

## One Big Beautiful Bill – Bonus Depreciation for Qualified Production Property

AUGUST 7, 2025 | BY: THE LEADERSHIP TEAM



The newly passed O BBB reinstates a valuable tax break for businesses by permanently restoring 100% bonus depreciation for certain assets acquired and placed in service after January 19, 2025. This means companies can immediately deduct the full cost of eligible assets, rather than depreciating them over several years.

In addition, the law introduces Section 168(n), a new provision that allows businesses to claim this full deduction for specific types of commercial property used directly in production—provided certain conditions are met.

Under the regulation, “qualified production property” includes commercial buildings located in the U.S. that are actively used in manufacturing, production, or refining of physical goods. To qualify, the property must:

- Be constructed between January 20, 2025, and December 31, 2028
- Be placed in service by December 31, 2030

Key restrictions apply:

- Properties leased to tenants do not qualify
- Buildings primarily used for offices, administration, hospitality, parking, sales, research, software development, or engineering are not eligible
- If the property ceases to be used in qualified production within 10 years, the IRS will treat it as sold at its original cost—potentially triggering depreciation recapture and additional taxes

In short, this provision offers significant tax savings for businesses investing in U.S. production facilities—but careful planning and compliance are essential to maximize benefits and avoid future tax liabilities.

### Contact Us for Guidance

The legislation is expansive and complex, impacting individuals, businesses, and estates alike. Please see our previous [email blast](#) regarding this new legislation. Contact your Johnson O'Connor service team member today to discuss how the new law impacts you or your business.

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