



Congressional Leadership Ends Section 174 Amortization and Provides Critical Relief to Small Businesses

The One Big Beautiful Bill (OBBB), signed into law on July 4th, includes a pivotal provision reversing the requirement for companies to amortize R&D expenses—a policy first implemented in 2022. The new law restores full expensing of domestic R&D costs beginning in 2025 and provides retroactive relief for small businesses with less than \$31 million in revenue, enabling them to amend prior tax returns and claim deductions for R&D expenses incurred between 2022 and 2024.

The recently passed the One Big Beautiful Bill (OBBB), that was signed into law by President Trump on July 4th contains a key provision that will be of critical importance to helping innovative small businesses across the country. The OBBB ended the requirement — first required in 2022 — of capitalizing R&D expenses. The OBBB provides for tax years 2025 and going forward that all companies can expense their domestic R&D expenses — the long traditional tax policy prior to 2022. In addition, the legislation contains key relief for small businesses — allowing those businesses under \$31 million in revenue with R&D expenses incurred between December 31, 2021 and January 1, 2025 to amend their prior year tax returns to claim available deductions and credits and expense R&D costs.

Shane Frank, Co-Founder of alliant stated: "This is tremendous news for the small and medium businesses of America. The OBBB contains commonsense reforms to put money back into the innovators of this country. The requirement to capitalize R&D expenses was grinding so many businesses in this country, and was inflicting severe economic hardship for thousands of small and medium businesses across the nation. The allowance for expensing as well as the retroactive relief the BBB provides to small and medium companies will translate into new jobs, better wages and an improved economy for our nation."

Rick Lazio, former Congressman (R-NY) and Senior Vice President of alliant stated: "On behalf of our business and CPA partners, I want to thank Chairman Crapo (R-ID) and Chairman Smith (R- MO) for listening to our concerns — and the concerns of the thousands of businesses we work with

about the need to bring real relief to small and medium businesses impacted by capitalization of R&D expenses. A great thanks to Senator Young (R-IN) and Congressman Estes (R-KS) for their leadership on bringing needed reforms to the R&D credit and especially for working to help small and medium businesses. Thanks also to Senators Barrasso (R-WY); Cassidy (R-LA); Cornyn (R- TX); and Daines (R-MT) for their vocal leadership and support for these important reforms to the R&D tax credit as well as the Majority Whip, Congressman Emmer (R-MN).

Dean Zerbe, National Managing Director of alliant and former Senior Counsel to the Senate Finance Committee stated: "alliant was proud to be a voice to policy makers on behalf of the thousands of innovative businesses with whom alliant partners. These small and medium businesses were desperate to see permanent reform to the R&D tax credit that would allow expensing. I am so pleased that the OBBB included this vital reform of the R&D tax credit and businesses across the country can now get their hard earned money back, allowing them to reinvest in their operations, hire new employees, invest in new equipment, and increasing innovation so they can continue to drive our economy forward."



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in a small apartment, alliant has grown into a multi-billion-dollar consultancy. Leveraging its growth journey, alliant guides clients through transformative times, helping businesses evolve across industries. alliant is headquartered in Houston, Texas, with additional offices in Austin, Boston, Chicago, Indianapolis, New York, Irvine, Sacramento, and Washington, D.C.; Bristol, and London, U.K.; and Hyderabad, India.