

QSBS Tax Break Rules Expanded for Investors

Articles

05.12.2026

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Partners **Bonnie Diaz** and **Justin Csik** recently authored an article for *NJBIZ* examining significant federal and state law changes that expand the tax benefits available through Qualified Small Business Stock (QSBS).

The article discusses how the One Big Beautiful Bill Act (OBBBA), enacted in 2025, broadened the federal QSBS exclusion under Internal Revenue Code §1202 by introducing shorter holding periods for partial exclusions, increasing the per-issuer exclusion cap, and expanding eligibility for growth-stage companies. The authors also analyze New Jersey's newly enacted conformity with the federal QSBS exclusion, effective for qualifying sales occurring on or after January 1, 2026.

In addition to outlining the technical requirements necessary for stock to qualify as QSBS, the article highlights practical planning considerations for founders, investors, and business owners, including timing of acquisitions and dispositions, installment sale structuring, and estate and gifting strategies designed to maximize available exclusions.

The article emphasizes that proactive planning before a potential liquidity event may be critical to fully realizing the expanded federal and state tax benefits now available to qualifying QSBS holders.

Click [here](#) to read the complete article. A subscription is needed to access.

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