



What's In the Rearview Mirror Might Be Closer Than It Appears: 2025 Year-End Planning

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Introductions



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Firm Overview

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Session Overview

- **Get Started Now**
- **Proactive Approach**
- **Focus Areas:**
 - **Internal Financial Statements**
 - **Tax Planning Under OBBBA**
 - **Long-Term Financial Health**

Objectives

- Address key internal financial statement matters before year-end
- Understand 2025 tax initiatives under OBBBA and potential advantages
- Build a framework for consistent organizational financial health reviews in 2026

The Case for Early Year-End Planning

- December 31 is too late for changes.
- Early preparation leads to cleaner financial statements, more effective tax strategy, and reduced stress.
- Creates a forward-looking culture in financial management.

Checklist for Internal Financial Statements

- **Balance Sheet Review:**
 - **Key account reconciliations**
- **Profit & Loss Analysis:**
 - **Variance vs. budget, revenue recognition timing, expense categorization**

1099 Reporting

- Vendor & W-9 Maintenance
- QuickBooks Mapping
- Who Qualifies
- What Payments Qualify
- Documentation Is Key
- Thresholds

Practical Next Steps

- Implement month/year-end checklist immediately.
- **Book adjustments.**
- **Schedule advisor/tax planning meetings.**
- **Establish financial review calendar for 2026.**
- Invest in tools/systems for continuous monitoring.

Tax Law Changes – OB3

- **Signed into Law on July 4, 2025.**
 - **Prevented Reversion to Pre-TCJA and Expiration of Many Provisions**
- **Effective Date of Provisions Vary**
- **Permanent vs. Temporary Provisions**

Depreciation

- **Bonus Depreciation – §168(k)**
 - **100% Bonus Depreciation**
 - **Assets Acquired after 01/19/2025**
 - **40% for Assets Acquired before 01/20/2025**
- **Made Permanent by OB3**
- **Not Allowed for PA Purposes**

Depreciation

- **100% Expensing for Certain Structures – §168(n)**
 - **Must be Qualified Production Property (QPP)**
 - **Construction Period: After 01/19/2025 to Before 01/01/2029**
 - **Placed in Service Dates: After 01/19/2025 and Before 01/01/2031**
- **§179 Depreciation**
 - **Increased Expensing Limit to \$2.5 Million**
 - **Phaseout Threshold Starts at \$4 Million**

Depreciation Comparison

	Bonus – 168(k)	Section 168(n)	Section 179
Depreciable Life of Qualifying Assets	20 yrs or Less & QIP	39 yrs (QPP)	20 yrs or Less & QIP
Can create taxable loss?	Yes	Yes	No
Acquisition Threshold/Phaseout	None	None	\$4,000,000
First Year Depreciation Limit	100% after 01/19/2025 40% before 01/20/2025	100%	2,500,000
Election Required	Must Elect Out	Must Elect Use	Must Elect Use
Allowed for PA?	No	No	Yes

Section 199A Deduction

- **Qualified Business Income Deduction**
 - Available for Partnerships, S-Corps, and Schedule Cs
- **Made Permanent by OB3**
 - Previously Set to Expire 12/31/2025
- **Phase-In Thresholds Increased and Indexed for Inflation**

Other Notable Changes

- **Business Interest Deduction – §163(j) Limitation**
 - Add Back of Depreciation & Amortization to ATI Calculation
- **R&D Expensing Restored**
 - Domestic R&D Costs No Longer Need to be Amortized
 - Foreign R&D Costs – Amortized over 15 years
- **SALT Deduction**
 - Increased to \$40,000 for MFJ
 - Phaseout Starts at \$500,000 for MFJ

Summary of Effective Dates

Provision	Effective Date	Permanent or Temporary
100% Bonus Depreciation	After 01/19/2025	Permanent
100% Expensing of QPP – 168(n)	After 01/19/2025	Temporary
Section 179 Depreciation Increase	After 12/31/2024	Permanent
Permanent Extension of QBID – 199a	After 12/31/2025	Permanent
Business Interest Limitation – EBITA	After 12/31/2024	Permanent
Domestic R&D Expensing	After 12/31/2024	Permanent
SALT Deduction	After 12/31/2024	Temporary

Year-End Items to Consider

- **Purchasing Depreciable Assets**
 - Automobiles may be limited
- **Cost Segregation Studies**
- **PTE Elections**
- **Retirement Plan Contributions**
- **Estate Tax Planning**



Measuring Financial Health in 2026 and Beyond Through Key Performance Indicators (KPIs)



The Case for Key Performance Indicators “KPI’s”

Revenue Growth

Companies using KPIs grow revenue 10–20% faster than those without formal performance tracking.

(Harvard Business Review)

Strategic Alignment

Organizations with KPI scorecards aligned to strategic goals are 42% more likely to achieve their long-term targets.

(Balanced Scorecard Institute)

Increased Employee Accountability

Teams with individual KPIs tied to outcomes are 2.5x more likely to hit their targets.

(ClearPoint Strategy)

Faster Decision Making

Companies using real-time dashboards make critical decisions 20–35% faster, reducing time lost in lagging data and miscommunication.

(Harvard Business Review)

Introduction to Financial KPIs

What are Financial KPIs?

- **Quantitative metrics used to evaluate a company's financial health and performance**
- **Help track progress toward financial and strategic goals**
- **Commonly used by finance professionals, executives, and investors**

Importance of Financial KPIs

Why Financial KPIs Matter

- **Improve decision-making**
- **Align financial performance with strategic goals**
- **Enable early detection of issues**
- **Enhance communication with stakeholders**
- **Support financial forecasting and budgeting**

Difference Between KPIs, Measurement and Metrics

KPI vs. Measure vs. Metric: What's the Difference?

Raw Data/Measures



Metrics (Calculated Values)



KPIs (Strategic, Targeted Metrics)

Term	Definition	Example
Measure Count	A basic quantifiable data point	Revenue, number of invoices, inventory
Metric	A calculated ratio or rate derived from measures	Gross Margin = (Revenue – COGS)/Revenue
KPI (Key Performance Indicator)	A metric that is strategically important to business success	EBITDA Margin, DSO, Return on Equity (ROE)

KPIs and Business Plan

Integrating KPIs into 2026 Business Plan



Conclusion

Key Takeaways

- **Financial KPIs are essential for measuring business performance**
- **Use the right mix of profitability, liquidity, and efficiency metrics**
- **Context and trend analysis are critical**
- **KPIs support informed decision-making and strategic planning**

Closing/Key Takeaways

- If you have not started planning for year-end 2025 now is the time to start.
- Review all financial operations now to ensure your financial statements are clear and concise for year-end tax preparation as well as for 3rd party use.
- Work with your financial advisor, accountant and tax professional to evaluate all potential tax opportunities for 2025 and how to position for 2026.
- Determine your 2026 business plan and build initiatives around quality and measurement of your plan.



Questions?



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