



Accelerating Equity Growth: New Law Expands QSBS Opportunities

On July 4, 2025, the One Big Beautiful Bill Act (OBBBA) was signed into law. Notably, the OBBBA enacts further enhancements to the Qualified Small Business Stock (QSBS) regulations. First introduced in 1993, these bipartisan regulations offer certain tax benefits to individual investors to offset risks of, and encourage investment in, small business, which is the major creator of new jobs in America.

Key attributes of the law are:

- Full exemption of QSBS gains up to \$15 million or 10 times cost for individuals from federal tax if held for five years, with partial exemption over shorter periods.
- With a \$75 million maximum asset test to qualify, the QSBS regulations apply to lower middle market investing and are generally not of use or interest to larger investment funds.

Hamilton Robinson Capital Partners is a highly experienced and deeply knowledgeable participant in the business and legal complexities of QSBS investing.

- Our team has deployed \$423 million of fund and co-investment capital across the last three funds and 82% of those portfolio companies qualified for QSBS treatment.

QSBS can drive a 50% increase in the conversion of portfolio company gains to net after tax gains retained by fund investors.

- For example, a \$100 fund investment that returns 2.0x gross after five years (with a 2% annual management fee, 20% carry and 33% total tax burden) will return \$48 net after tax on a \$100 gross portfolio gain. With QSBS treatment, the net after tax gain for the investor is \$72, a 49% increase. Compounding of QSBS gains is particularly effective.

Investors who could benefit from a QSBS portfolio allocation include:

*Family offices – SFO/MFO
Family LLCs*

*Individuals
Grantor Trusts*

*RIAs
Fund-of-funds*

*Managed accounts
SPVs*

[Contact us to learn how you can benefit from QSBS regulations.](#)

Realizing the Promise in Small Companies for Decades

Since 1984 we have realized the promise and potential of modern industrial and business service companies. We form partnerships with management teams and are not day-to-day operators. We create a culture of collaboration and broaden equity participation. Our approach is growth-oriented, straightforward and even-keeled. We believe in **perseverance, ingenuity, transparency and results.**

Hamilton Robinson Capital Partners makes no representation or warranty as to the qualification of any particular investment for tax benefits attributable to Qualified Small Business Stock. Each investor must evaluate the applicability and benefit of IRC Section 1202 based on its own tax status and situation. Prospective investors are encouraged to consult with their tax advisors as to the potential applicability of IRC Section 1202 to portfolio investments.

