NFIB SMALL BUSINESS LEGAL CENTER

Tax Savings You Won't Want to Miss

A Guide to Understanding the New Tax Provisions of the "One Big Beautiful Bill" and Preparing for the 2026 Tax Season

20% Small Business Tax Deduction

Eligibility: Sole proprietorships, partnerships, S corporations, and some trusts and estates

- Businesses with a qualified business income (QBI) of at least $1,000 may be eligible for the new inflation-adjusted minimum deduction
- Determine your QBI for 2025 and deduct 20% of your QBI on your federal tax return

Small Business Estate Tax Exemption

Eligibility: U.S. citizens

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

Research and Development Expensing

Eligibility: Businesses with domestic R&D spending

- Businesses can now deduct 100% of qualifying R&D expenses
- If your average annual gross receipts are $31 million or below, you can claim this benefit retroactively for tax years 2022–2024

100% Bonus Depreciation

Eligibility: Any Modified Accelerated Cost Recovery System (MACRS) business property with a recovery period of 20 years or less—such as equipment, machinery, vehicles, furniture, and qualified improvement property

- The MACRS is a tax depreciation system that helps businesses recover tax depreciation costs on assets through deductions over a period of time. The MACRS recovery period refers to the IRS-assigned number of years over which an asset is normally depreciated. The 100% deduction applies to assets that typically depreciate over 20 years or less
- The Section 168(k), Bonus Depreciation, was permanently restored to 100% for eligible assets, allowing businesses to take an additional first-year deduction for qualified property in the year it is placed in service
- Businesses can fully deduct property acquired and placed in service after January 2025

Small Business Expensing

Eligibility: Small businesses who purchase new equipment or software

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

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 tax rates