

# How to Take Advantage of the New Tax Law

## A Step-by-Step Guide for Small Businesses

The “One Big Beautiful Bill Act” brings significant tax changes and benefits for small businesses.

This guide summarizes several key provisions and outlines actionable steps to help you prepare and maximize opportunities for your business.



U.S. Chamber of Commerce

### 1 Permanently Claim the 20% Qualified Business Income (QBI) Deduction

#### Who qualifies

Sole proprietors, partners, and S corporation shareholders.

#### What to do

- Calculate your qualified business income (QBI) for the year.
- Deduct 20% of your QBI on your federal tax return every year—this deduction is now permanent.
- If your QBI deduction is low, check your eligibility for the new inflation-adjusted minimum deduction (at least \$400).
- If you were previously ineligible for the deduction, determine whether changes to the phase-in of existing limitations make your business eligible.

#### Action item

Work with your accountant or tax professional to determine your eligibility and claim the maximum deduction each year.

### 2 Immediately Deduct Qualifying Research & Experimental (R&E) Expenses

#### Who qualifies

Businesses with domestic R&E spending, especially those with average annual gross receipts of \$31 million or less.

#### What to do

- Track your U.S.-based R&E expenses each year.
- Deduct 100% of your qualifying R&E expenses this year on your 2025 tax return.
- If your annual gross receipts average \$31 million or less, you may apply this benefit retroactively for tax years 2022–2024.

#### Action item

Review past returns with your tax professional to seek retroactive refunds if eligible.

## 3 Leverage Increased Section 179 Expensing

**Who qualifies** Small businesses making new equipment or software purchases.

### What to know

- The new tax law more than doubles the maximum amount that a small business may immediately deduct (expense) under section 179 to \$2.5 million.
- The expensing limit phases out for purchases that exceed \$4 million.
- Both thresholds are indexed for inflation beginning in 2026.

### Action item

Consider accelerating or increasing purchases of machinery, software, or other qualifying property to maximize this deduction.

## 5 Maximize the Enhanced Employer-Provided Child Care Credit

### Who qualifies

All businesses providing employee child care; expanded benefits for small businesses (gross receipts ≤ \$31 million for 2025).

### What to do

- Claim a tax credit of up to \$500,000 and up to 40% of qualified child care expenses.
- If your business qualifies as “small,” claim up to \$600,000 and 50% for expenses.
- Pool resources with other businesses or use third-party providers to offer child care.

### Action item

Evaluate options for providing or expanding employee child-care benefits or programs; coordinate with nearby businesses if pooling is an option.

## 4 Take Advantage of Enhanced Qualified Small Business Stock (QSBS) Exclusion

**Who qualifies** Individuals and other non-corporate investors in qualifying C corporations.

### What to do

- Invest in the stock of qualifying small C corporations, the definition of which was expanded by the new law.
- Hold the stock for more than five years to exclude an even greater amount of capital gain realized on its sale or exchange.

### Action item

Consult your tax advisor when planning such equity investments or dispositions.

# Quick Checklist

- ✓ Confirm QBI deduction eligibility and amount.
- ✓ Identify and deduct all domestic R&E expenses; review past years for refund opportunities.
- ✓ Maximize and plan for section 179 expensing.
- ✓ Review QSBS eligibility when raising capital or investing.
- ✓ Assess and implement employer-provided child care benefits; claim enhanced credits.
- ✓ Talk with tax advisor about no tax on tips and overtime for your employees.



Does the new law help grow your business?  
Tell us how.

# Act Now

Learn more at [uschamber.com/taxes](https://uschamber.com/taxes)

You can claim benefits for expenses and purchases made now—even those dating back to January 20th, 2025.

## Don't wait until tax season in 2026!