

DALEY, LACOMBE & CHARETTE, P.C.

CERTIFIED PUBLIC ACCOUNTANTS

116 FAYETTE STREET

MANLIUS, NEW YORK 13104

315 692-4033

FAX 315 692-4725

JOHN M. DALEY, C.P.A.

MARJORIE LACOMBE, C.P.A.

JACQUELINE CHARETTE, C.P.A.

PAUL MAHALICK, C.P.A.

STEVEN STANEK, C.P.A.

MEMBERS OF

AMERICAN INSTITUTE OF CERTIFIED PUBLIC ACCOUNTANTS

NEW YORK STATE SOCIETY OF CERTIFIED PUBLIC ACCOUNTANTS

Dear Business Client:

We are writing to inform you about the significant new tax legislation (the Act) signed into law on July 4, 2025 known as One Big Beautiful Bill. Below are some highlights of the major provisions impacting businesses:

Qualified Business Income (QBI) deduction: The Act makes this deduction permanent.

Bonus depreciation: The Act makes additional first-year (bonus) depreciation for certain qualified property permanent at 100%. This provision is effective for property acquired after Jan. 19, 2025. There is also a new 100% bonus depreciation provision for "qualified production property" (QPP, which is certain non-residential real property used in the manufacturing, production or refining of certain tangible personal property). This QPP provision is effective for property placed in service after July 4, 2025.

179 Expensing limits: For property placed in service after 2024, the Code Sec. 179 expensing limits are increased to \$2,500,000 and the phasedown threshold is increased to \$4,000,000.

Information reporting, Form 1099-K: The Act retroactively reverts the Form 1099-K reporting threshold back to the \$20,000 and 200 transactions threshold.

Information reporting, Forms 1099-NEC, 1099-MISC: For payments made after 2025, the reporting thresholds for Forms 1099-NEC and 1099-MISC are increased from \$600 to \$2,000 (adjusted for inflation after 2026).

Corporate charitable contributions: The Act imposes a new 1% floor (in addition to the 10% ceiling) on corporate charitable deductions for post-2025 tax years.

Energy efficient commercial buildings deduction: Under the Act, the energy efficient commercial building deduction terminates for the cost of energy efficient commercial building property whose construction begins after June 30, 2026.

Clean vehicle credits: The credits for new and previously owned clean vehicles terminate for vehicles acquired after Sept. 30, 2025. The credit for qualified commercial clean vehicles also terminates for vehicles acquired after Sept. 30, 2025.

Alternative fuel vehicle refueling property credits: The credit for "alternative fuel vehicle refueling property" (such as an EV charger) terminates for property placed in service after June 30, 2026.

If you have any questions or would like to discuss the new tax law changes, please contact us.

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