

As I'm sure you know, congress recently passed the One Big Beautiful Bill (H.R. 1). I wanted to make sure you were aware that it's a game changer for companies planning to acquire capital equipment.

100% Bonus Depreciation Restored – The bill eliminated the previously scheduled phase-down, so businesses can immediately expense qualifying assets placed in service after January 19, 2025.

Section 179 Expense Cap Increased – Businesses can use the Section 179 deduction to write-off the cost of qualifying vehicles and equipment in the year they are purchased. For 2025, the overall maximum deduction is \$1,250,000, with a spending cap of \$3,130,000. To qualify, the vehicle(s) must be used for business purposes more than 50% of the time, and both new and used vehicles qualify. Vehicle size affects the deduction limits:

- Vehicles over 14,000 lbs. may be 100% deductible if they meet other criteria.
- SUVs and heavy trucks/vans (over 6,000 lbs.) have a deduction limit of \$31,300 for 2025
- Passenger vehicles (under 6,000 lbs.) have a first-year deduction cap of \$12,200 for 2025.

Interest Expense Deduction Enhanced - The bill reverts the business interest deduction to an EBITDA-based limit instead of EBIT—allowing many companies to deduct more interest on financed purchases and improving after-tax cash flow, making borrowing more attractive while reducing the total cost of ownership.

Simplified Tax Credits - For equipment upgrades and clean energy.

If your business is considering a major purchase or financing strategy, now's the time to take a serious look. Contact us at **Align Equipment Finance** if you'd like a breakdown of how this new bill could benefit your next equipment acquisition.

Of course, you should consult with your tax adviser to assess how these changes could impact your business objectives and financial position.