

Based on the latest IRS guidance and the provisions of the **One Big Beautiful Bill (OBBB) Act**, we have developed the following **2026 OBBB Act Implementation Checklist**.

This checklist is designed to help you ensure every capital investment made this year qualifies for the maximum **100% Bonus Depreciation** or the newly created **Qualified Production Property (QPP)** deduction.

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## **OBBB Act Implementation Checklist**

### **1. Acquisition & Timing Audit**

- **Verify Contract Date:** Ensure the written binding contract for the asset was executed **on or after January 20, 2025**. (Contracts signed before this date are generally capped at the 40% "phase-down" rate).
- **Confirm Placed-in-Service Date:** Document that the asset is "ready and available for specific use" before December 31, 2026, to claim the deduction on this year's return.
- **Self-Constructed Assets:** If you are building your own equipment, confirm that "physical work of a significant nature" began after January 19, 2025.

### **2. Asset Classification (The 20-Year Rule)**

- **Review Recovery Periods:** Confirm the asset has a MACRS recovery period of **20 years or less**.
  - *Qualifying:* Machinery, equipment, vehicles, computers, software, and furniture.
  - *Qualifying: Qualified Improvement Property (QIP)*—interior non-structural build-outs.
- **Used Property Verification:** If the asset is used, confirm it was not previously used by you or a related party and was acquired from an unrelated seller.

### **3. Qualified Production Property (QPP) - For Manufacturers**

- **Start Date Check:** For new manufacturing facilities, verify construction began **after January 19, 2025**.
- **Use Allocation:** Identify the specific square footage used for "substantial transformation" of products.
  - *Note:* Office space, parking lots, and R&D areas must be excluded from the QPP 100% deduction.
- **Cost Segregation Study:** Schedule a cost seg study to legally separate the "integral" production structure (100% deductible) from non-qualifying building components.

## 4. Section 179 Optimization

- **Limit Check:** Ensure total equipment purchases stay within the **\$2.5 Million** deduction limit.
- **Phase-out Monitoring:** If total purchases exceed **\$4 Million**, calculate the reduction in your Section 179 allowance.
- **Asset Selection:** Prioritize Section 179 for assets that don't qualify for bonus depreciation (like certain HVAC or roof replacements) to maximize total deductions.

## 5. Reporting & Elections

- **Form 4562:** Prepare to report all 100% bonus assets on Form 4562.
- **Transitional Election Review:** Determine if it is more beneficial to elect the **40% transitional rate** instead of 100% (useful if you have expiring credits or need to smooth income over future years).
- **State Conformity Check:** Verify if your state "couples" with the OBBB Act. You may need to add back the deduction for state tax purposes.

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## Next Step

Would you like me to generate a customized "Tax Savings Estimate" table based on a specific equipment purchase price you're considering for 2026? Nexus Tax Books | (904) 385-0466 | [info@nexustaxbooks.com](mailto:info@nexustaxbooks.com)