Companies Reap Cash Savings From Trump's New Tax Law

Benefits ripple through the oil, technology and telecom industries

By Richard Rubin

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WASHINGTON—Large U.S. companies are forecasting sharp declines in cash tax payments as they begin enjoying the new tax law.

The law accelerates or expands deductions for corporate research, interest payments and equipment purchases. Those retroactive changes are boosting cash flow, companies said in securities filings and analyst calls since President Trump signed the legislation July 4. That means more money for investments and stock buybacks and a bigger cushion against higher tariffs.

Verizon Communications, which paid $5.6 billion in cash income taxes in 2024, said it is lowering its projected 2025 cash tax costs by $1.5 billion to $2 billion. Lumen Technologies, a telecommunications company, said it requested a $400 million tax refund. Diamondback Energy, an oil-and-gas company, expects $300 million in savings this year, driving its cash tax rate to 15%-18% instead of 19%-22%. Leidos, an engineering company and government contractor, projects a $150 million cash-flow boost because of the tax law; that is more than a 10% jump.

Companies relying on renewable-energy tax credits or government healthcare spending face financial headwinds from the law, which partially paid for tax cuts by curbing breaks for wind and solar energy and lowering future Medicaid spending. But across many industries—including oil, retail, telecommunications and chemicals—the tax law means quick cash.

"The big question for me is employment and jobs," said Rebecca Lester, a Stanford business professor who helped document a decline in corporate-research jobs after Congress forced companies to spread out deductions several years ago. "Will this cash be used to actually go out and rehire employees or will it be used in other ways?"

The new law made major business-tax changes companies had sought. As Republicans debated the contours and details of their “one big, beautiful bill,” these provisions were relatively uncontroversial. GOP senators fought successfully to make the policies permanent instead of including the House’s temporary versions.

The business-tax changes address problems that Trump and Republicans created in 2017, when they scheduled delayed tax increases to help hit long-run budget targets. Then, lawmakers hoped they could block those tax increases before they started taking effect in 2022. They didn’t. Companies began paying more and a bipartisan attempt to reverse the changes failed in 2024.

In 2025, with Republicans in full control and willing to increase budget deficits, businesses got a double win. They fended off floated tax increases, such as a higher corporate-tax rate and limits on deductions for state and local taxes. And they got what lobbyists and lawmakers called the big three: research, bonus depreciation and interest deductions.

The law will make the U.S. more competitive in artificial intelligence and accelerate investments because it is more attractive to spend on network architecture, Chris Stansbury, Lumen’s chief financial officer, said in a statement. The company is strengthening its balance sheet and investing in its fiber network.

“For us, these corporate tax provisions are about creating the conditions for America to lead in the most consequential technological revolution of our time,” he said.

Revising 2017 law

The 2017 law forced companies to spread domestic research deductions over five years starting in 2022 instead of taking immediate write-offs. The reversal allows deductions right away. Small companies can claim refunds for past years and bigger businesses can accelerate previously deferred deductions. Sen. Elizabeth Warren (D., Mass.) criticized this provision because it gives companies a benefit for research they have already done.

Through 2034, research changes will reduce taxes by $141 billion, according to the nonpartisan congressional Joint Committee on Taxation. The effect is front-loaded, concentrating more than $87 billion in fiscal 2025 and 2026.

Cadence Design Systems cited the research change when it projected a $140 million decrease in expected cash tax payments this year.

The depreciation provision started in the 2017 law to encourage investment, offering immediate write-offs for many capital purchases, including manufacturing equipment. But it has been phasing down, shrinking to 40% bonus depreciation this year.

The new law revives full, immediate deductions, retroactive to Trump's second inauguration. Compared to keeping 40% bonus depreciation in place, the change will reduce taxes by $219 billion through 2034, including $88 billion in fiscal 2025 and 2026.

Republic Services, a solid-waste company, said it would save $80 million in cash taxes as a result. Ann Janssen, chief financial officer of EOG Resources, an oil-and-gas company, told analysts the company would save $200 million.

"The recent tax legislation is going to help us out," she said.

The interest-deduction change, projected to lower tax collections by $60.5 billion through 2034, should help companies with higher debt loads and capital assets.

Complications await

The research and depreciation changes accelerate the timing of deductions but don't necessarily change the full amount. Many companies expect lower cash taxes now while shifting costs to the future. That leaves effective tax rates unchanged under standard corporate accounting. But cash matters, particularly if getting money now helps companies avoid borrowing.

Companies are still tallying the tax breaks and planning how to use them. Because Trump signed the law after most firms' quarters ended June 30, the changes won't fully appear on public reports until fall.

The effects won't all be straightforward. Corporations that decide to accelerate deductions for research and depreciation can encounter odd interactions with international tax provisions or run into broader limits on deducting net operating losses or interest.

"Companies prefer the ability to choose, so in that regard, it's a great thing for them," said Kevin Jacobs, national tax-office practice leader at consulting firm Alvarez & Marsal. "But again, there is this trap for the unwary."

Large companies that drive down their cash tax rates far enough can be forced into the corporate alternative minimum tax, the 15% levy that Democrats enacted in 2022.

Applied Materials, a semiconductor engineering company, cited the combination of the new law and that minimum tax in identifying $410 million of tax benefits it can't use. It warned investors of a lack of "prudent and feasible tax-planning strategies" to address the problem.