

Life Sciences: One Big Beautiful Bill Quick Tax Guide

Area	Pre-One Big Beautiful Bill	Post-One Big Beautiful Bill	Life-Sci Takeaway
Research & Development (R&D) §174/174A	From 2022: capitalize & amortize — 5 yrs (U.S.) / 15 yrs (foreign)	U.S. R&D immediate expensing for tax years beginning after 12/31/2024; Foreign R&D remains amortizable over 15 years; Certain small businesses can apply retroactively via an amendment (Note: Rev. Proc. 2025-28, released on 8/28/2025, permits eligible small business taxpayers with 2024 returns on extension until October 15, 2025, to elect immediate expensing of 2024 R&D costs. This election avoids the need to amend the 2024 return but requires amending tax years 2022 and 2023.); others may accelerate 2022–2024 domestic R&D amounts across 2025–2026	Onshore R&D where feasible; analyze amending vs. accelerate options; re-forecast 2025 estimates; check state conformity
Qualified Production Property §168(n)	N/A	Introduces elective 100% expensing for qualified U.S. manufacturing real property for which construction begins after 1/19/2025 and before 1/1/2029 and is placed in service after 7/4/2025 and before 1/1/2031	Plan factory timelines; not available for property leased to others; pair with cost segregation
Bonus Depreciation §168(k)	Phase-down: 60% (2024) → 40% (2025) → 20% (2026) → 0%	Restores 100% expensing for qualified property acquired and placed in service after 1/19/2025	Accelerate qualified property purchases; qualified property includes tangible personal property with a recovery period of 20 years or less; keep note of the placed in service; check state conformity
Depreciation Expensing Election §179	Maximum deduction of \$1M; benefit phases out if total property cost exceeds the \$2.5M cap	For tax years beginning after 12/31/2024 maximum deduction of \$2.5M; benefit phases out if total property cost exceeds the \$4M cap	Accelerate qualified property purchases; qualified property includes tangible personal property with a recovery period of 20 years or less; unlike §168(k) the 1/19/25 placed in service date does not apply; check state conformity; pairs well with §168(k) but note that §179 must be applied first if both are utilized

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Energy Efficient Commercial Building Deduction §179D	Energy efficient building improvement deduction available to building owners up to ~\$5/sq ft (higher rate available if taxpayer meets the Prevailing Wage / Apprenticeship rules); not set to expire	Same rules as before, however construction must begin before June 30, 2026, the date this provision is set to expire	Accelerate lab and facility upgrades prior to June 30, 2026
Qualified Small Business Stock (QSBS) §1202	100% exclusion for stock held >5 yrs; \$10M cap on exclusion; \$50M gross-assets test	New rules effective July 4, 2025; Tiered exclusions for new stock: 50% (>3 yrs), 75% (>4 yrs), 100% (>5 yrs); cap to \$15M; gross-assets test to \$75M (indexed)	All or nothing cliff that previously made premature exits costly is eliminated; tighten QSBS controls at issuance and across financing rounds
Qualified Business Income §199A	20% deduction set to sunset after 2025	For tax years beginning after 12/31/2025 made permanent at 20% with higher phase-in thresholds	Re-consider entity choice in light of Section 199A benefit vs. potential QSBS benefit
Estate & Gift Tax Exemption	\$13.99M per individual (\$27.98M for couples); set to drop to ~\$7M after 2025	For tax years beginning after 12/31/2025 permanently increased to \$15M per individual (\$30M per couple); lifetime exemptions will be inflation-indexed beginning 2026	Ability to transfer significant portions of life sci stock to trusts or family members, including QSBS
Interest Expense §163(j)	30% of adjusted taxable income (ATI); since 2022 ATI was EBIT-based (no depreciation & amortization addback)	EBITDA basis restored and made permanent for tax years beginning after 12/31/2024 (30% cap unchanged). For years beginning after 12/31/2025, ATI includes Subpart F, GILTI and §78; ordering rules clarify capitalized interest; §263A(f)/§263(g) capitalized interest not subject to the limit.	Ability to better leverage debt during capital-intensive phases; monitor state conformity and cross-border interactions
Corporate Charity §170	Deduction up to 10% of taxable income	Starting with tax years beginning after 12/31/2024 corporations can only deduct charitable contributions that exceed 1% of taxable income; the 10% cap still applies	For donation of pharmaceutical drugs to a qualified 501(c)(3) enhanced deduction under §170(c)(3) still available

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Foreign-Derived Intangible Income (FDII) → Foreign-Derived Deduction Eligible Income (FDDEI) §250	37.5% deduction; expense allocations could reduce benefit	Renamed FDDEI with a 33.34% deduction from 2026; ETR ≈ 14%; Deemed Tangible Income Return (DTIR) removed; certain gains excluded; R&D and interest not allocable to deduction eligible income	Slightly higher effective rate but simpler rules; revisit export/IP structures
Global Intangible Low-Taxed Income (GILTI) → Net CFC tested Income (NCTI) §951	50% §250 deduction with DTIR/QBAI; Effective tax rate (ETR) ≈10.5%	40% §250 deduction; DTIR removed; tighter more favorable expense allocation; ETR ≈12.6% (≈ 14% with 90% Foreign tax credit haircut)	Re-model Controlled Foreign Corporation footprints & FTC limits
Base Erosion Anti-Abuse Tax (BEAT) §59A	Rate moving toward 12.5%; tighter credit usage after 2025	Permanent 10.5%; only excess credits reduce BEAT	BEAT applies to large taxpayers with \$500M 3-year average gross receipts; re-calc BEAT exposure on supply-chain payments and intercompany flows