

# **THE ONE, BIG, BEAUTIFUL BILL**

## **INDIVIDUAL PROVISIONS**

Accounting for the Future.

# INDIVIDUAL PROVISIONS



Provision	Current Law/TCJA Expires	House	Senate
Tax Rates	10%,15%,25%,28%,33%, 35% and 39.6%	10%,12%,22%,24%, 32%,35% and 37%	Same as House Bill
Standard Deduction	\$8,300 Single \$12,150 HOH \$16,600 MFJ	\$16,000 Single \$24,000 HOH \$32,000 MFJ	Same as House Bill

# INDIVIDUAL PROVISIONS



Provision	Current Law/TCJA Expires	House	Senate
<b>SALT</b>	\$5,000 MFS \$10,000 MFJ	Increase SALT deduction cap from \$10,000 to \$40,000.	Permanently extend \$10,000 SALT Cap.
<b>SALT Phaseout</b>		<ul style="list-style-type: none"><li>• Starts phasing out for households earning more than \$500,000.</li><li>• The reduction will be reduced by 30% for taxpayers with modified adjusted gross income over \$500,000.</li><li>• Deduction will not go below \$10,000.</li></ul>	N/A

# INDIVIDUAL PROVISIONS



Provision	Current Law/TCJA Expires	House	Senate
<b>SALT PTET Limitation</b>	N/A	PTET deductions would be limited for SSTB	Would allow an individual pass-through entity owner to deduct any unused portion of their SALT cap plus the greater of:  (i) \$40,000 of their allocation of the PTET or, (ii) 50% of their allocation of the PTET.

# INDIVIDUAL PROVISIONS



Provision	Current Law/TCJA Expires	House	Senate
<b>Excess Business Loss (EBL)</b>	The excess business loss is limited to \$626,000 for married filing jointly (\$313,000 for single) for tax year 2025. If the loss is in excess of the limitation, the loss is carried over to the following tax year as a NOL.	<ul style="list-style-type: none"><li>• Losses will carryover over as an EBL, not a NOL.</li><li>• The proposed changes will make the excess business loss permanent.</li></ul>	Same as House Bill

# SEC. 461(I) - EXCESS BUSINESS LOSS CURRENT LAW VS. PROPOSED LAW EXAMPLE



	Current Law Tax Year 1	Current Law Tax Year 2	Proposed Law Tax Year 2
Wages	\$ 1,000,000	\$ 1,000,000	\$ 1,000,000
Interest	\$ 50,000	\$ 50,000	\$ 50,000
Dividends	\$ 50,000	\$ 50,000	\$ 50,000
Business Loss	\$ (1,000,000)	\$ (200,000)	\$ (200,000)
EBL	\$ 687,000	\$ -	\$ (113,000)
NOL Carryover	\$ -	\$ (687,000)	\$ -
<b>Taxable Income</b>	<b>\$ 787,000</b>	<b>\$ 213,000</b>	<b>\$ 787,000</b>
NOL Carryforward	\$ 687,000		
Excess Business Loss carryforward			\$ 574,000

# INDIVIDUAL PROVISIONS



Provision	Current Law/TCJA Expires	House	Senate
No tax on tips	N/A	<ul style="list-style-type: none"><li>Qualifying tips are fully deductible from taxable income.</li><li>This will be an “above the line” deduction.</li><li>To be eligible, you must work in an industry that traditionally receives tips.</li><li>Taxable income below \$155,000.</li><li>Non-cash tips or tips negotiated as wages do not qualify for deduction.</li><li>Contracted employees such as ride share services do not qualify.</li><li>Allowed from 2025 to 2028.</li></ul>	<ul style="list-style-type: none"><li>Provision provides a deduction of up to \$25,000.</li><li>The deduction begins to phase out when the taxpayer’s modified adjusted gross income exceeds \$150,000 (\$300,000 in the case of a joint return).</li><li>Allowed from 2025 to 2028.</li></ul>

# INDIVIDUAL PROVISIONS



Provision	Current Law/TCJA Expires	House	Senate
No tax on overtime	N/A	<ul style="list-style-type: none"><li>• Applies to additional pay earned for worked overtime.<ul style="list-style-type: none"><li>• Example: If you make \$20 an hour and your overtime pay rate is \$30 an hour, only the \$10 of additional pay will be excluded.</li></ul></li><li>• Allowed from 2025 to 2028</li></ul>	<ul style="list-style-type: none"><li>• Provision provides a deduction of up to \$12,500 (\$25,000 MFJ).</li><li>• The deduction begins to phase out when the taxpayer's modified adjusted gross income exceeds \$150,000 (\$300,000 in the case of a joint return).</li><li>• Allowed from 2025 to 2028</li></ul>



# INDIVIDUAL PROVISIONS



Provision	Current Law/TCJA Expires	House	Senate
No tax on car loan	N/A	<ul style="list-style-type: none"><li>• Taxpayers can deduct up to \$10,000 per year in car loan interest for qualifying vehicles.</li><li>• To be eligible for the deduction, the final assembly must occur in the United States.</li><li>• For the full deduction, your MAGI will need to be below \$100,000 (single)/\$200,000 (married).</li><li>• Allowed from 2025 to 2028</li></ul>	Same as House Bill

# INDIVIDUAL PROVISIONS



Provision	Current Law/TCJA Expires	House	Senate
<b>Gift Tax</b>	Sunset clause would revert the exemption to the \$6 million in 2026 when TCJA expires.	Permanently extends the estate/gift tax lifetime exemption to \$15 million for tax years after December 31, 2025.	Same as House Bill
<b>Child Tax Credit</b>	The credit amount will drop from \$2,000 to \$1,000 per child. The \$500 nonrefundable credit for non-child dependents will expire after December 31, 2025.	Temporarily raises the child tax credit from \$2,000 to \$2,500 for tax year 2025 to 2028.	Permanently increases the nonrefundable child tax credit to \$2,200 per child beginning in tax year 2025.

# INDIVIDUAL PROVISIONS



Provision	Current Law/TCJA Expires	House	Senate
Senior Bonus	N/A	<ul style="list-style-type: none"><li>Provides for an additional deduction of \$4,000. Available to itemizers and non-itemizers, reduced by 4% of modified AGI above \$150,000 (joint filers) or 75,000 (other filers).</li><li>Allowed from 2025 to 2028</li></ul>	<ul style="list-style-type: none"><li>Provides for an additional deduction of \$6,000. Available to itemizers and non-itemizers, reduced by 6% of modified AGI above \$150,000 (joint filers) or 75,000 (other filers).</li><li>Allowed from 2025 to 2028</li></ul>

# INDIVIDUAL PROVISIONS



Provision	Current Law/TCJA Expires	House	Senate
Charitable Contribution	N/A	Reinstates the cash-charity deduction for non-itemizers in 2025 through 2028 but decreases the cap to \$300 (joint filers) or \$150 (other filers).	<ul style="list-style-type: none"><li>For taxable years after December 31, 2025, non-itemizers can claim a deduction of up to \$1,000 for single filers (\$2,000 for married filing jointly) for certain charitable contributions.</li><li>Provision imposes a 0.5-percent floor on charitable contributions for taxpayers who elect to itemize for taxable years after December 31, 2025.</li></ul>

# INDIVIDUAL PROVISIONS



Provision	Current Law/TCJA Expires	House	Senate
Trump Accounts	N/A	Starting January 1, 2026, parents of any child under the age of 8 years old may open a Trump account for their child.	Same as House Bill
Contribution	N/A	Contribution of up to \$5,000 annually can be made till age 18. The government would contribute \$1,000 to every eligible child's account.	Same as House Bill
Distribution	N/A	<ul style="list-style-type: none"><li>• Qualified distributions to be taxed at long term capital gain rates: Higher education, home purchase up to \$15k or starting a small business.</li><li>• Non-qualified distributions are taxed as ordinary income. 10% penalty applies if the distribution is before age 30.</li></ul>	Same as House Bill

# INDIVIDUAL PROVISIONS



Provision	Current Law/TCJA Expires	House	Senate
<b>Qualified small business stock (QSBS) – gain exclusion</b>	<ul style="list-style-type: none"><li>Provides for the partial exclusion of gain on the sale of qualified small business stock (QSBS) held for more than 5 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.</li><li>The exclusion is subject to a per-issuer cap: generally, the greater of \$10 million or 10 times the taxpayer's basis in the stock.</li><li>Eligibility also depends on the corporation's aggregate gross assets not exceeding \$50 million at the time of issuance.</li></ul>	No provision	<ul style="list-style-type: none"><li>Provision modifies the QSBS gain exclusion by providing a tiered gain exclusion for QSBS acquired after the date of enactment:<ul style="list-style-type: none"><li>-50% exclusion after 3 years</li><li>-75% percent after 4 years</li><li>-100 % after 5 years.</li></ul></li><li>Also, the proposal increases the per-issuer dollar cap to \$15 million for post-enactment shares, indexed to inflation beginning in 2027.</li><li>For stock issued after the applicable date, the corporate-level aggregate-asset ceiling is increased to \$75 million, indexed to inflation beginning in 2027.</li></ul>

# **THE ONE, BIG, BEAUTIFUL BILL**

## **BUSINESS PROVISIONS**

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# BUSINESS PROVISIONS



Provision	Current Law/TCJA Expires	House	Senate
<b>Bonus Depreciation</b>	40% in 2025, 20% in 2026 and 0% from 2027 onwards.	The proposed bill will allow 100% bonus depreciation for qualifying assets (machinery, equipment, etc.) placed in service after January 19, 2025, through December 31, 2029.	100% bonus depreciation from January 19, 2025 (permanent).
<b>Section 179</b>	\$1.25 million with phaseout at \$3.13 million.	Increases Section 179 deduction from \$1,250,000 to \$2,500,000 with increased phaseout threshold to \$4 million.	Same as House Bill



# BUSINESS PROVISIONS



Provision	Current Law/TCJA Expires	House	Senate
<b>Special depreciation for Qualified production property.</b>	Depreciate over a 39-year recovery period.	<p>The proposed bill will allow for additional first year depreciation of 100% for new manufacturing facilities.</p> <ul style="list-style-type: none"><li>• <b>Eligibility Requirements:</b><ul style="list-style-type: none"><li>• Construction must start after January 19, 2025, and before January 1, 2029.</li><li>• Placed in service/operation before January 1, 2033, in United States.</li><li>• Original use starts with taxpayer.</li></ul></li></ul>	<p>The proposed bill will allow for additional first year depreciation of 100% for new manufacturing facilities.</p> <ul style="list-style-type: none"><li>• <b>Eligibility Requirements:</b><ul style="list-style-type: none"><li>• Construction must start after January 19, 2025, and before January 1, 2029.</li><li>• Placed in service/operation before January 1, 2031, in United States.</li><li>• Original use starts with taxpayer.</li></ul></li></ul>

# BUSINESS PROVISIONS



Provision	Current Law/TCJA Expires	House	Senate
<b>Increased gross receipts threshold for small manufacturing businesses.</b>	Taxpayers with average annual gross receipts below \$31 million (over the prior three taxable years) are permitted to use the cash method of accounting, are exempt from the cap on business interest deductibility, are exempt from the requirement to account for inventories, and are exempt from certain capitalization rules.	<ul style="list-style-type: none"><li>• This provision increases the gross receipts threshold for manufacturing taxpayers from \$31million to \$80 million. This change applies to taxable years beginning after December 31, 2025. The \$80 million threshold is indexed for inflation and, in 2026, will be approximately \$100 million.</li><li>• To qualify as a “manufacturing taxpayer” a business generally must derive substantially all of its gross receipts (over the prior three taxable years) from the lease, rental, license, sale, exchange, or other disposition of tangible personal property produced or manufactured by the business.</li></ul>	Small business gross receipts would stay at \$31 million.

# BUSINESS PROVISIONS



Provision	Current Law/TCJA Expires	House	Senate
<b>Business Interest Deduction - 163(j)</b>	<p>With certain exceptions, in the case of any taxpayer for any taxable year, the deduction for business interest is limited to the sum of :</p> <ol style="list-style-type: none"><li>1. Business interest income of the taxpayer for the taxable year,</li><li>2. 30% of the adjusted taxable income (ATI) of the taxpayer for the taxable year (not less than zero), and</li><li>3. The floor plan financing interest of the taxpayer for the taxable year.</li></ol>	<p>Reinstates the EBITDA limitation under Sec.163(j) for tax years beginning after December 31, 2024, and before January 1, 2030, thus increasing the cap on deductibility.</p>	<p>Reinstates the EBITDA limitation under Sec.163(j) for tax years beginning after December 31, 2024, thus increasing the cap on deductibility.</p>

# BUSINESS PROVISIONS



Provision	Current Law/TCJA Expires	House	Senate
<b>Qualified Business Income Deduction (QBI)</b>	Expires 12/31/2025	<ul style="list-style-type: none"><li>• The deduction will become permanent.</li><li>• Raises the deduction from 20% to 23% for qualified business income for tax years after December 31, 2025.</li><li>• Expands deduction to include specified service trade or business with income limitations.</li></ul>	<ul style="list-style-type: none"><li>• The deduction will become permanent.</li><li>• Keeps deduction at 20% with increased phase in additional limit of \$150,000 for joint returns and \$75,000 for others.</li></ul>

# BUSINESS PROVISIONS



Provision	Current Law/TCJA Expires	House	Senate
<b>Research &amp; Development Expenditure</b>	For taxable years beginning after December 31, 2021, taxpayers must capitalize and amortize specified research or experimental expenditures ratably over a 5-year period (or, in the case of expenditures attributable to research that is conducted outside of the United States, over a 15-year period).	<ul style="list-style-type: none"><li>Domestic research &amp; experimental expenses can be fully deducted in the year incurred.</li><li>Foreign research costs must be amortized over 15 years.</li><li>Applies to tax years beginning after December 31, 2024 and before January 1, 2030.</li></ul>	<ul style="list-style-type: none"><li>Domestic research &amp; experimental expenses can be fully deducted in the year incurred.</li><li>Foreign research costs must be amortized over 15 years.</li><li>Taxpayers that made domestic research or experimental expenditures after December 31, 2021, and before January 1, 2025, will be permitted to elect to accelerate the remaining deductions for such expenditures over a one-year period or a two-year period.</li></ul>

# BUSINESS PROVISIONS



Provision	Current Law/TCJA Expires	House	Senate
Research & Development Expenditure – Continued			<ul style="list-style-type: none"><li>Small business taxpayers with average annual gross receipts of \$31 million or less will generally be permitted to apply this change retroactively to taxable years beginning after December 31, 2021.</li></ul>

# BUSINESS PROVISIONS



Provision	Current Law/TCJA Expires	House	Senate
<b>Employee Retention Tax Credits (ERTC)</b>	<ul style="list-style-type: none"> <li>An eligible employer was entitled to claim a refundable employee retention tax credit (“ERTC”) against applicable employment taxes for the 2nd, 3rd and 4th calendar quarters in 2020 and the 1st, 2nd and 3rd of 2021 in an amount equal to a percentage of the qualified wages with respect to each employee of such employer for such calendar quarter. Taxpayers could claim a COVID-related ERTC until April 15, 2025.</li> <li>Paid tax return preparers are subject to a penalty of \$500 for each failure to comply with due diligence requirements.</li> </ul>	<ul style="list-style-type: none"> <li>Requires a COVID-ERTC promoter to comply with due diligence requirements with respect to a taxpayer’s eligibility for (or the amount of) an ERTC and applies a \$1,000 penalty for each failure to comply.</li> <li>Provision bars the IRS from issuing any additional unpaid claims unless a claim for a credit or refund was filed on or before January 31, 2024.</li> <li>Extends statute of limitations for 6 years.</li> <li>Resolution to remove from the Bill.</li> </ul>	<ul style="list-style-type: none"> <li>Requires a COVID-ERTC promoter to comply with due diligence requirements with respect to a taxpayer’s eligibility for (or the amount of) an ERTC and applies a \$1,000 penalty for each failure to comply.</li> <li>Provision bars the IRS from issuing any additional unpaid claims unless a claim for a credit or refund was filed on or before January 31, 2024.</li> <li>Extends statute of limitations for 6 years.</li> </ul>

# BUSINESS PROVISIONS – OPPORTUNITY ZONES



Provision	Current Law/TCJA Expires	House	Senate
<b>OZ Designation Start</b>		January 1, 2027	January 1, 2027
<b>OZ Designation End</b>	Current round of OZ designations set to expire.	December 31, 2033	Rolling ten-year designations
<b>Step-Up in Basis (QOF)</b>	10% after 5 years Additional 5% after 7 years	Flat 10% after 5 years	Incremental: Years 1-3: 1% annually Years 4-5: 2% annually Year 6: 3%
<b>Recognition of Initial Gain</b>	Defer original gain till 2026	Not explicitly stated	Required in year 7, reduced by step-up in basis



# **THE ONE, BIG, BEAUTIFUL BILL**

## **INTERNATIONAL PROVISIONS**

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# ITAX PROVISIONS



Provision	Current Law/TCJA Expires	House	Senate
<b>GILTI Effective Tax Rate</b>	Currently 10.5% (50% deduction), rising 2026 to 13.125% (37.5% deduction), Foreign taxes only 80% creditable.	Maintains – 10.67% effective rate, foreign taxes 100% creditable.	Mirrors House but introduces some adjustments in how calculated. Foreign taxes are 90% creditable
<b>FDII Effective Tax Rate</b>	Currently 13.125% (37.5% deduction), rising 2026 to 16.4%.	Keeps similar rate – 13.34% (36.5% deduction).	Follows House with some technical tweaks.
<b>BEAT</b>	10% through 2025, rising to 12.5% in 2026.	Keeps BEAT at 10% for public co; introduces "Super-BEAT" 12.5% for applicable entities defined in Sec. 899 (see next slide).	Similar to House with some potential carve-outs for smaller or treaty-based entities.
<b>Remittance Tax</b>	None	3.5% excise tax on remittances by individuals who do not have a valid US social security number. (ITINs do not count).	Similar to House with some changes including if account is funded with debit or credit card issued in the US.

# ITAX PROVISIONS



Provision	Current Law/TCJA Expires	House	Senate
<b>Section 899 (Revenge Tax)</b>	Not in current law	<p>Introduces retaliatory tax: many foreign countries are adopting digital services taxes, undertaxed profit rules or other taxes that target US tech co., multinationals and other outbound investment.</p> <p>Charges an additional 5-20% tax on interest, dividends, royalties, Effectively connected income, FIRPTA taxes and other withholding type taxes for payments made to non-US people and companies.</p> <p>Applies to people or companies that are located in foreign countries that US treasury officially designate as having unfair taxes.</p>	Retains Section 899 but delays 1 year, narrows scope, adds Treasury review, softens treaty overrides.