

# KEY IMPACTS THE ONE BIG BEAUTIFUL BILL ACT WILL HAVE ON BUSINESS AND REAL ESTATE TRANSACTIONS

## PEOPLE

Aaron D. Ostler

P. Prestin Weidner

## CAPABILITIES

Tax

Advisory

7.22.25

On July 4, 2025, President Trump signed the One Big Beautiful Bill Act (the "Act") into law, which provides significant changes to the Internal Revenue Code. While the consequences of the Act are wide ranging, this Client Alert focuses on some of the key impacts the Act will have on business and real estate transactions. An analysis of the tax implications of a transaction (including applicable changes to the tax law) should be reviewed at the time of the transaction.

### **Qualified Small Business Stock Under Section 1202**

The Act makes a number of taxpayer friendly changes to Section 1202 and qualified small business stock ("QSBS") issued after July 4, 2025, including:

- Increases the per-person, per-issuer exclusion amount from \$10 million to \$15 million (and the new \$15 million cap is indexed for inflation).
- Increases the gross asset value for corporations from \$50 million to \$75 million (and the new \$75 million cap is indexed for inflation).
- Lowers the five-year holding period requirement to three years and introduces a tiered system for gain exclusion (i.e., 50% gain exclusion for QSBS held for 3 years, 75% gain exclusion for QSBS held for 4 years, and 100% gain exclusion for QSBS held for 5 years).

### **Qualified Opportunity Zones**

## KEY IMPACTS THE ONE BIG BEAUTIFUL BILL ACT WILL HAVE ON BUSINESS AND REAL ESTATE TRANSACTIONS

The Act extends the Qualified Opportunity Zone ("QOZ") program and makes other changes to the QOZ program, including:

- Allows new QOZ designations to be made every 10 years.
- Expands tax incentives for specified "qualified rural opportunity funds."
- Imposes additional information reporting requirements on qualified opportunity funds and qualified opportunity zone businesses.

### **Bonus Depreciation**

The Act permanently extends the 100% deduction (a/k/a "bonus depreciation") for qualified property acquired and placed into service after January 19, 2025.

### **Section 199A Qualified Business Income Deduction**

The Act permanently extends the Section 199A deduction for qualified business income of certain pass-through entities. While prior versions of the Act increased the deduction rate, the final version of the Act keeps the deduction rate at 20%.

### **Research and Development Expenditures**

The Act permanently allows immediate deduction of qualified domestic research and development expenditures incurred in tax years beginning after 2024. The Act also provides transition rules to permit accelerated deduction of unamortized qualified domestic research and development expenditures incurred after December 31, 2021.