

A wooden gavel is positioned diagonally across the frame, resting on a stack of US dollar bills. The background is a blurred American flag. The word "SAX" is written in a large, white, sans-serif font at the top center.

SAX

THE ONE, BIG, BEAUTIFUL BILL ACT WEBINAR

OUR FIRM PROVIDES THE INFORMATION IN THIS WEBINAR PRESENTATION FOR GENERAL GUIDANCE ONLY, AND DOES NOT CONSTITUTE THE PROVISION OF LEGAL ADVICE, TAX ADVICE, ACCOUNTING SERVICES, INVESTMENT ADVICE, OR PROFESSIONAL CONSULTING OF ANY KIND.

THE INFORMATION PROVIDED HEREIN SHOULD NOT BE USED AS A SUBSTITUTE FOR CONSULTATION WITH PROFESSIONAL TAX, ACCOUNTING, LEGAL, OR OTHER COMPETENT ADVISERS.

BEFORE MAKING ANY DECISION OR TAKING ANY ACTION, YOU SHOULD CONSULT A PROFESSIONAL ADVISER WHO HAS BEEN PROVIDED WITH ALL PERTINENT FACTS RELEVANT TO YOUR PARTICULAR SITUATION.

MEET OUR PRESENTERS



Carrie Boynton
Tax Director
Business Tax



Lou Calamunci
Tax Director
Private Client Service &
Tax Controversy



Lisa Goldman
Partner and International Tax Leader

IF YOU ARE INTERESTED IN RECEIVING CPE CREDIT

1. Scan the QR code below and enter your information.
2. When a polling question comes up, select your response on your phone.



In order to receive CPE credit, you must be logged in for at least 50 minutes and complete more than half of the polling questions.

Live Content Slide

When playing as a slideshow, this slide will display live content

Poll: What date was the One, Big, Beautiful Bill Act signed?



THE ONE, BIG, BEAUTIFUL BILL ACT
INDIVIDUAL PROVISIONS
LOU CALAMUNCI

INDIVIDUAL PROVISIONS

Provision	Current Law	OBBB
Tax Rates	10%,12%,22%,24%,32%,35% and 37%	10%,12%,22%,24%,32%,35% and 37% Effective 1/1/25
Standard Deduction	\$15,000 Single \$22,500 HOH \$30,000 MFJ	\$15,700 Single \$23,625 HOH \$31,500 MFJ Effective 1/1/25
Personal Exemptions	N/A	Eliminated



> STATE AND LOCAL TAX

Provision	Current Law	OBBB
SALT	<ul style="list-style-type: none"> • \$5,000 MFS • \$10,000 MFJ 	<ul style="list-style-type: none"> • Increase SALT deduction cap from \$10,000 to \$40,000 effective 1/1/2025. (\$20,000 for MFS) • \$40,400 in 2026 and increases by 1% starting in 2027 • Reverts to \$10,000 on 1/1/2030
SALT Phaseout	N/A	<ul style="list-style-type: none"> • SALT deduction is reduced by 30% for income over \$500,000 (\$250,000 MFS) MAGI thresholds • Increased to \$505,000 in 2026 and by 1% starting in 2027 • Deduction will not go below \$10,000 • Example: $\\$25,000 = \\$40,000 - (\\$550,000 - \\$500,000) * 30\%$



Provision	Current Law	OBBB
SALT PTET Limitation	N/A	OBBB did not repeal the SALT work around



EXCESS BUSINESS LOSS

Provision	Current Law	OBBB
Excess Business Loss (EBL)	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">• The limitation is permanent and does not sunset after December 31, 2028.• Excess business losses disallowed would be carried over as NOLs.



> NO TAX ON TIPS

Provision	Current Law	OBBB
No tax on tips	<ul style="list-style-type: none">Tips are taxable	<ul style="list-style-type: none">Effective for 2025 through 2028Employees and self-employed individuals may deduct qualified tips.Qualified tips are voluntary cash or charged tips received from customers or tip sharing.Maximum annual deduction is \$25,000, for self-employed, the deduction may not exceed net income.Phase out for taxpayers for MAGI over \$150,000(single) or \$300,000 (MFJ).Above the line deductionSelf-employed SSTA non eligible.By October 2, 2025, the IRS will publish a list of occupations that ‘customarily and regularly’ receive tips.



NO TAX ON OVERTIME

Provision	Current Law	OBBB
No tax on overtime	<ul style="list-style-type: none">Overtime wages are taxable	<ul style="list-style-type: none">Qualified overtime compensation pay that exceeds their regular rate of pay is nontaxable.Qualified overtime pay follows the Fair Labor Standards Act (FLSA) guidelines.Maximum deduction is \$12,500 (single) or \$25,000 (MFJ)Phaseout MAGI over \$150,000 (single) or \$300,000 (MFJ)Employers and other payors are required to file information returns with the IRS showing the total qualified overtime compensation.Overtime wages are not excluded from payroll taxesEffective 1/1/2025 – 12/31/2028



NO TAX ON CAR LOANS

Provision	Current Law	House
No tax on car loans	<ul style="list-style-type: none">Not deductible	<ul style="list-style-type: none">Individuals may deduct interest paid on a loan used to purchase a qualified vehicle, provided the vehicle is purchased for personal use and meets other eligibility criteria. Lease payments do not qualify\$10,000 is the maximum annual deduction.Phases out for taxpayers with MAGI over \$100,000 (single) or \$200,000 (MFJ)Qualified interest is interest paid on a loan that was originated after 12/31/2024, used to purchase a vehicle for personal uses and the loan is secured by a lien on the vehicle.Qualified vehicle is a car, minivan, van, SUV, pick-up truck or motorcycle, with a gross vehicle weight rating less than 14,000 pounds, and that has final assembly in the United States.Deduction is available for non-itemizing taxpayers.Effective 1/1/25 – 12/31/28



Live Content Slide

When playing as a slideshow, this slide will display live content

Poll: What was the SALT deduction cap increased to?

SENIOR DEDUCTION

Provision	Current Law	OBBB
Senior Deduction	<ul style="list-style-type: none">No deduction	<ul style="list-style-type: none">Provides a \$6,000 senior deduction per eligible individual (\$12,000 total for a married couple where both spouses qualify).Deduction phases out for taxpayers with MAGI over \$75,000 (single) or \$150,000 (MFJ)Qualifying taxpayer must be 65 or older before the last day of the taxable year.Effective 1/1/2025 – 12/31/2028



INDIVIDUAL PROVISIONS

Provision	Current Law	OBBB
Gift Tax	<ul style="list-style-type: none">• Annual estate and gift tax exclusion \$13,990,000• Pre-TCJA 2017 - \$5,490,000	<ul style="list-style-type: none">• \$15,000,000 for tax years after 12/31/2025• Adjusted annually for inflation
Child Tax Credit	<ul style="list-style-type: none">• \$2,000	<ul style="list-style-type: none">• Increase to \$2,200 per child• Credits for other dependents of \$500 is made permanent• Phase-out for income over \$200,000 (single) and \$400,000 (MFJ) are made permanent.• Effective 1/1/2025 and permanent



ITEMIZED DEDUCTIONS

Provision	Current Law	OBBB
Charitable Contribution	N/A	<ul style="list-style-type: none"> Creates a permanent deduction for non-itemizers to claim up to \$1,000 (single) or \$2,000 (MFJ) 0.5% floor on charitable contributions for taxpayers who itemize Effective 1/1/2025
Itemized Deductions	N/A	<ul style="list-style-type: none"> Terminates the 2% miscellaneous itemized deduction Itemized deductions are reduced by 2/37 or the lesser of: <ul style="list-style-type: none"> The amount of itemized deductions or; The amount of adjusted taxable income above the beginning of the 37% bracket. Effective for tax years beginning after 12/31/2025
Mortgage Interest Deduction	Principal limit of \$750,000 on new mortgages	<ul style="list-style-type: none"> Makes permanent the \$750,000 on new mortgages. Mortgage insurance premiums are deductible on qualified residences effective for tax years after 12/31/2025.



INDIVIDUAL PROVISIONS

Provision	Current Law	OBBB
Personal Casualty and theft loss	N/A	<ul style="list-style-type: none">• Makes permanent that personal casualty losses may only be deducted if they result from federally declared disaster area.• Adds personal casualty losses from certain state declared disasters effective for tax years beginning after 12/31/2025.
Qualified Business Income	20% deduction	<ul style="list-style-type: none">• Permanently extends the 20% deductions for qualified business income.• Phase-out range increases from \$50,000 to \$75,000 (single) or \$100,000 to \$150,000 (MFJ).• Minimum \$400 QBI deduction with QBI of \$1,000• Effective 1/1/26



Provision	Current	OBBB
Trump Accounts	N/A	<ul style="list-style-type: none"> Allows a \$5,000 per year deposit into a tax-exempt Trump Account. One time \$1,000 credit will be provided for each qualifying child born after 12/31/24 and before 12/31/2028. Contributions are nondeductible
Distribution	N/A	<ul style="list-style-type: none"> No distributions allowed until the beneficiary reaches age 18. Contributions withdrawn are tax-free, but earnings are subject to ordinary income tax.



Provision	Current Law	OBBB
Gambling Losses	<ul style="list-style-type: none">You can deduct your gambling losses (limited to your gambling winnings) as an itemized deduction	<ul style="list-style-type: none">Makes permanent that losses from wagering transaction can be deducted only to the extent of the gains from such transaction.Limits the deduction to 90 percent of the amount of losses but cannot exceed gambling winnings.



Provision	Current Law	OBBB
Residential Clean Energy	<ul style="list-style-type: none"> Provides credit for clean energy upgrades through 2034. 	<ul style="list-style-type: none"> Repealed after 12/31/2025
Clean Vehicle Credits	<ul style="list-style-type: none"> Provides credit for the purchase of new and used vehicles. 	<ul style="list-style-type: none"> Repealed for vehicles effective after September 30, 2025.



Live Content Slide

When playing as a slideshow, this slide will display live content

Poll: What is the new Child Tax Credit amount per child?



THE ONE, BIG, BEAUTIFUL BILL ACT
BUSINESS PROVISIONS
CARRIE BOYNTON

QUALIFIED BUSINESS INCOME DEDUCTION

- **TCJA**
 - New code Section 199A provides a tax benefit to passthrough businesses
 - Expired 12/31/25
 - 20% deduction of Qualified Business Income
 - Limitations related to specified service businesses, wages and qualified property
- **OBBA**
 - Makes 199A permanent
 - Increased phase-out limitation (\$50k/100k MFJ → \$75k/150k MFJ)
 - Minimum \$400 deduction for business with \$1,000+ “active” QBI
 - Effective for tax years after 12/31/2025



- **Pre-TCJA** – Taxpayers could choose to capitalize or expense their R&D costs; R&D credit reduces deductible expenses or elect to take a reduced R&D credit.
- **TCJA** – Tax year 2022 → Required capitalization of R&D expenditures amortized over 60 months [15 years if foreign research]; R&D credit amount may reduce capitalized expenses.
- **OBDD** – Tax Year 2025 → Pre-TCJA rules for domestic R&D; TCJA rules for foreign R&D
 - Small businesses under 448(c) may amend 2022-2024 to expense R&D. 1 year deadline from enactment (7/4/25). 280C election available to take reduced R&D credit in lieu of N/D treatment.
 - All taxpayers may deduct remaining R&D expenses for 2022-2024 over a 1–2-year period.
 - R&D expenditures reduced by R&D credit (only after 12/31/24 – does not apply retroactively)





INTEREST DEDUCTION LIMITATION – 163J

- **Pre-TCJA** – No limitation to deduction of business interest
- **TCJA** – Limitation on business interest deduction for certain taxpayers (tax shelters, gross receipts > 448c); certain business could elect out (real property/farming) & did not apply to floor plan interest; limited to 30% of adjusted taxable income (EBITDA then reduced to EBIT for 2022); disallowed interest carried forward.
- **OBBA** – ATI defined as EBITDA; also expands floor plan interest to include trailers and campers.
 - Effective for tax years beginning after 12/31/24.
 - Effective for tax years beginning after 12/31/25 – interest limitation includes capitalized interest. Interest allowed is applied to capitalized interest first. Disallowed interest carried forward is not required to be capitalized in a future year.
 - Exception for certain capitalized interest under 263(g) [straddle contracts] or 263A(f) [self-constructed assets]
 - Excludes subpart F, net CFC tested income inclusions, & section 78 gross-ups from ATI.



BONUS DEPRECIATION

- **TCJA** – Tiered system starting at 100% and phasing out

Year	Bonus Depreciation %
9/18/2017 – 12/31/2022	100%
1/1/2023 - 12/31/2023	80%
1/1/2024 – 12/31/2024	60%
1/1/2025 – 12/31/2025	40%
1/1/2026 – 12/31/2026	20%
1/1/2027 +	0%

- **OBDD** – Permanent 100% deduction for property acquired and placed in service after **1/19/2025**



BONUS DEPRECIATION ON REAL PROPERTY

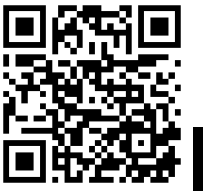
- 100% depreciation allowance on Qualified Production Property
- Commercial real property placed in service in the US
- Must use the property to manufacture, produce, or refine tangible personal property (admin, sales, R&D, etc. uses not applicable)
- Construction must begin between 1/19/2025-1/1/2029. Placed in service before 1/1/2031.
- Acquired property between 1/19/2025-1/1/2029. Not used in a qualified production activity from 1/1/21-5/12/25.
- Original use by the taxpayer
- Does not apply to lessors
- Depreciation recapture if property use changes within 10 years
- Enhanced value of cost segregation studies



SECTION 179 DEDUCTION

	TCJA (tax year 2025)	OBBB
Deduction Limit	\$1,250,000	\$2,500,000
Property Acquisition – Phase-Out Threshold	\$3,130,000	\$4,000,000

- Amounts are adjusted for inflation.



BUSINESS MEALS DEDUCTION

- **Pre-TCJA** – 100% deduction for meals provided at the convenience of the employer if deemed de minimis.
- **TCJA** – 50% deduction through 12/31/2025. Tax years after 12/31/2025, no deduction for expenses related to and meals at an employer-provided dining facility or at the convenience of the employer.
- **OBDD**
 - Allows a 100% deduction for meals provided at the convenience of the employer if the expenses relate to goods and services sold for adequate and full consideration (restaurant industry).
 - Provides a 100% deduction for food or beverage provided to crew members on certain commercial vessels, oil/gas rigs, fishing vessels, or fish processing facilities.
 - Effective for tax years beginning after 12/31/2025.



EMPLOYEE RETENTION TAX CREDIT (ERC)

- Retroactively terminated for taxpayers who filed refund claims after January 31, 2024.
 - Increases enforcement mechanisms
 - Higher penalties for ERC promoters
 - Statute of limitations extended to 6 years



Live Content Slide

When playing as a slideshow, this slide will display live content

Poll: Who signed the One, Big, Beautiful Bill Act into law?

- **TCJA** – Introduced Opportunity Zone Funds
 - Deferral of capital gains until 12/31/2026 or sale of QOZF (if earlier)
 - Reduction of realized gain by 10% if held for 5 years
 - Reduction of realized gain by 15% if held for 7 years
 - Reduction of realized gain by 100% if held 10 years
 - Expires 12/31/2028
- **OBBA** – Made permanent on a rolling 10-year basis, starting on January 1, 2027.
 - Gains invested in a QOF after December 31, 2026, would be recognized on the date which is five years after the date of investment in the QOF.
 - Reduction of realized gain by 10% if held for 5 years
 - Reduction of realized gain by 100% if held 10 years (30-year limitation on basis step-up)



> QUALIFIED SMALL BUSINESS STOCK

- **Current Law**

Stock Acquired	Years Stock Held	Exclusion %
8/11/1993-2/17/2009	5+	50
2/18/2009-9/27/2010	5+	75
9/28/2010 +	5+	100

- **OBBS**

- Update to stock acquired after date of enactment
- Increased eligibility limit on corporation's assets at time of stock issuance from \$50M to \$75M

Years Stock Held	Exclusion %
3	50
4	75
5+	100



“NO TAX ON TIPS OR OVERTIME”

- **Tip Credit**
 - Current Law – Food & Beverage establishments can elect to claim a credit on the employer-paid FICA on tips that exceed min wage.
 - OBBB – Tip credit for employer-paid FICA expanded to beauty service industry (barbering, hair care, nail care, esthetics, as well as body and spa treatments). Minimum wage used differs from food/beverage industry.
- **Employer Reporting Requirements**
 - By October 2, 2025, the IRS must publish a list of occupations that “customarily and regularly” received tips.
 - The IRS will provide transition relief for tax year 2025 for taxpayers claiming the deduction and for employers and payors subject to the new reporting requirements.





PAID FAMILY & MEDICAL LEAVE CREDIT

- **TCJA** – Temporary credit
 - 12.5-25% of wages for paid leave up to 12 weeks
 - Written policy allowing FT employees at least 2 weeks of annual FMLA (pro-rata for PT).
 - Qualifying employee – 1+ years employment; wages <60% HCE
- **OBBA** – Permanently extends the credit
 - Can elect to claim wages or insurance premiums that cover paid and family leave for employee
 - Controlled group rules apply – all members must have written policy in place
 - Employer-provided paid leave required by state or local government would count toward paid leave provided by the employer for purposes of determining eligibility for the credit (not the amount of credit)



EMPLOYER-PROVIDED CHILD CARE CREDIT

- **Current Law**
 - Tax credit up to \$150,000 to offset 25% of qualified childcare facility expenditures and 10% of qualified childcare expenditures
- **OBBA**
 - Increases the credit to \$500,000 (\$600,000 for eligible small businesses)
 - Increases credit percentage from 25% to 40% (50% for eligible small businesses)
 - Effective for tax years after 12/31/2025
 - Eligible small business must meet 448c gross receipts test for 5-year prior period
 - Expands definition of qualified childcare expenditures and qualified childcare facilities



> 1099 REPORTING

- 1099-NEC & 1099-MISC Reporting - Increases threshold from \$600 to \$2,000
 - Effective for tax years beginning after 12/31/2025
- 1099-K Reporting - Reinstates the pre-ARPA threshold (\$20,000 and 200 transactions).



Live Content Slide

When playing as a slideshow, this slide will display live content

Poll: Are the clean energy tax incentives going away?



THE ONE, BIG, BEAUTIFUL BILL ACT

INTERNATIONAL PROVISIONS

LISA GOLDMAN

Final Provisions Signed into Law – effective generally for tax years beginning after 12/31/2025, with select provisions effective Mid-2025.

AGENDA

- GILTI Regime Changes
- FDII (now FDDEI) Revisions
- Foreign Tax Credit (FTC) Rules
- BEAT Changes
- Remittance Excise Tax
- Other Key International Tax Updates



> GILTI – NOW NCTI - ELIMINATION OF QBAI/DTIR

- **Prior Law**
 - $\text{GILTI} = \text{Net CFC Tested Income} - 10\% \text{ of QBAI (Net DTIR)}$
- **New Law**
 - Renamed as the Net CFC Tested Income (NCTI)
 - $\text{GILTI} = \text{Net CFC Tested Income (No QBAI deduction)}$
- **Effect**
 - Capital-intensive businesses now subject to GILTI on all CFC income
 - Planning using “excess” QBAI to shield income is no longer viable
- **Effective: Tax years beginning after 12/31/2025**



> BEFORE & AFTER: GILTI/NCTI INCLUSION EXAMPLE

- **Scenario:** U.S. parent owns low-taxed CFC with \$100 net income and \$500 QBAI

	Prior Law	New Law
Net Income	\$100	\$100
QBAI @10% Shield	50	N/A
Net Tested Income*	50	100
Sec. 250 Deduction	25	40
Taxable Income	25	60
Tax @21%	5.25	12.6

*Now called Net CFC Tested Income (NCTI)



> GILTI/NCTI DEDUCTION & FTC LIMITATION

- **Sec. 250 Deduction (GILTI/NCTI deduction)**
 - **Prior Law:** 50% (set to revert to 37.5% in 2026)
 - **New Deduction:** 40% permanently
- **FTC Limit**
 - **Prior Law:** 80% of foreign taxes paid (or deemed paid), thus no US tax would be owed on income subject to 13.125% (10.5% GILTI rate divided by 80%)
 - **New Law:** 90% (thus no US tax would be owed on income subject to a 14% foreign tax rate)
 - Disallows 10% of FTC paid on cash distributions of previously taxed GILTI income (effective for distributions after 6/28/2025)
- **Effective for taxable years beginning after 12/31/2025**

GILTI	2025 Rates	Prior Law Future Rates	Tax Reform Final Legislation Future Rates
Corporate Tax Rate	21%	21%	21%
§250(a) Deduction Percentage	50%	37.5%	40%
GILTI Effective Rate	10.5%	13.125%	12.6%



> GILTI/NCTI DEDUCTION & FTC LIMITATION EXAMPLE

- Assumes Foreign taxes paid are equal to US tax
- Ignoring QBAI effect under prior law

	Prior Law	Current Law
GILTI/NCTI Income	\$100	\$100
Sec 250 Deduction	(50)	(40)
Taxable income	\$50	\$60
Tax @ 21%	10.5	12.6
FTC	80%	90%
Net US Tax	\$2.10	\$1.26



> GILTI/NCTI EXPENSE APPORTIONMENT SIMPLIFIED (NEW SECTION 904(b)(5))

- **Prior Law**
 - Apportion interest, R&D, administrative, etc., deductions between US source and foreign-source income.
- **New Law**
 - Only the following deductions are allocable:
 - i. Sec 250 deduction;
 - ii. State and local taxes imposed on GILTI/NCTI income,
 - iii. Any other deduction that is directly allocable ***other than*** interest expense and R&D expense
- **Impact**
 - Easier compliance
 - Higher FTC limitation
- **Effective for tax years beginning after Dec. 31, 2025**



> SECTION 962 PLANNING IMPACT

- Individual 10%+ CFC owners (especially through passthroughs) may increasingly use 962 elections.
- Why? To access corporate tax rate + FTC rather than full GILTI/NCTI inclusion at individual tax rates.
- For example: US Individual with \$100 GILTI/NCTI:
 - Without Sec 962: taxed at top individual rate (37%) = \$370
 - With Sec 962: taxed as if corporate with 40% deduction and 90% FTC= \$126
 - Distributions are taxed as dividends (may erode the perceived benefit)
- **Impact**
 - Due to the elimination of exclusion for QBAI, the likelihood of inclusion is greater. Therefore, this election may be utilized more.



> FDII (FOREIGN-DERIVED INTANGIBLE INCOME) REBRANDED TO FDDEI (FOREIGN-DERIVED DEDUCTION ELIGIBLE INCOME)

FDII is a U.S. tax incentive that lets domestic C corporations pay a much lower rate on profits from the sales of goods, services or intellectual-property to foreign customers for foreign use.

- **Prior Law**

- FDII = Export income above 10% QBAI
- 37.5% (dropping to 21.875% in 2026)

- **New Law**

- FDDEI = All foreign-derived income (no QBAI hurdle)
- 33.34% permanently

- **Impact**

- More US exporters (esp. low-margin/tangible-asset heavy) benefit
- Permanent rate provides 14% effective tax rate on FDDEI

FDII	2025 Rates	Prior Law Future Rates	Tax Reform Final Legislation Future Rates
Corporate Tax Rate	21%	21%	21%
§250(a) Deduction Percentage	37.5%	21.875%	33.34%
FDII Effective Rate	13.125%	16.406%	14%



> BEFORE & AFTER: FDII/FDDEI EXAMPLE

Scenario: Assumptions

- Export (foreign-derived) gross income = \$100
- Allocable expenses = \$50
- Qualified business-asset investment (QBAI) = \$300
- No domestic sales, no loss carryforwards, no R&E add-backs, etc.

	Prior Law	Current Law
Deduction-eligible income (DEI)	\$50 (\$100-50)	\$50
Foreign derived deduction eligible income (FDDEI)	50 (all sales are foreign)	50
Deemed Tangible Income Return (DTIR) (10% of QBAI)	30	N/A
FDII/FDDEI Base	20	50
Sec 250 Deduction Rate	37.5%	33.34%
Sec 250 Deduction Amount	(7.50)	(16.67)
Taxable Income	12.50	33.33
US Tax (21%)	2.63	7.00
US Effective Tax Rate	13.125% on FDII base	14.00%

Live Content Slide

When playing as a slideshow, this slide will display live content

Poll: FDII is now classified as:

> OTHER FDDEI CHANGES

- FDDEI now excludes gain from sales of rental and royalty property. Applies to dispositions after June 16, 2025
- **Planning Note:** Track affected transactions closely in M&A and licensing structures
- FDDEI gross income is only reduced by expenses and deductions allocable ***other than*** interest and R&D expenses
- **Impact**
 - This, along with elimination of DTIR exclusion, should increase the amount of income eligible for FDII deduction.



➤ BEAT RATE ADJUSTMENTS

- BEAT applies to corporations that have annual gross receipts in excess of \$500M. If applicable, BEAT imposes an additional tax to the extent 10% of modified taxable income exceeds the regular tax liability.
- **Prior Law**
 - 10% BEAT rate rising to 12.5% (in 2026)
- **New Law**
 - 10.5% Flat tax (13.5% for banks/securities dealers)
 - R&D and other credits still reduce BEAT liability
 - **Note:** Base-erosion percentage test and Sec. 38 credit ordering rules are retained
- Planning note: Better treatment for R&D-intensive companies



REMITTANCE EXCISE TAX

Overview:

- A new 1% excise tax applies to certain transfers of funds a sender located in the US to a recipient who is located in a foreign country, effective for transfers after December 31, 2025.

Key Provisions:

- Rate: 1% of amount transferred
- Applies To:
 - Transfers of cash, money order, cashier's check or other similar physical instrument (to be determined by US Treasury)
- Collected By:
 - Remittance transfer providers (banks, MSBs)
 - Providers are liable for collecting and remitting the tax
- **Note:** Tax is not creditable or deductible



REMITTANCE TAX – EXEMPTIONS

The new law permits two exemptions:

1. Does not apply to remittance transfer from accounts held in or by a financial institution insured by the FDIC, a commercial bank or trust company, private banker, credit union, broker/dealer registered with the SEC, etc.
2. Does not apply to remittance transfers using a US-issued debit or credit card.

Note: This tax applies to any individual, without exception. However, this excise tax is relatively limited in scope compared to earlier House proposals, as most transfers from accounts at US banks and financial institutions and transfers funded from US-issued debit or credit cards are exempt.

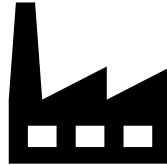


> OTHER INTERNATIONAL PROVISIONS



“New” Sec 899-Revenge Tax – was removed from final version

Why? Following Global agreement in exchange for no duplicative surtaxes.



Sourcing of Income from Sale of Inventory Produced in US– FTC fix

Prior Law: Sourcing under Sec 863(b) > FTC often disallowed

New Law: Certain inventory income that is otherwise subject to allocation based on production activities would instead be treated as foreign source income if a US person maintains an office or other fixed place of business overseas, and income is attributable to that office. The amount treated as foreign source is limited to 50% of the income.



CFC Look-through Rule Made Permanent (Sec. 954(c)(6)): Dividends, interest, rents & royalties received from a related CFC to be excluded from Subpart F

(Making a 2005 “temporary provision” permanent)

Income received from one CFC to another CFC can be “looked-through” to see if underlying income would be taxable as Subpart F.



> OTHER INTERNATIONAL TAX PROVISIONS CONT.

One-Month Deferral Rule Repealed

- **Prior Law:** CFCs allowed 1-month lag vs. US parent
- **New Law:** Requires same year end as US parent
- Effective CFC years starting after Nov 30, 2025
- May require year-end changes & tax credit timing adjustments

Downward Attribution Blocked/Section 958(b)(4) Restored

- **Prior Law:** Blocked downward attributions such that a foreign corporation is not automatically attributed to a US parent. Sec 958(b)(4) was reinstated to avoid unintentional created of additional CFCs and unnecessary subpart F filings.
- **New Law:** No longer deemed owned via foreign entities

Section 951B imposes Subpart F/GILTI on foreign-controlled US shareholders even when foreign parent is non-US

- (New anti-abuse measure) – a new tax regime.



CFC INCLUSION RULES UPDATED

- **Prior Law**
 - Include GILTI/Subpart F if US shareholder on the last day of year
- **New Law**
 - Must include for any portion of year that:
 - You owned the CFC
 - You were a US shareholder
 - The entity was a CFC
- **Impact**
 - Shuts down mid-year transfer planning

Effective date – taxable years beginning after 12/31/2025



> SUMMARY OF KEY CHANGES

Provision	Old Law	New Law
250 Deduction for GILTI/NCTI	50% (37.5% post-2025)	40% Permanent
GILTI QBAI Shield	10% QBAI Deduction	Eliminated
FTC on 951A taxes	80%	90%
FDII Deduction	37.5% (21.875%)	33.34% (FDDEI)
Expense Apportionment	Complex	Simplified
BEAT Rate	10% → 12.5%	10.5% Permanent
Remittance Tax	N/A	1%
Look-through (954(c)(6))	Temporary	Permanent



The logo for SAX, featuring the letters 'SAX' in a bold, white, sans-serif font. The letter 'X' is stylized with a blue-to-purple gradient and a slight shadow effect.

SAX

QUESTIONS?

Accounting for the future.

CPE CREDIT NEXT STEPS

- Attendees will receive an email from certificates@conferences.io that includes their CPE certificate as an attachment within 3-5 business days.
- For questions, please contact training@saxllp.com.



Carrie Boynton
Tax Director
Business Tax

E: cboynton@saxllp.com



Lou Calamunci
Tax Director
Private Client Service &
Tax Controversy

E: lcalamunci@saxllp.com



Lisa Goldman
Partner and International Tax Leader

E: lgoldman@saxllp.com

"SAX" IS THE BRAND NAME UNDER WHICH SAX LLP AND SAX ADVISORY GROUP LLC AND ITS SUBSIDIARY ENTITIES PROVIDE PROFESSIONAL SERVICES. SAX LLP AND SAX ADVISORY GROUP LLC (AND ITS SUBSIDIARY ENTITIES) PRACTICE AS AN ALTERNATIVE PRACTICE STRUCTURE IN ACCORDANCE WITH THE AICPA CODE OF PROFESSIONAL CONDUCT AND APPLICABLE LAW, REGULATIONS AND PROFESSIONAL STANDARDS. SAX LLP IS A LICENSED INDEPENDENT CPA FIRM THAT PROVIDES ATTEST SERVICES TO ITS CLIENTS, AND SAX ADVISORY GROUP LLC AND ITS SUBSIDIARY ENTITIES PROVIDE TAX AND BUSINESS CONSULTING SERVICES TO THEIR CLIENTS. SAX ADVISORY GROUP LLC AND ITS SUBSIDIARY ENTITIES ARE NOT LICENSED CPA FIRMS.