

# Business Update

**Presented By:**  
Russ Gladfelter | Senior Manager, Tax Services



ADVISORS for  
WHAT'S NEXT

# | Welcome and Meet Your Presenter



## Russ Gladfelter, CPA, *Senior Manager, Tax Services*

Russ is a Senior Manager in RKL's Tax Services Group. He specializes in tax planning, consulting, and compliance work for multistate and consolidated C Corporation entity structures. Russ serves clients in various industries, specializing in manufacturing and distribution. His expertise is in accounting for income taxes (ASC 740) and is a trusted resource for the firm in this space. Russ is passionate about connecting with his clients, serving their needs and being a resource to assist them in achieving their goals.

# What We Will Cover

01.

ONE BIG  
BEAUTIFUL BILL  
ACT (OBBBA)

02.

WHAT WAS NOT  
INCLUDED IN  
OBBBA

03.

NOTABLE  
PROVISIONS UNDER  
OBBBA

04.

INTERNATIONAL  
TAX PROVISIONS

05.

CREDITS &  
INCENTIVES

06.

PENNSYLVANIA  
IMPACT





# One Big Beautiful Bill Act

# One Big Beautiful Bill - Path to Enactment

**May 16, 2025**

The bill, H.R. 1, was introduced in the House by Jodey Arrington (R-TX).

**May 22, 2025**

The House passed the bill, vote of 215-214.

**June 27, 2025**

The Senate released the legislative text for the One Big Beautiful Bill.

**July 3, 2025**

The House agreed to the Senate's amendment, and the bill was passed by both chambers, vote of 218-214.

**May 18, 2025**

The House Budget Committee approved the bill.

**June 16, 2025**

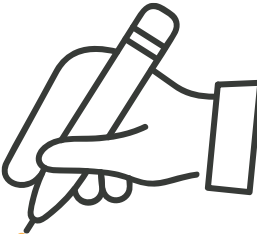
The Senate Finance Committee introduced its reconciliation tax legislation.

**July 1, 2025**

The Senate passed the bill after minor adjustments, vote of 51-50.

**July 4, 2025**

President Trump signed the bill into law.



# What's NOT in the OBBBA?

## *Business Provisions*



Corporate tax rates, including a 15% Corporate tax rate for domestic manufacturing



Corporate state and local tax (SALT) deductibility limitations



Increased small business gross receipts threshold (\$80M vs. \$31M) for manufacturers



Excise tax on wind and solar facilities



Changes to carried interest



Amortization of sports franchise intangibles limited to 50%

# Capex Investment – Depreciation Changes

Section 179



Bonus Depreciation



Qualified Production  
Property



# Section 179 Expensing

## Pre-OBBBA Change

Scheduled 2025 thresholds  
(*indexed for inflation*)

- Max Deduction = \$1.25M
- Phaseout Threshold:
  - Starts at \$3.1M
  - Fully phased out at \$4.4M

OBBBA

## Post-OBBBA Change

- Max Deduction = \$2.5M
- Phaseout Threshold:
  - Starts at \$4M
  - Fully Phased out at \$6.5
- Permanent provision



# Bonus Depreciation

## Pre-OBBBA Change

Phasedown Schedule

- 2024 = 60% Bonus
- 2025 = 40% Bonus
- 2026 = 20% Bonus
- 2027 = 0% Bonus

OBBBA

## Post-OBBBA Change

- 1/1/2025 – 1/19/2025  
= 40% Bonus
- After 1/19/2025 =  
100% bonus  
(permanent)
- Note: For 2025, option  
to elect 40% Bonus

## Qualified Production Property - §168(n)

- Completely new bonus opportunity.
- Nonresidential real property used for qualified production / manufacturing activities.
- Only applies to property after July 4, 2025 – until January 1, 2031.

# Research & Experimental Expenditures (IRC 174)

## Pre-OBBBA

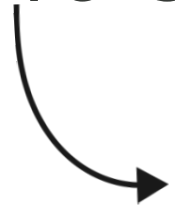
- Capitalize & Amortize
- Domestic R&E over 5 years
- Foreign R&E over 15 yrs

## OBBBA

- Domestic R&E immediate expensing (Permanent)
- Foreign R&E treatment unchanged
- Options to deduct unamortized R&E costs at 12/31/2024:
  1. Deduct all in 2025
  2. Split over 2025 and 2026
  3. Amend prior returns to deduct (Small business only)

# Deduction for Business Interest Expense (Section 163j)

Pre-OBBBA



Deduction limited to  
30% of EBIT

OBBBA



Deduction limited to 30%  
of EBITDA (Permanent)

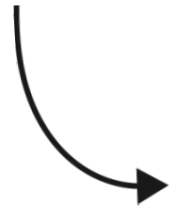
- Limitation now also applies to capitalized interest

> *Only large businesses are subject to limitation*



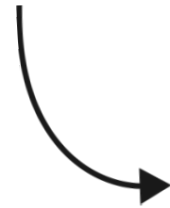
# Qualified Business Income Deduction (QBI) - Sec. 199A

Pre-OBBBA



20% deduction (set to  
expire 12/31/2025)

OBBBA



Still 20% deduction (Permanent)

- New \$400 minimum deduction for material participation
- Increased phase-out thresholds for service businesses (SSTBs)

# Section 1202 Small Business Stock (QSBS) – Gain Exclusion



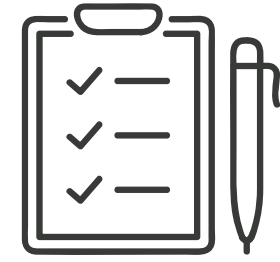
## Expands definition of QSBS

- Corporate-Level Gross Assets Ceiling Increased from \$50M to \$75M
- Tiered Gain Exclusion Based on Holding Period (previously required to hold for 5 years):
  - Held three years – 50% exclusion
  - Held four years – 75% exclusion
  - Held five years – 100% exclusion

## Enhanced Benefits for QSBS

- Increased Lifetime Cap on Gain Exclusion from \$10M to \$15M

*This change only applies to stock issued after the day of enactment*



## Other Changes to Business Provisions

- 1% Floor for Charitable Donations for C Corporations
- Excess business loss limitation (IRC 461) converted to NOL C/F character – No change, made Permanent
- 1099K Reporting Threshold = 20,000 in payments AND 200 transactions in year
- 1099 MISC and 1099 NEC Reporting threshold = 2,000 starting in 2026.
- Qualified Opportunity Zone bolstered

# Business Income Tax Filing Dates

**March 16, 2026**

Partnerships  
(Form 1065) and  
S Corporations  
(Form 1120S)

**April 15, 2026**

C Corporations  
(Form 1120)

**September 15, 2026**

Extended  
Partnerships (Form  
1065) and S  
Corporations (Form  
1120S)

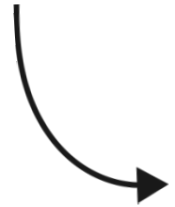
**October 15, 2026**

Extended C  
Corporations  
(Form 1120)



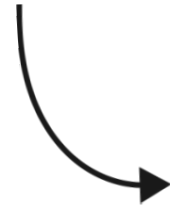
## Net Operating Losses - C Corporations

Pre-2018



- 100% Limitation on Utilization
- Carried forward 20 years

2018 and After



80% Limitation on Utilization

Carried forward indefinitely

# From GILTI to Net CFC Tested Income (“NCTI”)

## 2025 Taxation

- \$250 Deduction: **50%**
- Income Included: **Excess of 10% Return on Assets**
- FTC: **20% Haircut**
- Effective Tax Rate: **10.5%**
- Individuals: No \$250 Deduction or FTC allowed

No additional taxation if CFC  
taxed at **13.125%** locally

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## 2026 Taxation

- \$250 Deduction: **40%**
- Income Included: **All CFC Net Income**
- + FTC: **10% Haircut**
- Effective Tax Rate: **12.6%**
- Individuals: No \$250 Deduction or FTC allowed

No additional taxation if CFC  
taxed at **14%** locally

# From FDII to Foreign-Derived Deduction Eligible Income (“FDDEI”)

## 2025 Taxation

- §250 Deduction: **37.5%**
- Income Included: **Excess of 10% Return on Assets**
- Expenses Allocated: **Direct and Indirect expenses**
- Effective Tax Rate: **13.125%**
- Individuals: Not allowed

**7.875%** reduction on taxation

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## 2026 Taxation

- §250 Deduction: **33.34%**
- + Income Included: **All Foreign-Derived Income**
- + Expenses Allocated: **Direct expenses only**
- Effective Tax Rate: **14%**
- Individuals: Not allowed

**7%** reduction on taxation

# Repealed Energy Tax Credits and Deductions

Energy Efficient Commercial  
Buildings Deduction for  
Construction (section 179D)  
Effective 6/30/2025

Credit for purchases of  
commercial clean vehicles  
Effective 9/30/2025

Credit for installation of  
alternative fuel vehicle  
refueling property  
Effective 6/30/2026

Credit for the construction of  
new energy-efficient homes  
Effective 6/30/2026

Credit for clean electricity  
production (45Y)  
Effective 12/31/2027 (Includes  
specific requirement for dates to  
begin construction)

Clean Electricity Investment  
Credit (48E)  
Effective 12/31/2027 (Includes  
specific requirement for dates to  
begin construction)



# Summary of Important Incentive Dates

September 30, 2025	<ul style="list-style-type: none"><li>• Deadline for purchases of commercial clean energy vehicles</li><li>• Deadline for purchases of previously owned clean vehicles</li><li>• Deadline for purchases of new clean vehicles</li></ul>
December 31, 2025	<ul style="list-style-type: none"><li>• Deadline for energy-efficient home improvements to be placed in service</li><li>• Deadline for clean energy improvement expenditures</li></ul>
June 30, 2026	<ul style="list-style-type: none"><li>• Deadline for construction to begin to claim the energy-efficient commercial buildings deduction for construction</li><li>• Deadline for alternative fuel vehicle refueling property to be placed in service</li><li>• Deadline to acquire new energy-efficient homes</li></ul>
July 4, 2026	<ul style="list-style-type: none"><li>• Deadline to begin construction on solar and wind projects to avoid a December 31, 2027, in-service date</li></ul>
December 31, 2027	<ul style="list-style-type: none"><li>• Deadline for expenditures related to clean electricity production and clean electricity investment</li></ul>

## Pennsylvania Notable C Corp Decoupling

- Section 174 – No immediate expensing allowed.
- Section 163j – 30% limitation still on EDIT Base.
- Qualified Production Property – Depreciation over 39 years, no bonus allowed.
- Reminder: Decouples from normal bonus depreciation but conforms to section 179 treatment.

# Pennsylvania C Corp Rate Phase Down

<b>Tax Year</b>	<b>Rate</b>
2022	9.99%
2023	8.99%
2024	8.49%
2025	7.99%
2026	7.49%
2027	6.99%
2028	6.49%
2029	5.99%
2030	5.49%
2031 and beyond	4.99%