

2025 Tax Code Changes Affecting Business Use of Heavy-Duty Trucks

This document offers a high-level explanation of the impact that the new 2025 legislation has on the business use of heavy-duty trucks by comparing the new tax percentages and levels with the standards in place before its passage.

100% Bonus Depreciation

Now: trucks placed in service after January 19, 2025, and used more than 50 percent for business, companies can deduct 100 percent of the vehicle's cost in the first year. This can result in a significant first-year write-off for heavy-duty models with a Gross Vehicle Weight Rating (GVWR) of over 6,000 pounds.

Before: Heavy-duty trucks were typically depreciated over a five-year period.

Enhanced Section 179 Expensing

Now: The new act increases the maximum Section 179 deduction limit for certain equipment, vehicles, and property to \$2.5M with a cap of \$4M for total purchases. This increase allows businesses to expense more capital purchases, including heavy-duty trucks and their accessories.

Before: The deduction limit was \$1.22M with a cap of \$3.13 for total purchases.

Qualified Business Income (QBI) Deduction

Now: Trucking businesses structured as sole proprietorships, partnerships, or S corporations can benefit from the permanent extension and enhancement of the QBI deduction which is now 20 percent.

Before: The deduction rate was set to expire at the end of 2025 exposing businesses to a lower passthrough rate.

Estate Tax Exemption

Now: The estate tax exemption is now \$15M for single filers and \$30M for joint filers. This protects business owners who want to leave their business legacy to the next generation.

Before: The estate tax exemption rate was \$13.61M and \$27.22M respectively.

Interest Deduction Relief

Now: The amount of deductible business interest is increased by permanently reverting to EBITDA-based calculation of adjusted gross income thus increasing the amount of deductible business interest.

Before: Adjusted taxable income was calculated by deducting depreciation, amortization, and depletion.

Conclusion

The changes to the tax structure benefit heavy-duty businesses in multiple positive ways, potentially reducing your tax burden. Please consult with your professional tax adviser to see how it directly impacts you.



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