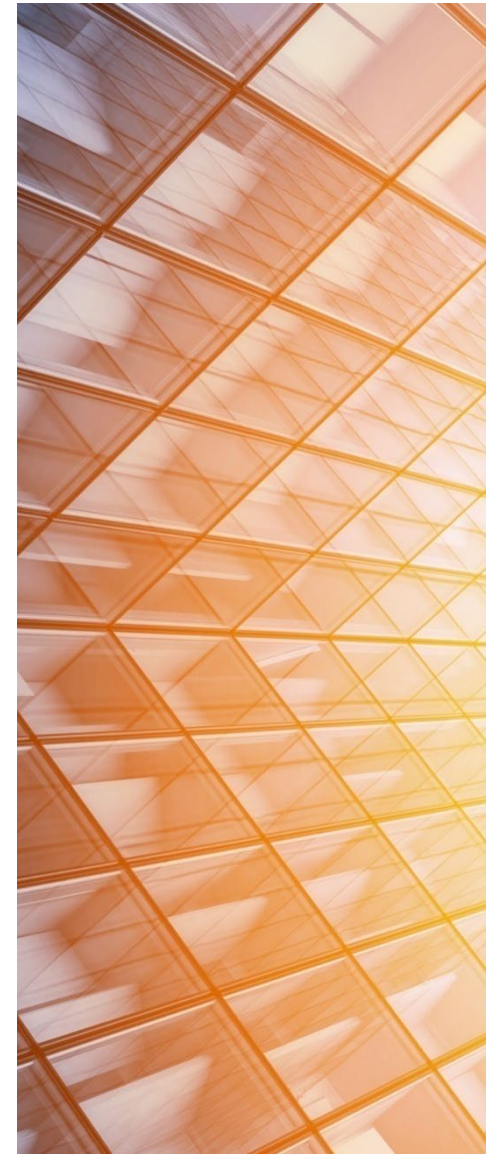


Disclaimer

The materials presented are for informational purposes only and not for the purpose of providing tax or legal advice.

It is not designed to be, and should not be used as, the sole source of information when analyzing and resolving a business issue.

You should contact your accountant or attorney to obtain advice with respect to any particular issue or problem.



Today's Presenters



Alphonso Anderson

Executive Director of
Tax Operations



John Gohagan

Partner



Richard Dyo

Partner



Charles Parr

Partner



Sherry Tolbert

Senior Manager

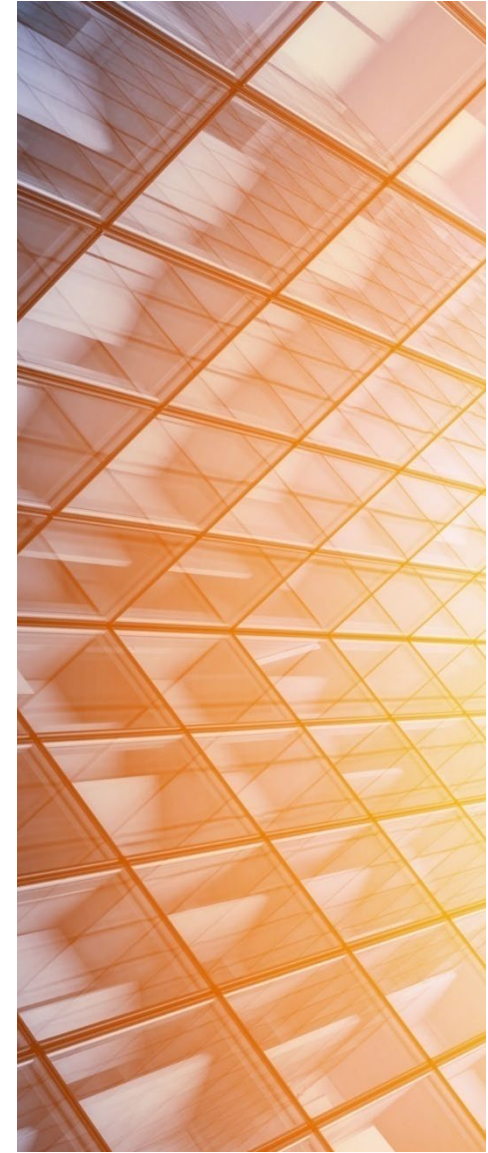


Key Provisions



Overview

- Qualified Business Income Deduction
- Business Interest
- Bonus Depreciation
- Section 179
- Excess Business Losses
- Research & Development Expensing
- Qualified Small Business Stock (QSBS)
- Miscellaneous Provisions
- Takeaways





QBI Deduction: Key Extensions

Expanded Phase-in Thresholds

Higher phase-in thresholds enable more high-income pass-through businesses to claim the full 20% QBI deduction before limits apply.

New Minimum Deduction

Active businesses with at least \$1,000 in qualified income now receive a minimum \$400 QBI deduction benefit.

Permanent and Broader Access

The 20% QBI deduction is now effectively permanent and widely available beyond 2025, benefiting more businesses.



Business Interest: EBITDA Limit Preserved

EBITDA-Based Cap Made Permanent

Businesses can continue adding back depreciation and amortization when calculating the 30% limit, preserving greater interest deductibility.

Expanded Floor Plan Exception

Interest on loans for RVs, campers, and trailers now qualifies, aiding more dealerships without changing inventory rules.

Applies After 2024

These updates take effect in 2025 and help capital-heavy businesses maintain stronger leverage positions.



Bonus Depreciation

Permanent 100% Deduction

Businesses can now fully expense qualifying property in the year placed in service, with no phase-down schedule.

Phase-Out Eliminated

The prior reduction schedule is repealed, fixing the bonus rate at 100% for property acquired after January 19, 2025.

Optional Transition Relief

A one-time election allows 40% or 60% expensing in the first year to ease accounting changes.



Section 179: Expensing Limits Increased

Higher Deduction Cap

The maximum immediate deduction rises to \$2.5 million, allowing businesses to expense more assets upfront.

Raised Phase-Out Threshold

Phase-out now begins at \$4 million, enabling larger investments before limits reduce the deduction.

Inflation Adjustment Reset

New limits will adjust for inflation starting after 2025, preserving their long-term value.



Excess Business Losses: Non-Corporate

No More Sunset

The cap on using business losses to offset non-business income is now permanent for non-corporate taxpayers.

Thresholds Reset in 2025

Deduction limits are rebased and indexed from 2025, preserving current levels and allowing future increases.

Ongoing Limitation

Losses exceeding the limit convert to NOLs, preventing high earners from fully offsetting income with large pass-through losses.



R&D Expenses: Restored to Full Deductibility

Immediate Deduction for U.S. Research

Full deductibility for domestic R&D expenses for tax years beginning after December 31, 2024

Foreign Research Still Amortized

Only U.S.-based research qualifies for immediate deduction. Foreign R&D remains on a 15-year amortization schedule.



R&D Expensing: Transitional Relief

Small Taxpayers Provision

- Ability to amend returns from 2022-2023
- "All or Nothing" Approach
- Election to apply full deduction through amended return
- Disclose doing so under OBBB
- Election will allow taxpayers to make a 280C election, even on an amended return for 2022-2024
- Can also amortize for 2024 and utilize the accelerated deductions in 2025 or ratably in 2025/2026



R&D Expensing: Transitional Relief

All Other Taxpayers

- §174 Amortization applies for 2022-2024
- Taxpayers can pull forward unamortized expenses on first return for a tax year ending after December 31, 2024
- Can utilize the accelerated deduction provision in 2025 or ratably in 2025/2026
- Done through a 3115 Accounting Change



R&D Expensing: Tax Planning

Missed Opportunities to Claim R&D Credits?

Consider amending 2022–2024 returns to claim missed credits, especially for small taxpayers who can elect out of Section 174 amortization or claim reduced deductions under 280C.

Planning Priorities:

Evaluate whether amending returns or pulling forward amortization yields better tax benefits. Timing matters, amendments can be filed immediately.



R&D Expensing: Tax Planning

Decision Points:

Has Section 174 been amortized? Is average revenue under \$31M?

- **Yes:** More options to amend returns, deduct fully, and elect reduced credits.
- **No:** May need to file Form 3115, utilize catch-up deductions, and adjust under Section 481(a).

Next Steps:

Work with abip's Tax Professionals to strategize your business' future tax planning based on company size, revenue, and timing for maximum benefit.



QSBS: Expanded Exclusion & Holding Period

Tiered Holding Periods Introduced

QSBS acquired after enactment qualifies for:

- 50% exclusion after 3 years
- 75% exclusion after 4 years
- 100% exclusion after 5 years

This replaces the prior flat 5+ year holding period for full exclusion, offering earlier liquidity benefits.

Grandfathered Stock Preserved

Stock acquired on or before the Act remains under previous rules, generally 100% tax-free after 5 years.



QSBS: Gain Cap Increases & Broader Access

Higher Gain Cap

For post-Act stock, the per-company exclusion increases from \$10M to \$15M per taxpayer, with inflation indexing after 2026.

Broader Company Eligibility

The qualified small business asset limit rises from \$50M to \$75M, bringing more companies under QSBS.

Investment Incentive Preserved

These updates support startup investment while keeping full exclusion and AMT treatment for pre-Act QSBS.



Miscellaneous Provisions under OBBBA

1099 Threshold Raised

- Reporting threshold increased from \$600 to \$2,000
- Fewer small payments trigger Form 1099
- Applies to payments made in 2026

Employer-Provided Meals

- No deduction for employer-provided meals that are excluded from the employee's income
- Employer may deduct if the meals are sold to the employee
- Deductions allowed for meals provided to employees on oil or gas platforms, rigs, or support camps and certain commercial fishing vessels

Takeaways for Business Planning



Tax Provision	Pre-OBBBA Law	Post-OBBBA (2025)
QBI Deduction (§199A)	20% pass-through deduction thru 2025; phase-out range \$50k (\$100k joint). Expires 2026.	Made permanent beyond 2025; phase-out range widened to \$75k (\$150k joint). \$400 min deduction if QBI ≥ \$1k.
Bonus Depreciation (§168(k))	100% for assets thru 2022, then phased down to 0% by 2027. Expires 2027.	100% expensing permanently for qualifying property after Jan 2025. No phase-out; full expensing indefinitely.
Section 179 Expensing	Limit \$1.22M (2024 inflation); phase-out starts ~\$3.05M (2024).	Limit \$2.5 Million; phase-out at \$4 Million (both 2025 base), indexed from 2025. More upfront expensing for SMBs.
Interest Deduction (§163(j))	30% of ATI, switching to EBIT (no add-back of DA) in 2022+.	EBITDA basis kept (depreciation & amortization add-backs continue). More interest deductible. RV/boat dealer interest now excepted.

Tax Provision	Pre-OBBBA Law	Post-OBBBA (2025)
Excess Biz Loss (§461(l))	Limit (e.g. \$500k MFJ) in effect thru 2028 (ARPA extension), then sunsets.	Permanent limitation. Threshold ~\$540k MFJ for 2025 (inflation reset). Unused loss -> NOL carryforward.
R&D Expensing (§174)	Required 5-year amortization of all R&E from 2022 onward (TCJA change).	Immediate deduction for domestic R&E via new §174A. Foreign R&E amortized 15 yrs. Retroactive catch-up allowed.
QSBS Gain Exclusion (§1202)	100% exclusion if >5yr holding (for stock acquired ≥2010); \$10M cap; \$50M gross assets limit.	Post-Act stock: 50% excl @3yr, 75%@4yr, 100%@5yr. Cap \$15M gain per company. Qualifying corp asset limit \$75M. Older rules grandfathered for pre-Act stock.



Policy Stability & Cash Flow Planning

Extended Relief and Certainty

- TCJA business provisions like the QBI deduction and bonus depreciation are now permanent
- Enables confident long-term tax and investment planning

Cash Flow Boosts

- 100% bonus depreciation and higher §179 limits reduce upfront tax costs
- Full R&D expensing accelerates ROI on innovation and capital projects



Structural Limits & Entity Considerations

Limitation Trade-Offs

- Loss limitation (§461(l)) and interest deduction rules (§163(j)) made permanent
- Higher thresholds (EBITDA basis, indexed caps) soften the impact

Entity Choice Impacts

- Pass-throughs benefit from 20% QBI deduction and single-layer taxation
- C-Corps remain at 21%, but lack QBI and face potential double tax
- Many will continue favoring pass-through structures

Questions?



Today's Presenters

Name	Email
Alphonso Anderson	aanderson@abipcpa.com
John Gohagan	jgohagan@abipcpa.com
Richard Dyo	rdyo@abipcpa.com
Charles Parr	cparr@abipcpa.com
Sherry Tolbert	stolbert@abipcpa.com