

DIVISION OF REVENUE

TECHNICAL INFORMATION MEMORANDUM 2025-2

December 23, 2025

SUBJECT: Delaware HB 255: Decoupling from Certain Provisions of the Federal “One Big Beautiful Bill” Act (OBBBA)

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Delaware has decoupled from select provisions of the One Big Beautiful Bill Act (OBBBA or PL 119-21).

Generally, absent legislative action, Delaware conforms with Federal tax law. HB 255 modifies the timing of deductions that were changed by the OBBBA.

As always, it is recommended that taxpayers engage a qualified tax professional for advice on these rule changes.

Research and Experimental Expenditures

For entities taxed as corporations for tax years 2022 through 2024, Delaware has decoupled from the OBBBA’s retroactive treatment of unused capitalized qualified research and experimental expenditures. Any unused capitalized expenditures from these tax years must be deducted as they would have been under the Tax Cut and Jobs Act (TCJA).

For tax years 2025 and forward, Delaware conforms with the federal provisions that permit expensing of qualified research and experimental expenditures in the tax year of the expenditure.

Bonus Depreciation

Delaware has decoupled from OBBBA’s rules that permit 100% bonus depreciation for certain business property. For corporations, this applies to property placed in service after January 19, 2025. For individuals, this applies to property placed in service after December 31, 2025

Bonus depreciation for such business property will continue under the provisions of the TCJA so that, generally, the tax year 2025 bonus depreciation is permitted at 40%; tax year 2026 bonus depreciation is permitted at 20%; and tax year 2027 and later bonus depreciation is 0%.

Qualified Production Property

For corporations, Delaware has also decoupled from OBBBA’s 100% special depreciation allowance for Qualified Production Property. Depreciation of this asset class will continue under pre-existing provisions of the Internal Revenue Code.

For individuals, this applies to Qualified Production Property placed in service after December 31, 2025.

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Sunset Provisions

The bonus depreciation and special depreciation provisions of this Act for certain business property or qualified production property sunset for property placed in service after December 31, 2030. After December 31, 2030, Delaware will adopt the federal rules for the relevant property classes.