

SMALL BUSINESS WINS IN THE 2025 TAX BILL

20% Small Business Tax Deduction

- ▶ The 20% Small Business Deduction was signed into law by Congress and President Trump, stopping a massive tax hike and delivering the certainty and level playing field that Main Street needs. This is a landmark victory for America's small businesses.
- ▶ By making the Small Business Deduction permanent, Congress helped small business owners continue to create jobs, grow their business, and invest in their communities.

Lower Tax Rates

- ▶ Lower federal marginal tax rates were permanently extended. Federal individual rates will remain at 10%, 12%, 22%, 24%, 32%, 35%, 37%.
- ▶ By permanently extending the lower rates, Congress prevented a tax increase on about 33 million pass-through businesses subject to marginal rate taxes.

Small Business Expensing

- ▶ The Section 179 expensing cap was doubled from \$1.25 million to \$2.5 million and indexed to increase annually with inflation.
- ▶ This provision allows businesses to deduct the full purchase price of qualifying equipment in the year it is acquired.

100% Bonus Depreciation

- ▶ The Section 168(k), Bonus Depreciation, was permanently restored to 100% for eligible assets. This allows businesses to take an additional first-year deduction for qualified property in the year it is placed in service.
- ▶ Businesses can now fully deduct property acquired and placed in service after January 2025.
- ▶ Before its passage, businesses had to depreciate assets and property over an extended time period.

Small Business Estate Tax Exemption

- ▶ Permanently increased to \$15 million individually and \$30 million jointly, indexed to increase annually with inflation.
- ▶ Permanency allows small businesses to maintain their business and property without having to sell or liquidate to pay the tax.

Research and Development Expensing

- ▶ Businesses can now immediately deduct R&D expenses.
- ▶ Immediate deductions allow businesses to improve, upgrade, and innovate new products and services.

Paperwork Reductions

- ▶ Form 1099-K threshold was increased to \$20,000.
- ▶ Section 1099-K is an IRS report that businesses must file for any third-party payment transactions above a certain threshold during that year.
- ▶ The higher threshold minimizes burdensome paperwork that small businesses must comply with while using third-party payments such as Venmo or PayPal.