

BACON & BUSINESS

ONE BIG BEAUTIFUL BILL ACT (OBBBA) ESSENTIAL GUIDE FOR SMALL BUSINESS OWNERS

Following is a summary of the materials covered at the September 24, 2025, installment of *Bacon & Business*, a quarterly breakfast panel discussion hosted by Bradley Arant Boult Cummings LLP, EP Wealth Advisors, and Southern First Bank at Bradley's offices in Atlanta. This installment addressed the One Big Beautiful Bill Act (OBBBA), signed into law on July 4, 2025. Now with almost three months under our belt, our panel was asked to elevate the conversation and focus on big picture takeaways and actionable items for small business owners in attendance. *Bacon & Business* is an audience-driven, conversational series discussing topics of interest to entrepreneurs and owners of businesses of all sizes.

Special thanks to our panelists:

Ryan Wheeler – Bradley Arant Boult Cummings LLP | Rick McCoy – Windham Brannon LLP | Cannon Carr – EP Wealth Advisors

What Is the One Big Beautiful Bill Act?

The OBBBA is a comprehensive tax reform that makes many business-friendly provisions permanent while introducing new deductions. For small business owners in particular, this law provides significant opportunities for tax savings and better cash flow management.

Overall Perspective

Our panel discussed the OBBBA as a recalibration of the Tax Cuts and Jobs Act's business landscape to better serve smaller firms in several ways. It makes key deductions permanent and broadens pass-through eligibility, giving small businesses and their owners greater certainty for hiring, investment, and long-range growth planning.

Changes enable small firms to plan with better confidence, knowing they won't see sudden reversals of write-offs. On the margin, small businesses may be able to capitalize on cash savings from the OBBBA's benefits to support growth, capital spending, and distributions to owners and employees.

Pass-through entities, for example, may benefit meaningfully through the OBBBA, with expanded and permanent qualified business income (QBI) deductions for qualifying income levels. We believe businesses in construction, manufacturing, agriculture, transportation, and certain retail niches stand to gain the most. Service-oriented firms — hair salons, fitness studios, small professional practices — can also lock in incentives to upgrade equipment, expand locations, or hire additional staff.

For C-corps, the OBBBA expands the scope and benefits of the qualified small business stock (QSBS) exclusion under Section 1202 by introducing tiered exclusions, increasing issuer limits, and raising asset thresholds. We outline details below.

While the act fuels optimism, we recommend that small business owners balance that with discipline by considering:

- Deficit-driven, higher interest rates could raise borrowing costs
- Tighter credit markets may emerge if federal revenues weaken
- Public-sector benefit cuts could shift more health benefit costs onto employers
- Overextension risks if firms ramp up hiring or capital expenditure and then face rate hikes or demand slowdowns

In other words, success still hinges on prudent forecasting, disciplined cash-flow management, and vigilance against macroeconomic headwinds.

Bottom line: Our panel believes the OBBBA offers a compelling opportunity for small business owners to review their strategic plans in light of the act's benefits, find opportunities to improve cash flow, reinvest in the business, strengthen distributions and retirement planning, and update estate planning for their personal wealth and legacy.

Top Business Benefits

1. Permanent 100% Bonus Depreciation

- **What it means** - You can write off the full cost of eligible business equipment, machinery, and assets in the year you buy them, rather than spreading the deduction over several years.
- **Key requirement** - Property must be acquired after January 19, 2025.
- **Watch out for** - If you had a binding contract before January 20, 2025, the property may not qualify.

2. Immediate R&D Expense Deduction

- **What changed** - Research and development costs for domestic activities can now be deducted immediately, rather than spread over five years.
- **Special relief** - You can also accelerate deductions for R&D expenses from 2022-2024 that were previously required to be amortized.
- **Small business bonus** - Companies with average annual gross receipts under \$31 million can amend past returns (2022-2024) to apply these new favorable rules.

3. Enhanced Cost Segregation Benefits

- **The opportunity** - With 100% bonus depreciation restored, cost segregation studies (which identify shorter-lived building components) become much more valuable.
- **Example** - Instead of depreciating a building component over 39 years, you might classify it as five-year property and deduct it all at once.

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4. Extended Individual Tax Benefits

- **Lower tax rates** - The reduced individual tax rates from 2017 are now permanent, providing stability for pass-through business owners.
- **Enhanced QBI deduction** - The 20% qualified business income deduction for pass-through entities is extended and enhanced.
- **Higher SALT deduction** - The state and local tax deduction cap increased from \$10,000 to \$40,000 (2025-2029).

New Personal Deductions for Business Owners

No Tax on Tips and Overtime

- **Tips** - Up to \$25,000 in tip income can be excluded from taxable income (income limits apply).
- **Overtime** - The premium portion of overtime pay can be deducted (up to \$12,500 for individuals, \$25,000 for married couples).
- **Duration** - These benefits apply from 2025-2028.

Other New Deductions

- **Car loan interest** - Interest is deductible for vehicles with final assembly in the U.S.
- **Senior deduction** - There is an additional \$6,000 deduction for taxpayers age 65 and older (phases out at higher incomes).

Potential Landmines to Avoid

Timing Issues

- **Contract dates matter** - Equipment ordered before January 20, 2025, may not qualify for full bonus depreciation.
- **R&D transition** - Make sure you understand your options for previously capitalized R&D expenses.

Limitation Changes

- **Interest deduction limits** - Business interest deduction limitations remain, with some modifications.
- **Passive activity rules** - Some passive loss deductions may be more restricted.

Compliance Requirements

- **New reporting** - Watch for additional documentation requirements.
- **Election deadlines** - Some beneficial elections have specific deadlines (e.g., small business R&D retroactive elections must be made before July 4, 2026).

Action Items for Small Business Owners

Immediate Actions

1. **Review major equipment purchases** - Consider timing of asset acquisitions to maximize bonus depreciation.
2. **Assess R&D expenses** - Determine if you can benefit from immediate expensing or need to make transition elections.
3. **Consider cost segregation** - For recent or planned real estate acquisitions, evaluate whether a cost segregation study makes sense.

Strategic Planning

1. **Model different scenarios** - Compare buy vs. lease decisions under the new rules.
2. **Review entity structure** - Ensure you're maximizing QBI deductions and avoiding disallowed deductions.
3. **Update cash flow projections** - Account for accelerated tax benefits in your financial planning.

Professional Consultation

1. **Tax advisor review** - Have your tax professional analyze how these changes affect your specific situation.
2. **Estate planning** - Consider the impact of extended gift and estate tax exemptions.
3. **Exit strategy planning** - Understand how these changes might affect business sale or succession plans.

Bottom Line for Small Business Owners

The OBBBA provides significant opportunities for tax savings, especially for businesses making capital investments or conducting research and development. The key is to act quickly and strategically:

- **Take advantage of immediate write-offs** for equipment and R&D expenses.
- **Plan the timing** of major purchases and investments.
- **Review your overall tax strategy** with professional help to ensure you're maximizing benefits while avoiding potential pitfalls.

The permanence of many favorable provisions provides much-needed certainty for long-term business planning, but the complexity of the new rules makes professional guidance essential for maximizing benefits.

