

# Unlock Tax Certainty with the One Big Beautiful Bill Act

## Teaser Video Transcript

### Bonus Depreciation

I want to shift the focus. So bonus depreciation, right? We got full expensing as part of TCGA, but by 2025 that had floated all the way down to only 40% of qualified property that was placed in service. So OBBBA, you know, gave us back full bonus depreciation, right? Can you talk and maybe more so can you talk a little bit about that? I think this is one of the real big provisions. Yeah, for sure. This is one that was definitely on the radar. And yeah, going from 40 to, you know, back to full 100% and 26 and 27, it was going to go down even further right under the TCJ sunset.

The nuance here though, is that it only applies to property acquired after January 19th, 2025 for calendar year taxpayers, for example, 2025, they're going to have to pay attention to that acquisition date for property they place in service in 25, you know, or later, but make sure that that acquisition date is after January 19th. So if they've and that goes back to the prior bonus depreciation rules around whether or not you have a written binding contract. So the application of that rule is going to be similar, but you do have to pay attention to that date. Now here the Congress also provided some transition rules.

So if you didn't want to take bonus depreciation for that first taxable year after ending after January 19th, 2025, you're able to continue to apply the pre TCJA phase down for that year, which might you know, it's cause ease of administration in terms of that that acquisition date, you know. And as always, you also have the ability to elect out of bonus depreciation for any class of property that didn't change. That's always been around in the in the. Bonus rules. So there is a new provision for qualified production property that is limited in its application but does apply to is 100% expensing for production property which would be non residential real property for certain production industries.

The way they've defined production currently is agricultural and chemical production and for certain products the timeline is a little limited here in terms of construction must begin after that January 19th, 2025 date and the before January 1st, 2029. So you have to start production on any of these facilities before Jan 1/20/29 and then place it in service before 2031. It's going to require some carve out of certain types of property within a building. So if you have a facility that has, you know, the manufacturing space, production space and offices and research, there's going to be some carve outs there. It's generally new property.

I think the real sleeper here is that there's a recapture provision, which is not something that we see with other bonus provisions or have seen in the past related to other types of bonus provisions. And that is if this property that you produce or construct ceases to be qualified as qualified production property, including if you sell it within 10 years of your place in service state, you have a recapture event. So this is going to be really important for taxpayers thinking about this and who may qualify. This is also an elective provision. So you elect in if you want to take advantage of it, but it's not required.