

Teichman and Payton Highlight New Federal Tax Incentives for Startup Investors in the *Daily Business Review*

In the News
07.25.2025

Stinson LLP attorneys [Harry Teichman](#) and [Greg Payton](#) authored an article for the *Daily Business Review* titled "Section 1202 Under OBBBA Offers Powerful New Benefits to Startup Investors" analyzing how the newly enacted One Big Beautiful Bill Act (OBBBA) enhances the tax benefits available under Section 1202 of the Internal Revenue Code.

In the article, Teichman and Payton explore how OBBBA introduces a tiered gain exclusion system, increases the per-issuer cap on excluded gains, and raises the aggregate gross assets threshold – all of which make C corporation conversions more attractive to startup founders and early investors. These changes offer greater flexibility for those who exit before the traditional five-year holding period, broadening access to meaningful tax savings.

"By easing the five-year holding requirement, OBBBA has created new opportunities for startups to attract early investors. Entities who may benefit from the coming Section 1202 changes will need to consider both structure and strategy in light of these key changes," they wrote.

The authors note that these updates may significantly impact how early-stage companies approach entity formation, growth planning and investment strategy, particularly in capital-intensive sectors like technology and product development.

Teichman focuses his practice on tax and corporate and estate planning matters. He also advises clients on matters involving partnership and corporate structuring, franchising, wills and trusts, leases, employment agreements and succession planning.

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Payton advises a wide range of clients including public and private companies, family-owned businesses and financial institutions on complex financial and corporate legal matters.

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