



Dear Valued Client,

The recently enacted One Big Beautiful Bill Act ("OBBB") is a sweeping tax package. Below is a chart comparing key tax provisions under the law prior to the OBBB to the new law under the OBBB.

Individual key provisions

Tax provision	Law Prior to OBBB	Law Under OBBB	Effective Date
Individual income tax rates	Tax Cuts and Jobs Act (TCJA) rates (lowered rates) expire after 2025; rates revert to pre-TCJA levels. Seven tax brackets: 10%, 12%, 22%, 24%, 32%, 35% and 37%. Bracket thresholds are adjusted annually for inflation.	Makes TCJA rates permanent. All brackets continue to be indexed for inflation after 2025. Also adds an additional year of inflation adjustment to the end of the 10% and 12% brackets (where the 22% bracket begins).	January 1, 2026
Standard deduction	Increased standard deduction (TCJA) expires after 2025; reverts to lower pre-TCJA levels.	Permanently increases the standard deduction. Single & MFS: \$15,750 (indexed) HoH: \$23,625 (indexed) MFJ: \$31,500 (indexed)	January 1, 2025
Personal exemptions	Suspended for 2018–2025; allowed in 2026.	Permanently terminates deductions for personal exemptions.	January 1, 2025
Child Tax Credit (CTC)	\$2,000 per child (TCJA), reverts to \$1,000 after 2025	Permanent increase to \$2,200 per child, with \$1,700 refundable with inflation adjustments. SSN required, however, if the taxpayer is married, only one spouse needs to report their SSN.	January 1, 2025
Other Dependent Credit	Provides non-refundable credit of \$500 per qualifying dependent who does not qualify for the CTC (e.g., older children, elderly parents), set to expire after 2025.	\$500 credit is made permanent and the requirement that the dependent be a resident of the US continues; no inflation adjustment.	January 1, 2025
Estate and gift tax exemption	\$13.61 million (2024, inflation- adjusted); reverts to ~\$5 million (indexed) after 2025.	Increases exemption to \$15 million (indexed from 2026); makes higher exemption permanent.	January 1, 2026
Alternative Minimum Tax (AMT) exemption	Higher exemption and phase-out thresholds (TCJA) expire after 2025.	The bill preserves TCJA's AMT exemption amounts but increases the phase-out rate to 50% (vs. 25% under current law), steepening the claw-back for upper-income filers.	January 1, 2026
Mortgage interest deduction	\$750,000 acquisition indebtedness limit (TCJA) expires after 2025.	Makes \$750,000 limit permanent, but the bill also includes mortgage insurance premiums.	January 1, 2026
Casualty loss deduction	Limited to federally declared disasters (TCJA) through 2025.	Makes limitation permanent. The bill expands the provision to include certain state-declared disasters. The date for federally declared disasters to be recognized as qualified disasters is changed to 30 days after enactment.	January 1, 2026
Miscellaneous itemized deductions	Suspended 2018–2025 (TCJA); Reinstated in 2026.	Permanently terminates deduction. The bill removes unreimbursed employee expenses for eligible educators from the list of miscellaneous itemized deductions.	January 1, 2026

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Individual key provisions (continued)

Tax provision	Law Prior to OBBB	Law Under OBBB	Effective Date
Pease limitation (itemized deductions phaseouts)	Suspended 2018-2025 (TCJA); Reinstated in 2026.	Permanently repeals the Pease limitation phase-out. All itemized deductions (SALT or otherwise) yield a \$0.35 tax benefit per \$1 deducted for top- bracket taxpayers, and Explicitly excludes the Sec. 199A pass-through deduction from this limitation.	January 1, 2026
Moving expenses deduction	Suspended 2018–2025 (TCJA) (except for Armed Forces); reinstated in 2026.	Permanently terminates deduction (except for Armed Forces).	January 1, 2026
Wagering losses	Limited to itemized deduction based on the amount of winnings through 2025 (TCJA).	The provision further limits losses from wagering transactions to 90% of the amount of such losses, only to the extent of winnings.	January 1, 2026
Charitable deduction for non-itemizers (Cash deductions only)	Not available after 2021.	The bill creates a charitable contribution deduction of \$1,000 for single filers or \$2,000 for MFJ for certain charitable contributions. The deduction is permanent.	January 1, 2026
Charitable deduction for individuals who itemize (Cash deductions only)	Taxpayers who itemize can deduct a portion of their qualified charitable contributions, subject to a specified limitation based on the type of contribution.	The bill would limit the charitable deduction for taxpayers who itemize by providing a deduction only for charitable contributions to the extent that they exceed 0.5% of the taxpayer's contribution base.	January 1, 2026
Excise tax on remittance transfers	There is no federal excise tax imposed on remittance transfers from individuals to foreign recipient.	Introduces a 1% excise tax on remittance transfers by individuals to foreign recipients. Collectible by RTPs, with the same Bank Secrecy Act/card-funded transfer exception and parallel reporting/penalty regime.	January 1, 2026
No tax on tips	Tips are taxable income.	The bill limits the benefit to \$25,000 per taxpayer. The bill would also begin to phase out the deduction when the taxpayer's modified adjusted gross income exceeds \$150,000 (\$300,000 for MFJ). No deduction for MFS. Deduction for tips not available to self-employed SSTB business or employees of SSTB businesses.	January 1, 2025 through December 31, 2028
No tax on overtime	Overtime pay is taxable income.	The bill limits the benefit to \$12,500 per taxpayer, subject to an income limitation. No deduction for MFS. No tax on overtime applies to the "premium" wages (portion above standard pay rate – ex: applies to the "half" in "time and a half").	January 1, 2025 through December 31, 2028
Enhanced deduction for seniors	Additional standard deduction for age 65+	The proposal adds \$6,000 bonus deduction for seniors; phased out at higher incomes. No deduction for MFS.	January 1, 2025 through December 31, 2028
No tax on car loan interest	Personal interest on car loans not deductible.	Allows deduction for up to \$10,000 of interest on new car loans; phased out at higher incomes. Auto interest deduction subject to vehicle requirements (new, assembled in US, etc.).	January 1, 2025 through December 31, 2028
Sec. 127, Employer payments of student loans under educational assistance programs	\$5,250 maximum exclusion includes employer payment of qualified student loan payments. Set to expire after 2025.	Assistance programs made permanent and adjusted for inflation.	January 1, 2026

Individual key provisions (continued)

Tax provision	Law Prior to OBBB	Law Under OBBB	Effective Date
Adoption credit	Nonrefundable.	Makes \$5,000 of the credit refundable; inflation adjusted.	January 1, 2025
529 plan qualified expenses	Limited to higher education and \$10,000 K-12 tuition	Expands to include more K-12 and homeschool expenses and postsecondary credentialing expenses. In particular, CPA credentialing would also be allowed (including exam expenses).	January 1, 2026
"Trump Accounts"	N/A — did not exist.	The bill creates a new Sec. 530A, to establish a new type of tax-preferred account. These accounts would be set up for the exclusive benefit of an individual and designated at the time of establishment as such (under the rules Treasury will promulgate). The accounts would be exempt from tax. Includes a pilot program where the federal government pays a one-time \$1,000 credit to an account of each qualifying child (born after 2024 and before 2029).	January 1, 2026
State and local tax (SALT) cap	\$10,000 cap.	The SALT provision retroactively increases the individual limit from \$10,000 to \$40,000 for 2025 and \$40,400 for 2026, followed by 1% increases for 2027, 2028, and 2029. Beginning in 2030, the cap would revert to \$10,000. Such deduction would also be subject to a phaseout for MAGI greater than \$500,000 in 2025, \$505,000 in 2026, and similar 1% increases thereafter, but the deduction would not be reduced below \$10,000. Additionally, there would be no SALT limitation for pass-through entities.	January 1, 2025

Business key provisions

Tax provision	Law Prior to OBBB	Law Under OBBB	Effective Date
Sec. 199A, Qualified Business Income deduction (QBI)	20% deduction for pass-through income, expires after 2025. Deduction subject to phaseout for specified service trades or businesses (SSTBs). Deduction limitations based on taxable income, wages paid and the presence of SSTBs.	Deduction remains at 20% and made permanent. Phase-out amounts are increased (expands the deduction limit phase-in range by increasing the \$100,000 (MFJ) and \$50,000 (single filers) amounts to \$150,000 and \$75,000, respectively), and a new minimum \$400 deduction is added for taxpayers with at least \$1,000 of QBI.	January 1, 2026
Sec. 461(l), Excess business loss (EBL) limitation	Limits pass-through business losses through 2028. Disallowed losses become NOLs and can be used in subsequent years, subject only to NOL rules.	Makes the Sec. 461(l) EBL limitation permanent, and retains the existing treatment of EBL carryforwards.	January 1, 2027

Business key provisions (continued)

Tax provision	Law Prior to OBBB	Law Under OBBB	Effective Date
Employee retention credit (ERC)	Employers had until April 15, 2024, to file ERC claims for the 2020-year, and until April 15, 2025, to file ERC claims for the 2021 year. The IRS has a 3- year statute of limitations for 2020 and early 2021 claims, and a 5-year statute of limitations for the Q3, Q4, 2021 claims.	The bill prohibits the payment of Q3 2021 and Q4 2021 claims as of Jan. 31, 2024, and increases enforcement mechanisms for bad actors. ERC statute of limitations extended to 6 years.	Date of enactment of the Act (July 4, 2025)
Employer- Provided Childcare Credit	25% of qualified expenses, up to \$150,000.	Increases to 40% (50% for small businesses); max credit \$500,000 (\$600,000 for small businesses); inflation adjusted.	January 1, 2026
Form 1099 information reporting	The general Form 1099 reporting threshold remains at \$600 and applies to payments made in the course of a trade or business.	The bill would increase the information reporting threshold for certain payments to persons engaged in a trade or business and payments of remuneration for services to \$2,000 in a calendar year (from \$600), with the threshold amount to be indexed annually for inflation in calendar years after 2026.	January 1, 2026
Repeal revision to de minimis rules for third-party- network transactions	The American Rescue Plan Act (ARPA) of 2021 lowered the threshold for filing of Form 1099-K by third party settlement organizations to over \$600 of payments received for the sale of goods and services. Prior to this change, the threshold under Sec. 6050W was over \$20,000 of payments and over 200 transactions.	Reinstates the pre-ARPA 2021 threshold as if the lowered one was never enacted. Note: The IRS continued to apply the higher pre-ARPA threshold through 2023 but for 2024 applied a threshold of over \$5,000 of payments for goods and services (rather than \$600), and \$2,500 for 2025 and planned to use \$600 for 2026 and later (IR-2024-299).	January 1, 2025
Paid Family and Medical Leave Credit	Temporary; expires after 2025.	Extends and enhances credit; allows for insurance premiums; modifies aggregation and eligibility rules.	January 1, 2026
Research and experimental (R&E) expensing	Amortization over 5 years for domestic R&E and 15 years for foreign R&E costs.	Allows full expenses for domestic R&E. Foreign R&E remains at 15-year amortization. In addition, the bill would provide small businesses with the option to apply this change retroactively back to 2022 through amended returns. It would also allow taxpayers to accelerate any remaining Sec. 174 deductions.	January 1, 2025
Bonus depreciation	Allows 80% bonus depreciation for qualified property placed in service in 2023, phasing down by 20 percentage points each year until it sunsets after 2026	Permanently extends and modifies additional first year depreciation deduction. Allowance increased to 100% of property acquired and placed in service on or after January 19, 2025.	January 20, 2025
Qualified Production Property "Manufacturing Property"	N/A — term does not exist.	Bonus depreciation allowed on manufacturing property where construction takes place between January 20, 2025 and December 31, 2029; the property must be placed in service on or after the date of enactment (July 4, 2025) and before January 1, 2031.	January 20, 2025
Sec. 179, Enhanced Small Business Expensing	Sec. 179 allows businesses to expense up to \$1,160,000 of qualifying property, with a phase-out threshold beginning at \$2,890,000, both indexed for inflation.	Increases the maximum amount a taxpayer may expense under Sec. 179 to \$2,500,000 and increases the phaseout threshold amount to \$4,000,000.	January 1, 2025

Business key provisions (continued)

Tax provision	Law Prior to OBBB	Law Under OBBB	Effective Date
Sec. 1202, Qualified Small Business Stock Exclusion	Section 1202 provides for the partial exclusion of gain on the sale of qualified small business stock (QSBS) held for more than five years. For stock acquired after September 27, 2010, the exclusion is 100%; for stock acquired in earlier periods, the exclusion is 50% or 75%, depending on the acquisition date.	The bill modifies the QSBS exclusion to provide a tiered exclusion determined on the years the taxpayer holds the QSBS: <input type="checkbox"/> 50% exclusion if held for three years; <input type="checkbox"/> 75% exclusion if held for four years; and <input type="checkbox"/> 100% exclusion if held for five or more years. The bill also increases eligibility for the exclusion by increasing the eligibility limit on the corporation's aggregate gross assets at the time of issuance from a \$50 million limit to a \$75 million limit.	July 5, 2025
Sec. 163(j), Business interest limitation	Based on earnings before interest and taxes (EBIT) through 2021, then earnings before interest, taxes and amortization (EBITDA).	Returns to EBITA calculation with no expiration.	January 1, 2026
Tip credit	Applies to the food and beverage industry only; provides a credit for the FICA paid by the employer on tips.	Expanded to include beauty service industry starting in 2025.	January 1, 2025 through December 31, 2028
Work Opportunity Tax Credit (WOTC)	The WOTC is available for wages paid to individuals who are certified as members of one of several targeted groups. The credit is generally 40% of up to \$6,000 of qualified first-year wages for each eligible employee, resulting in a maximum credit of \$2,400 per employee. The Work Opportunity Tax Credit is available for eligible employees who begin work through Dec. 31, 2025. Unless further extended by Congress, the credit will not be available for employees hired after that date.	Not addressed (expires Dec. 31, 2025)	N/A
Foreign-Derived Intangible Income (FDII) and Global Intangible Low-Taxed Income (GILTI) deductions	37.5% (FDII) and 50% (GILTI) deductions.	The bill reduces to 33.34% (FDII) and 40% (GILTI). The bill would also rename GILTI to "net CFC tested income" (NCTI) and FDII to "foreign-derived deduction eligible income" (FDDEI).	January 1, 2026
Base Erosion and Anti-Abuse Tax (BEAT)	The BEAT rate is scheduled to increase from 10% to 12.5% after 2025	Repeals the scheduled rise to 12.5% and instead sets the BEAT rate at 10.5%, while retaining the existing credit-offset mechanics that reduce the BEAT base.	January 1, 2026
Opportunity Zones (OZs)	OZs designated under TCJA remain in effect through Dec. 31, 2028, allowing investors to defer and potentially exclude capital gains by investing in Qualified Opportunity Funds (QOFs) that support development in low-income communities.	The bill would establish a permanent OZ policy, creating a rolling 10-year OZ designation beginning in 2027. The bill also maintains the OZ designation process and strengthens eligibility requirements.	January 1, 2027
Charitable deduction for corporations	10% of taxable income	Adds 1% floor: only contributions above 1% of taxable income are deductible, up to 10% limit.	January 1, 2026

Energy key provisions

Tax provision	Law Prior to OBBB	Law Under OBBB	Effective Date
Sec. 179D, Energy efficient commercial buildings deduction	Deduction based on the cost of energy efficient commercial building property, up to a maximum amount per square foot (ranging from \$.50 to \$5.00 per square foot).	Terminates deduction for property that begins construction after June 30, 2026.	July 1, 2026
Sec. 25C, Energy Efficient Home Improvement Credit	30% of qualified costs, \$1,200 annual limit, expires 2032.	Terminates for property placed in service after Dec. 31, 2025.	January 1, 2026
Sec. 25D, Residential Clean Energy Credit	30% of qualified costs, phases down after 2032, expires 2034.	Terminates for property placed in service after Dec. 31, 2025.	January 1, 2026
Sec. 25E, Previously Owned Clean Vehicle Credit	Up to \$4,000, expires 2032.	Terminates for expenditures made after Sept. 30, 2025.	October 1, 2025
Sec. 30C, Alternative Fuel Refueling Property Credit	30% of cost, up to \$100,000, expires 2032.	Terminates for property acquired after June 30, 2026.	July 1, 2026
Sec. 30D, Clean Vehicle Credit	Up to \$7,500 per new clean vehicle, expires 2032.	Terminates for vehicles acquired after Sept. 30, 2025.	October 1, 2025
Sec. 45D, New Markets Tax Credits	New Markets Tax Credits (NMTC) are competitively awarded tax credits intended to encourage private investment in certain low-income communities designated by the Community Development Financial Institutions (CDFI) Fund. The NMTC program is set to expire at the end of 2025.	Permanently extends the NMTC program.	January 1, 2026
Sec. 45L, New Energy Efficient Home Credit	Up to \$5,000 per home, expires 2032.	Terminates for homes acquired after June 30, 2026.	July 1, 2026
Sec. 45W, Commercial Clean Vehicle Credit	Up to \$40,000, expires 2032.	Terminates for vehicles acquired after Sept. 30, 2025.	October 1, 2025
Sec. 45Y, Clean Electricity Production Credit	No expiration, based on beginning of construction.	Terminated for wind and solar facilities PIS after 12/31/27 and all other facilities after 2032. New foreign entity restrictions	July 5, 2025
Sec. 48E, Clean Electricity Investment Credit	No expiration, based on beginning of construction.	Termination for wind and solar facilities PIS after 2027 and all other facilities after 2032. New foreign entity restrictions.	July 5, 2025

As you can see from this overview, the new law affects many areas of taxation. Please call with any questions you may have or to further discuss how we may be of service.