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Business Tax Strategies

October 2026

Meet The Speakers



Richard Weiner
CPA, MST, CM&AA
Tax Partner



Brian O'Hearn
CPA, MSA
Tax Manager



Kelly Zack
MST
Partner, State
& Local Tax

Meet The Speakers



Bella Amigud
CPA, MST
Tax Partner



Destiny J. Flood
CPA
Partner, Commercial Outsourced Accounting & Fractional CFO

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Beyond the Headlines

Brian O'Hearn, CPA, MSA
Tax Manager



From Legislation to Planning

What Changed?

- New Rules and Restored Deductions

What it Means

- Impact on Business Decisions

What to Do

- Coordinate Timing and Elections

Permanent Rules vs. Limited Windows

Longer-Term Certainty

- 100% bonus depreciation
- Domestic R&E expensing
- §199A QBI deduction
- EBITDA-based §163(j)

Time-Sensitive Opportunities

- §168(n) production property
- Energy credit transition deadlines
- Pre-2025 R&E transition elections

Permanent - no legislation currently exists to sunset provision.

Capital Investment: Which Deduction?

100% Bonus

- Qualifying equipment and property
- No general income limitation
- Election out by asset class

§179

- Annual dollar and phaseout limits
- Business-income limitation
- Selective asset treatment

MACRS

- Depreciation taken over useful life of asset

Key question: Is the largest current deduction also the best multiyear outcome?



A $500,000 Equipment Purchase

$500,000

Potential immediate federal deduction with 100% bonus

$105,000

Illustrative 21% C-corporation cash-tax effect

Consider NOLs, future income, and state conformity.



§168(n): Production Facilities

Allows businesses to elect a 100% first-year depreciation deduction for qualifying U.S. production buildings used in manufacturing, production, or refining, subject to construction and placed-in-service deadlines.

Traditional Treatment

Building costs often recovered over 39 years, apart from qualifying components.

New Opportunity

Certain qualifying production-property costs may be immediately deductible.

Permanent - no legislation currently exists to sunset provision.



168(n) Time Sensitive Opportunity

Requirement	Timeline
Construction Begins	After January 19, 2025, and before January 1, 2029
Property Placed in Service	After July 4, 2025, and before January 1, 2031
Certain Acquired Existing Buildings	Acquisition must occur after January 19, 2025, and before January 1, 2029, with additional eligibility requirements.



Research Expenditures: A New Starting Point

Domestic R&E

- Current expensing generally restored under §174A
- Consider 59(e)

Foreign R&E

- Continues under 15-year amortization

Review elections for unamortized 2022–2024 domestic costs.

Separate the §174A deduction from eligibility for the §41 research credit.

R&D Credits

Who is Eligible

- Businesses developing or improving products, manufacturing processes, software, techniques, or formulas

What Activities

- Work must address technical uncertainty through a process of experimentation

Eligible Costs

- Qualifying employee wages, supplies, and generally 65% of qualifying contract research expenses

Qualified small businesses may elect up to **$500,000 annually** against eligible employer payroll taxes.

Consider R&D Cost Study

§163(j): Revisit Interest Capacity

EBITDA-based adjusted taxable income restored in 2025

Assume $2MM EBIT with $1MM Depreciation & Amortization

Interest Deductibility

Pre-2025 Rule

$600,000

30% of $2M EBIT

2025 & Forward Rule

$900,000

30% of $3M EBITDA

QBI Deduction – Pass-thru Owners

The 20% QBI deduction made permanent. The scheduled expiration after 2025 was removed.

Wider phase-in ranges beginning in 2026: Restrictions begin at $403,500 and fully apply at $553,500 (MFJ).

New $400 minimum deduction for taxpayers with at least **$1,000 of aggregate QBI from businesses in which they materially participate**.

Planning opportunity: coordinate taxable income, retirement contributions, deduction timing, and W-2 wages to preserve or maximize the deduction.

Net Operating Losses

- NOLs generated after 2018 subject to limitation of 20% of taxable income
- Pre-2018 NOLs can be used 100%
- Ownership changes can also limit NOL utilization
- Preservation of deductions vs. NOL generation

Clean Energy Credits – Still Available

Incentive	What Remains Available
Commercial Solar—§48e Investment Credit	Still available. Projects that did not begin construction before July 5, 2026 generally must be placed in service by December 31, 2027. Projects that met the earlier construction deadline can qualify beyond 2027.
Battery Storage—§48e	Qualifying standalone storage remains eligible; it does not have the same accelerated termination as solar and wind. The base investment credit is 6%, potentially increased to 30%, with possible additional bonuses.
Other Clean Electricity—§§45y/48E	Qualifying technologies such as geothermal and nuclear remain eligible for production or investment credits, subject to technology-specific requirements.
Clean-energy Manufacturing—§45x	Production credits remain for qualifying U.S.-manufactured components, including certain solar components, batteries, inverters, and critical minerals. This is an industry-specific opportunity.

Maximization Is Not Optimization

Deduct Now

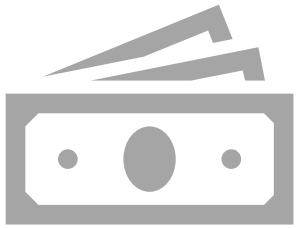
- Immediate cash-tax benefit
- Potential NOL creation
- Reduced future deductions

Plan Across Years

- Expected marginal rates
- Projected taxable income
- Financing and investment needs

Use elections strategically; do not let deductions drive unnecessary spending.

2026–2027: A Practical Planning Horizon



2026

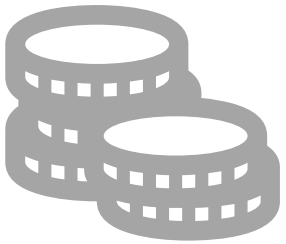
Review Elections

R&D Treatment

Asset Additions

Cash Taxes

NOL Availability



2027

Capital Projects

Research Budgets

Financing Arrangements

The Takeaway

The biggest opportunity is not just knowing what changed.

It is making better business decisions because of it.

Plan early. Model multiple years.

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State & Local Tax (SALT) Update



Kelly Zack, MST
Partner, State & Local Tax

2026 SALT Trends & Developments

- Federal/State Conformity
- Federal Simplification re: Employment Taxes
- Expanded Sales Tax Base
- Combined Reporting
- P.L. 86-272 Activity Analysis

American Catalog Mailers Association v. NY Dept of Taxation & Finance

- NY regulations protect internet solicitation under P.L. 86-272 BUT treat certain post-sale internet activities as outside this protection
- Taxpayer lost its challenge
- Significant because it addresses how P.L. 86-272 applies to modern internet activity and creates uncertainty for sellers using interactive websites, technical support, and tracking technology

State Tax Assessor v. Fifth Generation, Inc. (ME)

- A Texas-based company shipped liquor to a Maine warehouse and retained title until the liquor was removed by the Maine wholesaler.
- The court concluded that retention of title to inventory stored in Maine created nexus for Maine corporate income tax.
- Significant because it confirms that in-state inventory and state-controlled distribution arrangements can defeat P.L. 86-272 protection.

E-Commerce SALT Issues Sales & Use Tax

- Taxes on Digital Goods and SaaS
- Sourcing of Sales
- Multiple Points of Use
- Marketplace vs. Direct Sales

Other Sales Tax Considerations



Emerging sales tax trends across states



Prospective compliance vs. mitigating past liabilities



Automating sales tax compliance

SALT Cap & Pass-Through Entity (PTE) Taxes

- States enacted PTE taxes in response to TCJA's individual SALT deduction cap.
- Allows a pass-through entity to pay state income tax on behalf of its shareholders to bypass the cap.
- SALT cap increased to $40K for 2025-2029; will revert to $10K after 2029 and made permanent.
- Evolving state PTE tax rules:
    - **Election timing:** Changing deadlines and requirements
    - **Participation:** Mandatory vs. elective regimes
    - **Tax rates:** Varying rates across states

Key Takeaway: The federal benefit of an entity-level deduction does not eliminate the need for state-by-state analysis of election deadlines, owner eligibility, tax bases, credit mechanisms, and filing requirements.

Mergers & Acquisitions SALT Due Diligence

- Nexus and filing obligations
- Combined reporting requirements
- Transaction structure
- Sales tax/successor liabilities

Strategic Resolution and Planning

Nexus Study	Multistate SALT Analysis	State Credits & Incentives	Cost/Benefit Analysis
Due Diligence /Mergers & Acquisitions	Voluntary Disclosure Agreements	Amnesty Programs	Automated Sales Tax Compliance

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International Tax Updates & Planning

What global businesses need to know for 2026

Bella Amigud, CPA, MST
Tax Partner



GILTI becomes NCTI

Net CFC Tested Income for tax years beginning after 2025

12.6%

U.S. corporate rate
before foreign tax credits

40% §250 deduction



What Changes	2026 Treatment
Tangible-asset return	No 10% QBAI exclusion
Foreign tax credits	90% of qualifying taxes, generally
FTC haircut	10%, down from 20%
Expense allocation	Modified rules may improve FTC use

Client Takeaway

Rerun CFC projections using foreign tax rates and the location of operations and assets.

FDII becomes FDDEI

Foreign-Derived Deduction Eligible Income

Rule	Planning Implication
§250 deduction	33.34% deduction
QBAI	No tangible-asset reduction
Interest and R&D	Generally, no allocation against FDDEI
Excluded sales	Certain depreciable, amortizable, and intangible property

≈14%

Effective federal corporate rate



Client Takeaway

Revisit export and service income eligibility, even if FDII was historically immaterial.

CFC Rules: What Changes in 2026

- §958(b) fewer accidental CFCs: Restored attribution limits reduce unintended CFC status for minority U.S. investors.
- §951B still applies: Some foreign-parented groups remain subject to Subpart F and NCTI inclusions.
- Ownership timing matters: Income inclusions reflect when shares are held, not just year-end ownership.

Client Takeaway

Review foreign structures and midyear deals for changes in U.S. tax and reporting obligations.

Transfer Pricing and Cross-Border Payments



Contemporaneous Support

Management fees, royalties, R&D arrangements, loans, and cost-sharing.

Pricing Methods and Economics

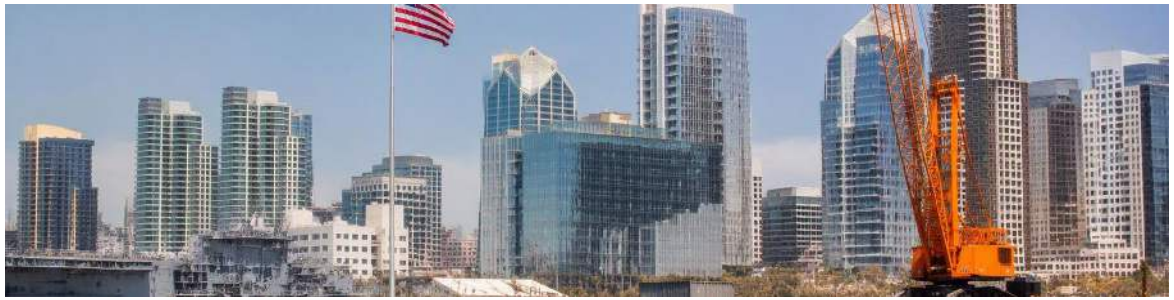
- Document arm’s-length pricing.
- Update methods as operations change.
- Consider §174/R&D impacts on pricing.

Client Takeaway

Review structure and transfer pricing before cash or IP moves between entities.

Inbound U.S. Tax Obligations

Areas To Review	
Federal presence	U.S. trade or business/ permanent establishment
State exposure	Nexus and varying conformity
Cross-border payments	Withholding and transfer pricing



“We don’t have an office or employees in the U.S.”

U.S. tax obligations can still arise.

Client Takeaway

Assess federal, state and witholding exposure before expanding U.S. sales.

Automatic Penalty Relief: Foreign Filing Gap

What Changes In 2026

Automatic Exemption from Penalty (AEP) replaces request-based FTA for eligible returns.

Covers certain late filing, payment, and deposit penalties. Generally, requires three prior compliant years.

International Information Returns Excluded

AEP does not cover information-return penalties, including Forms 5471 and 5472. Other relief requires separate review.

Initial Penalty Examples

$10,000

Form 5471

$25,000

Form 5472

Practice watch: significant penalty trend this season.*

*Presenter observation, not IRS-wide data. Additional penalties may apply.

Client Takeaway

Track IRS guidance, file international returns on time, and review penalty notices promptly.

2026 Planning Checklist

If Your Business has…	Start With…
CFCs	Updated NCTI and FTC Projections
Foreign Customers	FDDEI Eligibility Review
Ownership Changes	Timely CFC and §951B Analysis
Cross-Border Payments	Pricing Support and Creditability
U.S. Sales From Abroad	Federal and State Exposure Review
International Reporting	Compliance Review: Serious Penalty Risk



Bring these questions to your year-end planning discussion.

General information only. Tax results depend on your facts and applicable law.

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Year-End: From Compliance to Competitive Advantage

Building a more resilient and insightful finance function for the year ahead.

Destiny J. Flood, CPA
Partner, Commercial Outsourced Accounting & Fractional CFO



Today’s Business Challenges in the Finance Function

The Widening Talent Gap: Turnover and retirements highlight the need for succession planning, knowledge transfer, and evolving finance skillsets.

The Technology Mandate: Keeping pace with AI, automation, and evolving business demands.

Cash Flow Constraints: With expenses growing and revenue streams uncertain, managing cash flow has become a daily battle.

The Rising Tide of Complexity: The landscape of regulatory and compliance demands is constantly shifting, requiring specialized knowledge while placing a massive strain on already lean teams.



Get Year-End Ready—and Get Curious

Evaluate your finance function:

- **People:** Do we have the right skills, coverage, and succession plan?
- **Processes:** What are our three most time-consuming manual tasks?
- **Technology:** Are we using automation, cloud-based tools, and AI to reduce data entry and connect systems?
- **Compliance:** Are we prepared for changing rules and reporting requirements?
- **Insights:** Can leadership rely on timely information for cash flow, forecasting, expenses, and business trends?
- **Identify the gaps and plan for the year ahead.**

Executing a Continuous Close Methodology

- Pace the Workload: Shift from a month-end sprint to a daily and weekly accounting rhythm.
  - Ongoing Activities: Perform daily cash reconciliations and weekly reviews of accruals, prepaids, and other key balance sheet accounts.
- Automation: Let technology handle the repetitive tasks.
  - Tools: AI-driven coding, bank feed rules, recurring entries, system integrations.
- Systematize Everything: Implement a clear, repeatable checklist for every part of the close process.
  - Areas: Fixed assets, payroll entries, deferred revenue.
- Elevate the Goal: Move your team's focus from preparing reports to providing strategic, real-time analysis.



Internal Controls and Fraud Prevention

Foundational Controls for Today's Risks

- Segregate duties, even in lean finance teams.
- Leverage approval workflows and system controls to reduce risk
- Regularly review user access and permissions.

The Evolving Threat Landscape

- AI-powered phishing and deepfake scams are becoming more sophisticated.
- Vendor payment fraud continues to rise, making cybersecurity a financial risk, not just an IT issue.

Practical Steps for SMBs

- **Assess cyber insurance coverage and incident response readiness.**
- Regularly review user access rights to financial systems.
- Implement a vendor callback verification process for banking changes.
- Provide regular employee training on phishing and social engineering.
- Require mandatory vacations and cross-training for key finance personnel.
- Know when to engage specialists for fraud, forensic, cybersecurity, or advisory assistance.

Recap and Tax Readiness: Your Final Three Steps

1. Validate Your Numbers
   - Perform the final reconciliation of state sales data.
   - Post all necessary tax journal entries before closing the period.
2. Assess Tax Planning Opportunities -Strategize For Savings
   - Evaluate the impact of recent tax law changes and available incentives.
   - Identify planning opportunities before year-end deadlines.
   - Coordinate with your CPA and tax advisors on strategic actions.
3. Engage with Tax Advisors Early
   - Maintain regular communication with your tax and finance teams.
   - Address questions, risks, and planning opportunities before year-end crunch time.

Questions?

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Rich Weiner, CPA, MST, CM&AA	774.512.4078	rweiner@aafcpa.com
Brian O'Hearn, CPA, MSA	774.512.4121	bohearn@aafcpa.com
Kelly Zack, MST	774.512.4001	kzack@aafcpa.com
Bella Amigud, CPA, MST	774.512.4060	bamigud@aafcpa.com
Destiny J. Flood, CPA	774.512.4151	dflood@aafcpa.com

2026 – 2027 Tax Planning Guide for Businesses & Individuals

We welcome the opportunity to help you map out a tax plan that takes full advantage of all strategies available to you.

[Download 2026-2027 Tax Guide >>]



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Tax Strategies for Cannabis

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Individual & Family Tax and Wealth Planning
October 29 | 12:00 – 1:00 PM ET

Tax Strategies for Cannabis
November 12 | 12:00 – 1:00 PM ET

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