

Business Update

Presented By:
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ADVISORS for
WHAT'S NEXT



| Welcome and Meet Your Presenter



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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 (OBBA)

02.

WHAT WAS NOT
INCLUDED IN
OBBA

03.

NOTABLE
PROVISIONS UNDER
OBBA

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

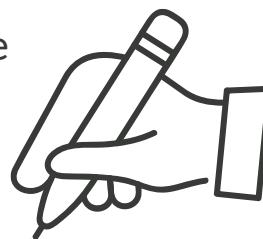
The House passed the bill, vote of 215-214.

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

OBBA

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



OBBBA

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

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

Tax Year	Rate
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%