

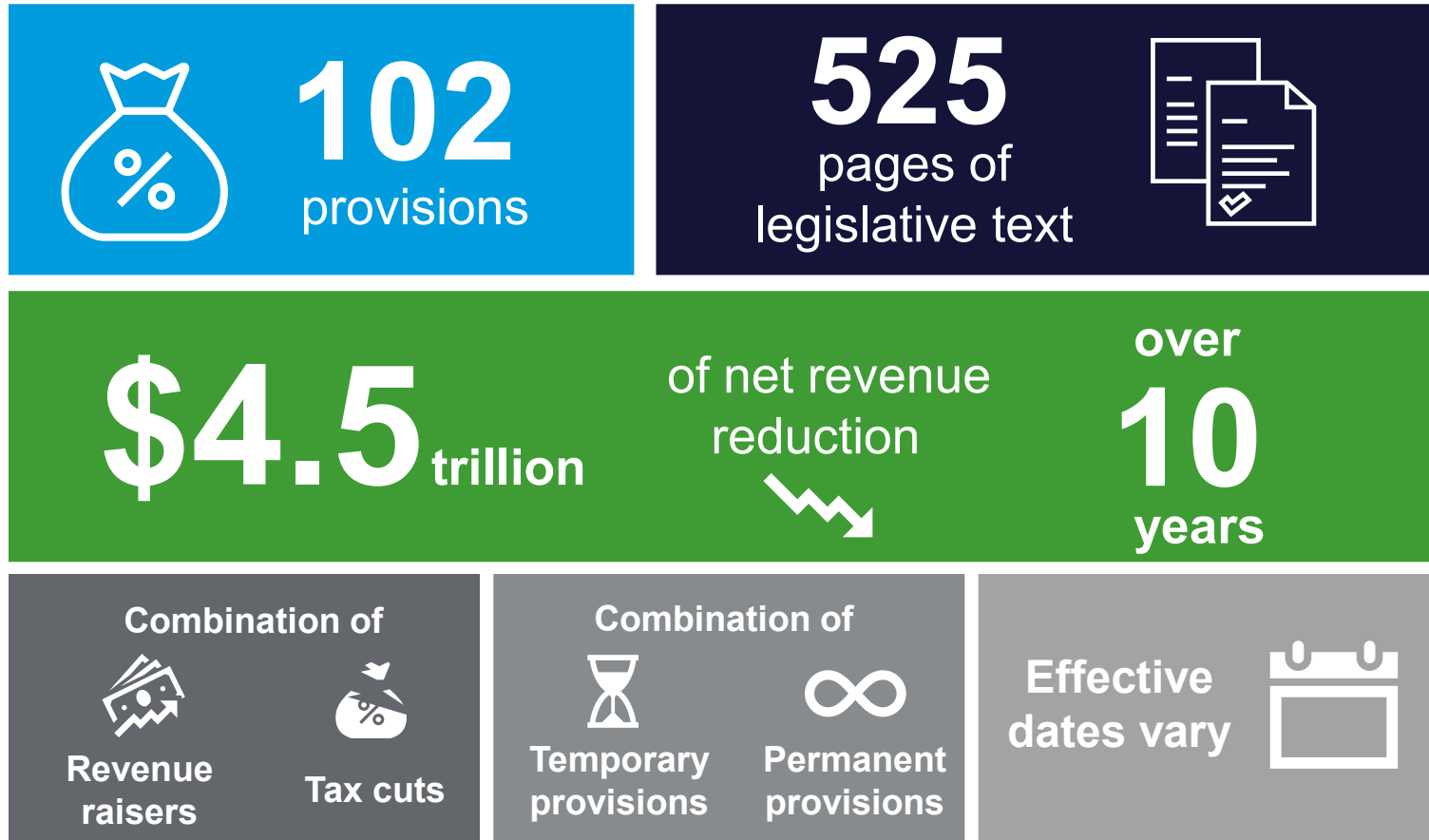
A nighttime photograph of the United States Capitol building in Washington, D.C., illuminated and reflected in the water of the reflecting pool. The building's dome is the central focus, with its lights creating a bright reflection in the dark water. The sky is a deep blue, and the surrounding trees are silhouetted against the night.

# Planning with purpose:

Navigating OBBBA and tax planning to match your business strategy

Nov. 11, 2025

# “The One Big Beautiful Bill Act” – Overview



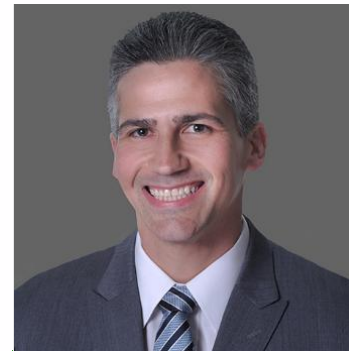
# Today's presenters



**John Davitt**

Federal Tax Partner

- Madison, WI
- [John.Davitt@rsmus.com](mailto:John.Davitt@rsmus.com)



**Michael Mazarella**

International Tax Partner

- Chicago, IL
- [Michael.Mazarella@rsmus.com](mailto:Michael.Mazarella@rsmus.com)

# Agenda:




- Business tax provisions
- International tax provisions
- Individual tax provisions
- Tariff Impact and planning strategies
- Actions to take now

A nighttime photograph of the United States Capitol building in Washington, D.C. The building is illuminated with warm white lights, and its iconic dome is brightly lit. The sky is a deep blue, suggesting twilight. In the foreground, a wide street is visible with white lane markings. On the right side of the street, there are trees and streetlights, some of which are decorated with colorful starburst lights in red, green, and yellow. A few vehicles are visible on the road, and their lights create a slight blur, indicating a long exposure. A dark blue, semi-transparent rectangular overlay covers the left side of the image, containing the text "Business tax provisions" in white.

# Business tax provisions




# Provisions – Business tax

## Deductions

Provision	Prior law	OBBBA
 <p><b>Bonus depreciation</b></p>	<p>60% bonus depreciation for 2024; 40% for 2025; 20% for 2026; and 0% beginning in 2027</p>	<ul style="list-style-type: none"> <li>• <b>Bonus depreciation:</b> 100% for certain property acquired beginning 1/20/25; made permanent</li> <li>• <b>Real property:</b> 100% for real property used as integral part of the manufacture of tangible personal property (for construction beginning after 1/19/25, before 1/1/29 and placed in service by 12/31/30)</li> </ul>
 <p><b>Small business expensing (Sec. 179)</b></p>	<p>Up to \$1M expensing of tangible personal property, software and QIP placed in service each tax year</p>	<ul style="list-style-type: none"> <li>• Maximum expense amount increased from \$1M to \$2.5M, with phaseout threshold increased to \$4M for property placed in service after 2024</li> <li>• Amounts indexed for inflation starting 2026</li> </ul>
 <p><b>R&amp;D</b></p>	<p>Capitalized and amortized over 5 years (US R&amp;D) or 15 years (R&amp;D outside US)</p>	<ul style="list-style-type: none"> <li>• <b>US R&amp;D:</b> Immediate expensing made permanent (eff. 2025); ability to deduct post-2021 capitalized R&amp;D over remaining period or 1 or 2 tax years</li> <li>• <b>Foreign R&amp;D:</b> Remains at 15 years</li> </ul>




# Provisions – Business tax (cont.)

## Deductions (cont.)

Provision	Prior law	OBBBA
 <p><b>Deduction for business interest</b></p>	<p>Deduction limited to 30% of EBIT</p>	<ul style="list-style-type: none"> <li>• The EBIT-based computation is replaced with an EBITDA-based computation, allowing more interest to be deducted (eff. 2025)</li> <li>• Makes the EBITDA-based computation permanent</li> <li>• Modifies ordering rules for capitalization</li> </ul>
 <p><b>Deduction for qualified business income</b></p>	<p>20% deduction for qualified business income (exp. 12/31/25)</p>	<ul style="list-style-type: none"> <li>• Makes deduction permanent</li> <li>• Rate stays at 20%</li> <li>• Increases phase-in thresholds</li> </ul>
 <p><b>Pass-through entity tax (PTET) elections</b></p>	<p>Pass-through entities may deduct state and local taxes assessed at the entity level</p>	<ul style="list-style-type: none"> <li>• No change to PTET deduction rules</li> </ul>



# Provisions – Business tax (cont.)

## Deductions (cont.)

Provision	Prior law	OBBBA
 <p><b>Charitable contribution deduction</b></p>	<p>Limits C corporation deduction to 10% of taxable income</p>	<ul style="list-style-type: none"> <li>Permits deduction to the extent it is &gt;1% and ≤10% of taxable income</li> <li>Carries forward amounts disallowed by 10% limit</li> <li>Also carries forward amounts disallowed by 1% floor if taxpayer has carryforwards arising from the 10% limit</li> </ul>
 <p><b>Excess business losses</b></p>	<p>\$305,000 individual limitation for 2024 (exp. 12/31/28)</p> <p>Treats disallowed excess business losses as net operating losses (NOLs) in following tax year</p>	<ul style="list-style-type: none"> <li>Makes permanent</li> </ul>
 <p><b>Corporate compensation for highly paid executives</b></p>	<p>Sec. 162(m) limits corporate deduction to \$1M for each covered employee of public filers</p> <p>Applies to corporate affiliated group</p>	<ul style="list-style-type: none"> <li>Expands to include controlled groups</li> </ul>

# Provisions – Business tax (cont.)

## Treatment of income

Provision	Prior law	OBBBA
 <p><b>Qualified opportunity zone investments</b></p>	<p>Preferential capital gains treatment (exp. 12/31/25)</p>	<ul style="list-style-type: none"> <li>• Renews and modifies program</li> <li>• Designates new zones, starting on 1/1/27 on a rolling 10-year basis</li> <li>• Modifies eligibility, definitions and other requirements</li> </ul>
 <p><b>Exclusions for small business stock</b></p>	<p>100% exclusion of gain on the sale of qualified small business stock (QSBS) held more than 5 years</p> <p>75%/50% exclusion if stock was originally issued on or before certain dates before 2011</p>	<ul style="list-style-type: none"> <li>• Adds partial exclusion for gain on stock held ≤5 years               <ul style="list-style-type: none"> <li>• 50%: &gt;3 yrs</li> <li>• 75%: &gt;4 years</li> <li>• Remainder taxed at 28%</li> </ul> </li> <li>• Increases per-shareholder/taxpayer exclusion ceiling from \$10M to \$15M</li> <li>• Increases corporate-level gross assets ceiling from \$50M to \$75M</li> <li>• Effective for stock issued after 7/4/2025</li> </ul>

## Section 1202 planning considerations

Consider your choice of entity and potential benefits of a 1202 exclusion if you:




- Are not making large distributions outside of tax;
- Plan to sell the business after five years; and
- Have a value of less than \$75M in gross assets

Consider the benefits of non-grantor trusts in multiplying the potential exclusion

- If you can get the basis in an individual or trusts name to an amount less than \$1.5M




# Provisions – Business tax (cont.)

## Other provisions

Provision	Prior law	OBBBA
 <p><b>Employee retention tax credit (ERTC)</b></p>	<p>No ERTC-specific penalty provisions or statute of limitations (SOL) for income tax returns</p> <p>Q3 and Q4 2021 payroll tax returns have a 5-year SOL</p>	<ul style="list-style-type: none"> <li>• Limits Q3 and Q4 2021 ERTC refunds to claims filed by 1/31/24</li> <li>• Enhances and expands penalties</li> <li>• Extends SOL on assessment to 6 years for:                             <ul style="list-style-type: none"> <li>• ERC claims for Q3 and Q4 2021</li> <li>• Corresponding ERC wage expense on income tax returns</li> </ul> </li> </ul>
 <p><b>Paid family and medical leave credit</b></p>	<p>Nonrefundable credit ranging from 12.5% to 25% of wages paid to employees on leave (exp. 12/31/25)</p> <p>Minimum work requirement of 1 year</p>	<ul style="list-style-type: none"> <li>• Makes permanent</li> <li>• Expands to include 1) all states and 2) a portion of certain insurance premiums</li> <li>• Lowers work requirement</li> </ul>
 <p><b>Employer-provided meals</b></p>	<p>No deduction for certain meals provided to employees by employer (eff. 2026)</p>	<ul style="list-style-type: none"> <li>• Deduction disallowance does not apply to bona fide customer transactions for goods/services, including meals, at full value (eff. 2026)</li> </ul>




# Provisions – Business tax (cont.)

## Other provisions (cont.)

Provision	Prior law	OBBBA
 <p><b>Advanced manufacturing investment credit</b></p>	<p>25% credit for qualified investment in advanced manufacturing facility (exp. 12/31/26)</p>	<ul style="list-style-type: none"> <li>• Credit increased to 35% for property placed in service after 12/31/25</li> </ul>
 <p><b>Low-income housing credit</b></p>	<p>To qualify, a taxpayer must receive 9% credits from the state or 4% credits if <math>\geq 50\%</math> of project financed with tax-exempt private activity bond</p>	<ul style="list-style-type: none"> <li>• Makes credit permanent</li> <li>• Increases state housing credit ceiling by 12%</li> <li>• Introduces a new 25% tax-exempt bond financing requirement</li> </ul>
 <p><b>New markets credit</b></p>	<p>Investors can claim 39% federal tax credit over 7 years for qualified equity investments (exp. 12/31/25)</p>	<ul style="list-style-type: none"> <li>• Makes credit permanent</li> <li>• 5-year limitation on carryforward</li> </ul>




# Provisions – Business tax (cont.)

## Other provisions (cont.)

Provision	Prior law	OBBBA
 <p><b>Treatment of payments from partnerships to partners for property or services</b></p>	<p>Treatment of payments to partners for property or services generally governed by regulations prescribed by the Treasury. In certain cases, no regulations have been issued</p>	<ul style="list-style-type: none"> <li>Clarifies that statutory rules apply except to the extent provided for in regulations</li> </ul>
 <p><b>Dependent care assistance program</b></p>	<p>Employees can exclude up to \$5,000 of employer-provided dependent care assistance from income</p>	<ul style="list-style-type: none"> <li>Increases exclusion to \$7,500 (MFJ)/\$3,750 (S) (eff. 2026)</li> </ul>
 <p><b>Employer student loan payment exclusion</b></p>	<p>Exclusion from income for employer-paid student loan assistance up to \$5,250 annually (exp. 12/31/25)</p>	<ul style="list-style-type: none"> <li>Makes permanent</li> <li>Adjusts the \$5,250 cap for inflation beginning 2027</li> </ul>




# Provisions – Business tax (cont.)

## Other provisions (cont.)

Provision	Prior law	OBBBA
 <p><b>Moving expenses</b></p>	<p>Employers must include moving expense reimbursements in employees' wages (exp. 12/31/25)</p>	<ul style="list-style-type: none"> <li>• Makes permanent</li> </ul>
 <p><b>Qualified transportation fringe benefits</b></p>	<p>TCJA suspended the tax-free treatment of bicycle commuting reimbursements, though employers can still deduct them (exp. 12/31/25)</p>	<ul style="list-style-type: none"> <li>• Makes permanent</li> </ul>
 <p><b>1099-K reporting</b></p>	<p>Starting in 2026, businesses must file IRS Form 1099-K reporting payment card and third-party network transactions of \$600 or more, regardless of transaction count (2025 threshold: \$2,500)</p>	<ul style="list-style-type: none"> <li>• Increases reporting threshold to previous level of \$20,000 and 200 transactions per calendar year (eff. 2025)</li> </ul>

# Provisions – Business tax (cont.)




## Other provisions (cont.)

Provision	Prior law	OBBBA
 <p><b>1099 reporting of payments to nonemployees</b></p>	<p>Businesses must report compensation for services and other miscellaneous payments of \$600 or more paid to non-employees that are US persons on IRS Form 1099</p>	<ul style="list-style-type: none"> <li>Increases payment threshold to \$2,000 and indexes for inflation (eff. 2026)</li> </ul>
 <p><b>1099 reporting of interest on auto loans</b></p>	<p>No reporting of interest on auto loans</p>	<ul style="list-style-type: none"> <li>Requires lenders receiving \$600 or more in interest on auto loans originating after 12/31/24 to report the interest along with detailed loan and vehicle data to the IRS by Jan. 31 annually</li> </ul>
 <p><b>Tip reporting</b></p>	<p>Businesses must report and withhold income and employment taxes on tips paid to employees and non-employees</p>	<ul style="list-style-type: none"> <li>Requires separate reporting on IRS Form W-2, 1099-NEC, or 1099-K of “qualified tips” over \$25 paid to employees and nonemployees in occupations described in section 224(d)(1))</li> </ul>



The background of the slide is a complex digital visualization. It features a glowing, blue and orange network of interconnected nodes and lines, resembling a global communication or data network. This network is overlaid on a stylized map of the world, with the continents appearing as bright, glowing shapes against a dark, starry background. The overall aesthetic is high-tech and futuristic, with a color palette dominated by blues, oranges, and whites.

# International tax provisions




# Provisions – International tax

Provision	Prior law	OBBBA
 <p><b>FDII</b></p>	<p>37.5% of deduction rate, scheduled to reduce to 21.875% after 12/31/25</p> <p>Effective tax rate (ETR) of 13.125% increasing to 16.4% after 12/31/25</p>	<ul style="list-style-type: none"> <li>• Permanently decreases deduction to 33.34% (eff. 2026), leading to ETR of 14%</li> <li>• Renames FDII to FDDEI; removes deemed tangible income return (DTIR) from calculation</li> <li>• Excludes from deduction eligible income (DEI) gain or other income from the sale or disposition (including deemed dispositions under section 367(d)) from intangible, depreciable, or depletable property</li> <li>• Interest expense and R&amp;E are not allocable to DEI</li> </ul>
 <p><b>GILTI</b></p>	<p>50% of deduction rate, scheduled to reduce to 37.5% after 12/31/25</p> <p>Effective tax rate of 10.5% increasing to 13.125% after 12/31/25</p>	<ul style="list-style-type: none"> <li>• Permanently decreases deduction to 40%, leading to ETR of 14%</li> <li>• Renames GILTI to “net CFC tested income” (NCTI)</li> <li>• Removes net DTIR from calculation</li> <li>• Limits expenses allocable to foreign-source income in NCTI category</li> </ul>
 <p><b>BEAT</b></p>	<p>Effective tax rate of 10% increasing to 12.5% after 12/31/25</p> <p>Certain credits would not reduce BEAT regular tax liabilities</p>	<ul style="list-style-type: none"> <li>• Permanently changes rate to 10.5% (eff. 2026)</li> <li>• Repeals BEAT changes that had been scheduled for post-2025, preserving favorable treatment for certain credits (e.g., R&amp;D and low-income credits)</li> </ul>


# Provisions – International tax (cont.)

Provision	Prior law	OBBBA
 <p><b>Foreign tax credit (FTC)</b></p>	<p>Income from inventory produced in the US is partly US-sourced and partly foreign-sourced</p> <p>US shareholders may claim a portion of foreign taxes paid by CFCs under attribution rules</p> <p>When previously taxed earnings (PTEP) from GILTI is distributed, FTC for foreign taxes paid by the CFC on that income could be allowed</p>	<ul style="list-style-type: none"> <li>Income from US-made inventory sold via a foreign office can be treated as foreign-sourced if tied to foreign sales activities, up to 50% of such income</li> <li>Increases the GILTI (now NCTI) allowance to 90%</li> <li>Disallows 10% of the deemed paid FTC that would otherwise be allowed on PTEP distributions from GILTI (now NCTI) income</li> </ul>
 <p><b>Remittance transfer tax</b></p>	<p>N/A</p>	<ul style="list-style-type: none"> <li>Establishes a 1% collected federal excise tax on certain electronic transfers of money sent from within the US to a foreign country where the sender provides cash, money order, cashier's check or other similar physical instruments</li> </ul>

# Provisions – International tax (cont.)

Provision	Prior law	OBBBA
 <p><b>One-month deferral in determining taxable year</b></p>	<p>A specified foreign corporation (SFC) may elect a tax year starting one month before its majority US shareholder’s year-end</p>	<ul style="list-style-type: none"> <li>Repeals the election for 1-month deferral in determination of taxable year of SFC</li> </ul>
 <p><b>Pro rata share rules</b></p>	<p>US shareholders include income if:</p> <ul style="list-style-type: none"> <li>The foreign corporation is a CFC at any time during the year, <b>and</b></li> <li>The shareholder owns stock on the last day it is a CFC</li> </ul>	<ul style="list-style-type: none"> <li>Subpart F income inclusion applies to any US shareholder who owned shares at any point during the year while the corporation was a CFC, irrespective of ownership at end of taxable year</li> </ul>
 <p><b>CFC “look-through rule”</b></p>	<p>Certain dividends, interest, rents, and royalties that one CFC receives or accrues from a related CFC are not treated as foreign personal holding company income. (exp. 12/31/25)</p>	<ul style="list-style-type: none"> <li>Makes permanent</li> </ul>

# Provisions – International tax (cont.)




Provision	Prior law	OBBBA
 <p><b>Downward attribution</b></p>	<p>Since repeal of Sec. 958(b)(4), stock owned by a foreign person can be attributed downward to a US person, potentially making foreign corporations CFCs</p>	<ul style="list-style-type: none"> <li>Restores limitation on downward attribution (formerly Sec. 958(b)(4)) and creates new Sec. 951B to apply CFC rules to certain foreign-controlled US shareholders</li> </ul>



# Energy provisions




# Provisions – Energy

## Energy provisions

Provision	Prior law	OBBBA
 <p><b>Clean fuel producer credit</b></p>	<p>Available for transportation and sustainable aviation fuel (SAF) sold through 2027</p>	<ul style="list-style-type: none"> <li>• Extends through 2029</li> <li>• Prohibits feedstocks outside the US, Canada, or Mexico</li> <li>• Changes rules regarding emissions rates calculations</li> <li>• Reduces credit rate for SAF</li> </ul>
 <p><b>Wind and solar investment and production credits</b></p>	<p>Begin phasing out no earlier than 2034, depending partially on US greenhouse gas emissions rates</p>	<ul style="list-style-type: none"> <li>• Terminates credits for wind and solar facilities placed in service after 12/31/27, except for facilities that begin construction within 12 months of enactment</li> <li>• Eliminates credit for property leased to a homeowner</li> </ul>
 <p><b>Investment and production credits for other technologies</b></p>	<p>Begin phasing out no earlier than 2034, depending partially on US greenhouse gas emissions rates</p>	<ul style="list-style-type: none"> <li>• Permits credits for nuclear, geothermal and energy storage</li> <li>• Provides increased credit for certain advanced nuclear facilities in communities with a threshold amount of employment at such facilities</li> </ul>




# Provisions – Energy (cont.)

## Energy provisions (cont.)

Provision	Prior law	OBBBA
 <p><b>Transferability</b></p>	<p>Generally allowed if the underlying credits are still available</p>	<ul style="list-style-type: none"> <li>• Follows other phaseout rules</li> <li>• Prohibits transfer of several credits to specified foreign entities</li> </ul>
 <p><b>Foreign entity of concern rules</b></p>	<p>Not applicable</p>	<ul style="list-style-type: none"> <li>• Restricts eligibility based on material assistance, foreign control, and foreign influence to most energy credits, including certain facilities where construction begins after 12/31/25</li> </ul>
 <p><b>Advanced manufacturing production credit</b></p>	<ul style="list-style-type: none"> <li>• Phaseout for eligible components for sales from 2030-2032, terminating after 2032</li> <li>• No phaseout for critical minerals</li> </ul>	<ul style="list-style-type: none"> <li>• Terminates for sale of solar and wind components sold after 2027</li> <li>• Adds metallurgical coal as a critical mineral, terminating after 2029</li> <li>• Phases out for most critical minerals from 2031-2032, terminating after 2033</li> </ul>

# Provisions – Energy (cont.)

## Energy provisions (cont.)



Provision	Prior law	OBBBA
 <b>Incentives for residential and commercial buildings</b>	<p><b>Commercial construction &amp; retrofits:</b> No phaseouts or termination date</p> <p><b>Homebuilder credit:</b> Available for homes acquired through 2032</p>	<p><b>Commercial construction &amp; retrofits:</b> Terminated for property the construction of which begins after 6/30/26</p> <p><b>Homebuilder credit:</b> Terminated for homes acquired after 6/30/26</p>
 <b>Clean vehicles and charging equipment</b>	<p><b>Vehicles:</b> Available for vehicles acquired through 2032</p> <p><b>Charging equipment:</b> Available for property placed in service through 2032</p>	<p><b>Vehicles:</b> Terminated for vehicles acquired after 9/30/25</p> <p><b>Charging equipment:</b> Terminated for property placed in service after 6/30/26</p>
 <b>Residential energy property</b>	<p>Available for property placed in service through 2032 or 2034, depending on the property/credit</p>	<p>Terminated for property placed in service after 2025</p>

An aerial night view of a dense urban street. The street is illuminated by warm yellow lights, and several cars are visible. The surrounding buildings are dark, with some windows glowing. The overall scene is a vibrant, high-angle view of a city at night.

# Individual tax provisions




# Provisions – Individual tax

## Rates, standard deductions and personal exemptions

Provision	Prior law	OBBBA
 <p><b>Individual income tax rate</b></p>	<p>Seven tax rates: 10%, 12%, 22%, 24%, 32%, 35% and 37% (exp. 12/31/25)</p>	<ul style="list-style-type: none"> <li>• Permanently extends expiring TCJA rates and brackets (eff. 2026)</li> <li>• Provides an additional year of inflation adjustment for brackets under 24%</li> </ul>
 <p><b>Standard deductions and personal exemptions</b></p>	<p>For 2025, standard deduction of \$30,000 (MFJ)/\$15,000 (S) and no personal exemptions (exp. 12/31/25)</p>	<ul style="list-style-type: none"> <li>• Permanently extends enhanced standard deduction; increases to \$31,500 (MFJ)/\$15,750 (S) for 2025 and inflation adjusts thereafter</li> <li>• Permanently eliminates personal exemptions</li> </ul>




# Provisions – Individual tax (cont.)

## Treatment of income

Provision	Prior law	OBBBA
 <p><b>Enhanced deduction for seniors</b></p>	<p>Additional standard deduction (2025)</p> <ul style="list-style-type: none"> <li>• \$1,600 per blind or 65+ individual (MFJ)</li> <li>• \$2,000 if unmarried and not a surviving spouse</li> </ul>	<ul style="list-style-type: none"> <li>• Provides additional \$6,000 deduction for seniors 65+ with income phaseouts for those whose income exceeds \$150,000 (MFJ)/\$75,000 (S)</li> <li>• Eff. 2025-2028</li> </ul>
 <p><b>Tip income</b></p>	<p>Subject to income and payroll taxes</p>	<ul style="list-style-type: none"> <li>• Provides a deduction of up to \$25,000</li> <li>• Payroll taxes still apply</li> <li>• Phases out for income exceeding \$300,000 (MFJ)/\$150,000 (S)</li> <li>• Eff. 2025-2028</li> </ul>
 <p><b>Overtime pay</b></p>	<p>Subject to income and payroll taxes</p>	<ul style="list-style-type: none"> <li>• Provides a deduction for up to \$25,000 (MFJ)/\$12,500 (S)</li> <li>• Payroll taxes still apply</li> <li>• Phases out for income exceeding \$300,000 (MFJ)/\$150,000 (S)</li> <li>• Eff. 2025-2028</li> </ul>


# Provisions – Individual tax (cont.)

## Deductions (cont.)

Provision	Prior law	OBBBA
 <p><b>Charitable contributions</b></p>	<ul style="list-style-type: none"> <li>Contributions only deductible if taxpayer itemizes deductions</li> <li>60% of adjusted gross income (AGI) limit for cash contributions to public charities (exp. 12/31/25)</li> </ul>	<ul style="list-style-type: none"> <li>Creates 0.5% of AGI floor for itemizers (eff. 2026)</li> <li>Permanently extends 60% of AGI limit</li> <li>Carries forward any disallowed deduction only if there are other carryforwards from current year</li> <li>Permanently allows non-itemizers to deduct up to \$2,000 (MFJ)/\$1,000 (S) (eff. 2026)</li> </ul>
 <p><b>Home mortgage interest</b></p>	<ul style="list-style-type: none"> <li>Limited to interest on \$750,000 mortgage on primary and secondary home</li> <li>No deduction for interest related to home equity debt (exp. 12/31/25)</li> </ul>	<ul style="list-style-type: none"> <li>Makes permanent</li> <li>Treats some mortgage insurance premiums as qualified interest (eff. 2026)</li> </ul>
 <p><b>Car loan interest</b></p>	<p>Not deductible</p>	<ul style="list-style-type: none"> <li>Creates deduction of up to \$10,000 for new vehicles with final US assembly purchased after 12/31/24</li> <li>Phases out for at a 20% rate when income exceeds \$200,000 (MFJ)/\$100,000 (S)</li> <li>Excludes leased vehicles</li> <li>2025-2028</li> </ul>




# Provisions – Individual tax (cont.)

## Treatment of income (cont.)

Provision	Prior law	OBBBA
 <p><b>ABLE provisions</b></p>	<p>Working beneficiaries can contribute above the annual limit using their own earnings</p> <p>Saver's credit applies to ABLE contributions (exp. 12/31/25)</p> <p>Extends the ability to roll over 529 plan funds to ABLE account (exp. 12/31/25)</p>	<ul style="list-style-type: none"> <li>Permanently extends TCJA provisions</li> </ul>



# Provisions – Individual tax (cont.)

## Treatment of income (cont.)

Provision	Prior law	OBBBA
 <p><b>Qualified opportunity zone investments</b></p>	<p>Preferential capital gains treatment (exp. 12/31/25)</p>	<ul style="list-style-type: none"> <li>• Permanently renews and modifies program</li> <li>• Designates new zones, starting on 1/1/27 on a rolling 10-year basis</li> <li>• Modifies eligibility, definitions and other requirements</li> </ul>
 <p><b>Trump accounts</b></p>	<p>N/A</p>	<ul style="list-style-type: none"> <li>• Allows new tax-favored accounts to be established on behalf of a beneficiary under age 18, with contributions allowed no earlier than 7/4/26</li> <li>• Structured like an IRA with funds distributable after the beneficiary turns 18</li> <li>• Caps individual contributions at \$5,000 and employer contributions at \$2,500, both inflation adjusted</li> <li>• Creates pilot program for government-funded initial \$1,000 contribution for newborns born in tax years 2025 through 2028</li> </ul>
 <p><b>Student loan discharge</b></p>	<p>Discharge excluded from income in cases of death or disability (exp. 12/31/25)</p>	<ul style="list-style-type: none"> <li>• Makes permanent</li> </ul>




# Provisions – Individual tax (cont.)

## Deductions

Provision	Prior law	OBBBA
 <p><b>Alternative minimum tax (AMT)</b></p>	<p>For 2025, exemption of \$137,000 (MFJ)/\$88,100 (S) Phaseout starts at \$1,252,700 (MFJ)/\$626,350 (S) (exp. 12/31/25)</p>	<ul style="list-style-type: none"> <li>• Permanently extends increased AMT exemption amounts and exemption phaseout thresholds (eff. 1/1/26)</li> <li>• Reverts phaseout thresholds to 2018 levels of \$1M (MFJ)/\$500,000 (S)</li> <li>• Indexes to inflation</li> </ul>
 <p><b>State and local taxes (SALT)</b></p>	<p>\$10,000 cap on state and local tax deductions (exp. 12/31/25)</p>	<ul style="list-style-type: none"> <li>• Increases cap to \$40,000 (MFJ and single)/\$20,000 (MFS) for 2025-2029, with thresholds increasing 1% each year for 2026-2029</li> <li>• Phases down for income &gt;\$500,000(MFJ)/(\$250,000 MFS), with a minimum allowable deduction of \$10,000</li> <li>• Permanently caps at \$10,000 starting in 2030</li> <li>• No change to PTET deduction rules</li> </ul>




# Provisions – Individual tax (cont.)

## Deductions (cont.)

Provision	Prior law	OBBBA
 <p><b>Itemized deductions</b></p>	<p>No overall limitation No deduction for</p> <ul style="list-style-type: none"> <li>Miscellaneous itemized deductions</li> <li>Certain casualty and theft losses</li> <li>Moving expenses (exp. 12/31/25)</li> </ul>	<ul style="list-style-type: none"> <li>Permanently removes overall limitation</li> <li>Limits value of itemized deductions for taxpayers in top bracket to 35 cents on the dollar</li> <li>No deduction for:               <ul style="list-style-type: none"> <li>Miscellaneous itemized deductions (except for educator expenses)</li> <li>Certain casualty and theft losses</li> <li>Moving expenses (except for active-duty members of armed forces and intelligence)</li> </ul> </li> </ul>
 <p><b>Casualty losses</b></p>	<p>Deductible only if tied to a federally declared disaster (2018–2025 TCJA rule)</p> <p>Previously, no disaster declaration was required</p>	<ul style="list-style-type: none"> <li>Makes permanent</li> <li>Extends treatment to state-declared as well as federally declared disasters (eff. 2026)</li> </ul>
 <p><b>Wagering losses</b></p>	<p>Losses deductible only up to winnings; TCJA expanded to include related expenses</p>	<ul style="list-style-type: none"> <li>Permanently allows deduction of losses up to 90% of reported winnings (eff. 2026)</li> <li>Includes in the definition of gambling losses expenses associated with the activity</li> </ul>




# Provisions – Individual tax (cont.)

## Credits and incentives

Provision	Prior law	OBBBA
 <p><b>Child tax credit</b></p>	<p>Up to \$2,000 per child and certain other dependents younger than 17 (exp. 12/31/25)</p>	<ul style="list-style-type: none"> <li>Makes permanent with an increased maximum of \$2,200 for 2026, inflation adjusted thereafter</li> </ul>
 <p><b>Clean vehicles and charging equipment</b></p>	<p><b>Vehicles:</b> Available for vehicles acquired through 2032</p> <p><b>Charging equipment:</b> Available for property placed in service through 2032</p>	<p><b>Vehicles:</b> Terminated for vehicles acquired after Sept. 30, 2025</p> <p><b>Charging equipment:</b> Terminated for property placed in service after Jun. 30, 2026</p>
 <p><b>Residential energy property</b></p>	<p>Available for property placed in service through 2032 or 2034, depending on the property/credit</p>	<p>Terminated for property placed in service after 2025</p>

# Provisions – Individual tax (cont.)

## Credits and incentives (cont.)

Provision	Prior law	OBBBA
 <p><b>Adoption credit</b></p>	<p>A nonrefundable credit for qualified adoption expenses up to \$15,950, with phaseouts based on income</p> <p>Unused credits carry over for 5 years</p>	<ul style="list-style-type: none"> <li>• Makes partially refundable up to \$5,000 beginning in 2025</li> <li>• Inflation adjusts refundable portion</li> <li>• Excludes refundable portion from carrying forward</li> </ul>
 <p><b>Child and dependent care tax credit</b></p>	<p>Nonrefundable credit up to 35% of eligible expenses (\$3,000 for one dependent, \$6,000 for two or more)</p> <p>Phases down to 20% for AGI over \$43,000</p>	<ul style="list-style-type: none"> <li>• Increases max credit rate to 50%</li> <li>• Phases down to 35% for AGI over \$15,000, and further phases down to 20% for AGI over \$150,000 (MFJ)/\$75,000 (S)</li> <li>• Eff. 2026</li> </ul>
 <p><b>K-12 scholarship donation credit</b></p>	<p>N/A</p>	<ul style="list-style-type: none"> <li>• New credit for scholarship contributions to tax-exempt elementary and secondary schools</li> <li>• States must elect to participate</li> <li>• Credit capped at \$1,700, reduced by any state credit</li> </ul>



## What is not in the OBBBA?

### Permanency for all provisions (business and individual)

#### Business

- Corporate rate changes
- Domestic manufacturer rate of 15%
  - Corporate SALT limitation
  - Corporate "retaliation" tax
    - Carried interest

#### Individuals

- Higher rate for high-income taxpayers
- Americans living abroad changes
  - First-time homebuyer incentive
- Credit for unpaid family caregivers

An aerial photograph of a large container ship docked at a port. The ship is filled with stacks of colorful shipping containers (red, blue, yellow, green, and white). Several large red gantry cranes are positioned along the dock, ready for loading and unloading. The ship is moored in the water, and a small tugboat is visible nearby. The sky is clear and blue, and the water is a deep blue. The overall scene depicts a busy and organized port environment.

# Tariffs

# Tariffs

Country	U.S. action or announced intention	Effective date	Response
Canada	25% tariff on most goods; 10% on energy; USMCA goods exempted	March 3, 2025	Canada retaliated with tariffs on \$41B of U.S. goods
	Increase 25% tariff to 35%	Aug. 1, 2025	
China	10% tariff on all goods	Feb. 4, 2025	China retaliated with 125% tariff on all U.S. goods effective April 10, 2025 and rolled it back to 10% effective May 14 for 90 days
	Additional 10% tariff	March 4, 2025	
	Additional 10% tariff	April 5, 2025	
	Replace April 5 10% tariff with 125%	April 9, 2025	
	Eliminate de minimis exemption	May 2, 2025	
	Replace April 9 125% tariff with 10% for 90 days	May 14, 2025	
Mexico	25% tariff on most goods; USMCA goods exempted	March 3, 2025	Mexico pledged to retaliate (no specifics)
All	25% tariff on steel and aluminum	March 12, 2025	EU and others pledged to retaliate
	Increased tariff on steel and aluminum to 50%	June 4, 2025	
	50% tariff on copper	Aug. 1, 2025	
All	25% tariff on autos	April 3, 2025	EU and others pledged to retaliate
	25% tariff on auto parts	May 3, 2025	
All	10% reciprocal tariffs	April 5, 2025	EU and others pledged to retaliate
	Reciprocal tariffs revised to 10-50%	April 9, 2025	

# Tariffs (cont.)<sup>1</sup>

Country	U.S. action or announced intention	Effective date
United Kingdom	10% reciprocal tariff; many civil aircraft components exempt 10% tariff on autos (tariff-rate quota of 100,000 vehicles); 27.5% on vehicles exceeding that amount	Aug. 7, 2025
EU	15% reciprocal tariff including autos, auto parts, pharmaceuticals and semiconductors; most-favored nation rate + reciprocal rate will be capped at 15%	Aug. 7, 2025
Brazil	40% IEEPA tariff 15% reciprocal tariff	Aug. 6, 2025 Aug. 7, 2025
India	25% reciprocal tariff 25% IEEPA tariff	Aug. 7, 2025 Aug. 27, 2025
Japan	15% reciprocal tariff	Aug. 7, 2025
South Korea	15% reciprocal tariff	Aug. 7, 2025
Switzerland	39% reciprocal tariff	Aug. 7, 2025
Taiwan / Vietnam	20% reciprocal tariff	Aug. 7, 2025
Vietnam / Thailand / Philippines / Malaysia / Indonesia / Cambodia	19% reciprocal tariff	Aug. 7, 2025
Bangladesh	10% reciprocal tariff	Aug. 7, 2025
New Zealand	15% reciprocal tariff	Aug. 7, 2025

<sup>1</sup> The U.S. has not received sufficient meaningful detail from the countries listed above regarding their responses to the U.S. tariffs.



What actions should you consider taking now?

# Businesses

# Individuals

## ← Modeling and Compliance →

### 1. Cash flow and profitability

- Review accounting methods, nexus, compensation and benefit plans (for workforce efficiency), and tax credits and incentives

### 2. Capital investments (bonus depreciation)

- Evaluate tax provisions when planning for capital expenditures

### 3. Capital structure & debt v equity

- Evaluate debt structure, debt terms and interest deductibility under new business interest provisions

### 4. R&D and innovation

- Review R&D spending and sourcing plans

### 5. Global structuring & supply chain

- Review global structure, entity rationalization, global tax strategy

### 1. Transaction/succession plan readiness

- Modeling, right team

### 2. Estate planning

- Reevaluate gifting and estate plan

### 3. Choice of entity

- Pass-through v corporate business ownership
- Impact of OBBBA, rates, QSBS

### 4. Personal income tax management

- Evaluate the effect of any rate/base changes
- Evaluate investments for favorable gain treatment

### 5. Maximizing deductions

- Consider OBBBA changes and timing

# Legislative Updates Post OBBBA

## Technical Guidance

- R&D Capitalized Costs
  - Rev. Proc. 2025-28
  - Retroactivity & accounting method changes
- Additional areas missing guidance
  - No tax on tips
  - Qualified small business stock
  - State conformity
  - Qualified opportunity zones
  - Qualified production property

## Commonly Missed Items

- 100% Bonus Depreciation
  - Acquisition date vs. placed in service date
  - Acquired when binding agreement exists
- R&D Expensing
  - Foreign expenditures still capitalized
  - Elective capitalization
  - Interest expense limitation
  - Acceleration of prior year capitalized R&D cost

# Actions Items for Year-End

- Evaluate tax impact through bonus depreciation
  - Incorporate new qualified manufacturing depreciation into CAPEX plan
  - Review contracts related to fixed asset additions
- Evaluate acceleration of previously capitalized R&D costs
- Determine if your paid FMLA plan qualified for a tax credit
- International tax review
- Consider an employee communication around “No Tax on Overtime”
- Consider an analysis on entity structure with consideration of new Section 1202 rules

**RSM US LLP**

30 South Wacker Dr  
STE 3300  
Chicago, IL 60606

**T 312.634.3400**  
rsmus.com

This document contains general information, may be based on authorities that are subject to change, and is not a substitute for professional advice or services. This document does not constitute audit, tax, consulting, business, financial, investment, legal or other professional advice, and you should consult a qualified professional advisor before taking any action based on the information herein. RSM US LLP, its affiliates and related entities are not responsible for any loss resulting from or relating to reliance on this document by any person. Internal Revenue Service rules require us to inform you that this communication may be deemed a solicitation to provide tax services. This communication is being sent to individuals who have subscribed to receive it or who we believe would have an interest in the topics discussed.

RSM US LLP is a limited liability partnership and the US member firm of RSM International, a global network of independent audit, tax and consulting firms. The member firms of RSM International collaborate to provide services to global clients, but are separate and distinct legal entities that cannot obligate each other. Each member firm is responsible only for its own acts and omissions, and not those of any other party. Visit [rsmus.com/aboutus](https://rsmus.com/aboutus) for more information regarding RSM US LLP and RSM International.

RSM, the RSM logo and The power of being understood are registered trademarks of RSM International Association, used under license.

© 2025 RSM US LLP. All Rights Reserved.




# Appendix



# Exempt organization tax provisions


# Provisions – Exempt organizations

## College and university endowment excise tax (section 4968)

Provision	Prior law	OBBBA
 <p><b>Tax rates</b></p>	<p>1.4% tax rate</p>	<ul style="list-style-type: none"> <li>Institutes new rate structure ranging from 1.4% to 8% depending on per student endowment</li> </ul>
 <p><b>Applicable entities</b></p>	<p>Private colleges and universities with <math>\geq 500</math> tuition-paying students and “non-charitable use assets” <math>&gt; \\$500,000</math> per student</p>	<ul style="list-style-type: none"> <li>Increases tuition-paying student threshold from to <math>\geq 3,000</math></li> <li>Non-charitable-use assets expanded to include student loan interest and federally subsidized royalty income</li> </ul>
 <p><b>Form 990 reporting</b></p>	<p>No Form 990 reporting</p>	<ul style="list-style-type: none"> <li>Requires Form 990 reporting for the number of tuition-paying students and the total number of full-time equivalent students</li> </ul>

# Provisions – Exempt organizations (cont.)

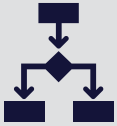
## Excess compensation excise tax (section 4960)

Provision	Prior law	OBBBA
 <p>Covered employees</p>	<p>Defined as cumulative 5 most highly compensated current and former employees each tax year beginning after 12/31/2016</p>	<ul style="list-style-type: none"> <li>Expands definition to include any current or former employee (for tax years beginning after 12/31/2016)</li> </ul>



# Estate and gift tax provisions

# Provisions – Estates, gifts and trusts

Provision	Prior law	OBBBA
 <p data-bbox="191 585 547 706"><b>Estate, gift and generation-skipping transfer (GST) tax</b></p>	<ul data-bbox="586 406 1375 578" style="list-style-type: none"> <li>• \$13.99M lifetime exemption (exp. 12/31/25)</li> <li>• Transfer tax rate of 40%</li> <li>• GST-exempt status of a trust not impacted by transactions with other trusts</li> </ul>	<ul data-bbox="1426 406 2204 535" style="list-style-type: none"> <li>• Permanently increases lifetime exemption amounts to \$15M/\$30M</li> <li>• Inflation-adjusted going forward</li> </ul>