

Business Tax Cuts in the One Big Beautiful Bill

On July 4th, President Trump signed into law the “One Big Beautiful Bill” (OB BB) – budget legislation which seeks to raise revenue, as well as provide tax cuts and incentives to individuals and businesses. WISPA was actively involved in the legislation’s spectrum policy, educating Congress on the importance of the CBRS and 6 GHz bands to your companies and the communities you serve. Though these efforts sat front and center for the Association, we were also involved in helping Congress craft/extend several of its individual and small business tax provisions.

The following text highlights those important tax provision wins.

- **Section 199A Deduction (Pass-Throughs):** The bill permanently extends the Section 199A business income deduction for pass-through entities at 20%. The bill also increases the phase-in range of limitation to \$75,000 for non-joint returns and \$150,000 for joint returns, and creates a minimum deduction of \$400 for taxpayers with \$1,000 or more of qualified business income (QBI) for material participants.
- **Bonus Depreciation:** The bill permanently extends the Section 168 additional first-year (bonus) depreciation deduction. The allowance is increased to 100% for property acquired and placed in service on or after Jan. 19, 2025. Without the OB BB, the bonus depreciation deduction would have phased out for qualified property placed in service after the end of 2026 (or certain property with a longer recovery period placed in service after 2027).
- **Full Expensing for Qualified Production Property:** The OB BB allows full expensing equal to 100% of the adjusted basis of qualified production property (i.e., nonresidential real property used as an integral part of a domestic qualified production activity) under new Section 168(n). A qualified production activity includes the manufacturing, production, or refining of a qualified product that results in a substantial transformation of the property comprising the product. Qualified production property does not include the portion of any nonresidential real property used for offices, administrative services, lodging, parking, sales activities, software development or engineering activities, or other functions unrelated to the manufacturing, production or refining of tangible personal property. Unlike other business-related provisions in the OB BB, this provision is temporary. It applies to qualified production property placed in service in the U.S. or its possessions before January 1, 2031, the construction of which begins after January 19, 2025, and before January 1, 2029.
- **Limitation on Business Interest Deduction:** The OB BB increases the Section 163(j) limit on deductions for business interest by calculating adjusted taxable income without including deductions for depreciation, amortization, or depletion. Thus, the legislation permanently reinstates a higher Section 163(j) limit, based on EBITDA (Earnings Before

Interest, Taxes, Depreciation, and Amortization) rather than EBIT, effective for taxable years beginning after 2024.

- **Excess Business Losses:** The OBBB makes the Section 461(l) limitation on excess business losses for noncorporate taxpayers permanent.
- **Estate Tax:** The OBBB permanently increases the estate and lifetime gift tax exemption to an inflation-indexed \$15 million for single filers and \$30 million for joint filers beginning in 2026.
- **Research-and-development expenses:** The OBBB permanently repeals mandatory amortization of domestic research and experimental (R&E) expenditures for taxable years beginning after December 31, 2024. The bill allows taxpayers to immediately deduct domestic R&E expenditures paid or incurred in tax years beginning after 2024. It restores full expensing and provides an election to amortize domestic R&E costs that are otherwise chargeable to a capital account (other than to depreciable property or property subject to depletion allowance) over 5 years. In addition, for small businesses with less than \$31 million in average annual gross receipts for the 3-year period prior to the first taxable year beginning after 2024, expensing of domestic R&E costs is permitted retroactively for tax years beginning after 2021. However, R&E expenditures attributable to research which are conducted outside the United States will continue to be required to be capitalized and amortized over 15 years.

Though WISPA's policy work remains focused on the underlying technology and related matters which support the growth of the broadband industry, tax policy touches all our businesses no matter the transmission medium or verticals we sell. WISPA is proud to have helped deliver these benefits to you in the OBBB.

As always, please consult your tax professional before availing yourself of these or other tax provisions in the law. For more information, contact [Louis Peraertz](#), VP of Policy, WISPA.