



# One Big Beautiful Bill Act

What It Means for You and Your Business  
in 2025 and Beyond

# Disclaimer

Copyright Clark, Schaefer, Hackett & Co. All content provided is for informational purposes only. Matters discussed are subject to change. For up-to-date information on this subject please contact a Clark, Schaefer, Hackett & Co. professional. Clark, Schaefer, Hackett & Co. will not be held responsible for any claim, loss, damage or inconvenience caused as a result of information presented herein.

## Moderator



**Brendan Walsh**

Shareholder

[BjWalsh@cshco.com](mailto:BjWalsh@cshco.com)



**Zach Gubser**

Shareholder

[ZTGubser@cshco.com](mailto:ZTGubser@cshco.com)



**Brittany Lawrence**

Shareholder

[Balawrence@cshco.com](mailto:Balawrence@cshco.com)

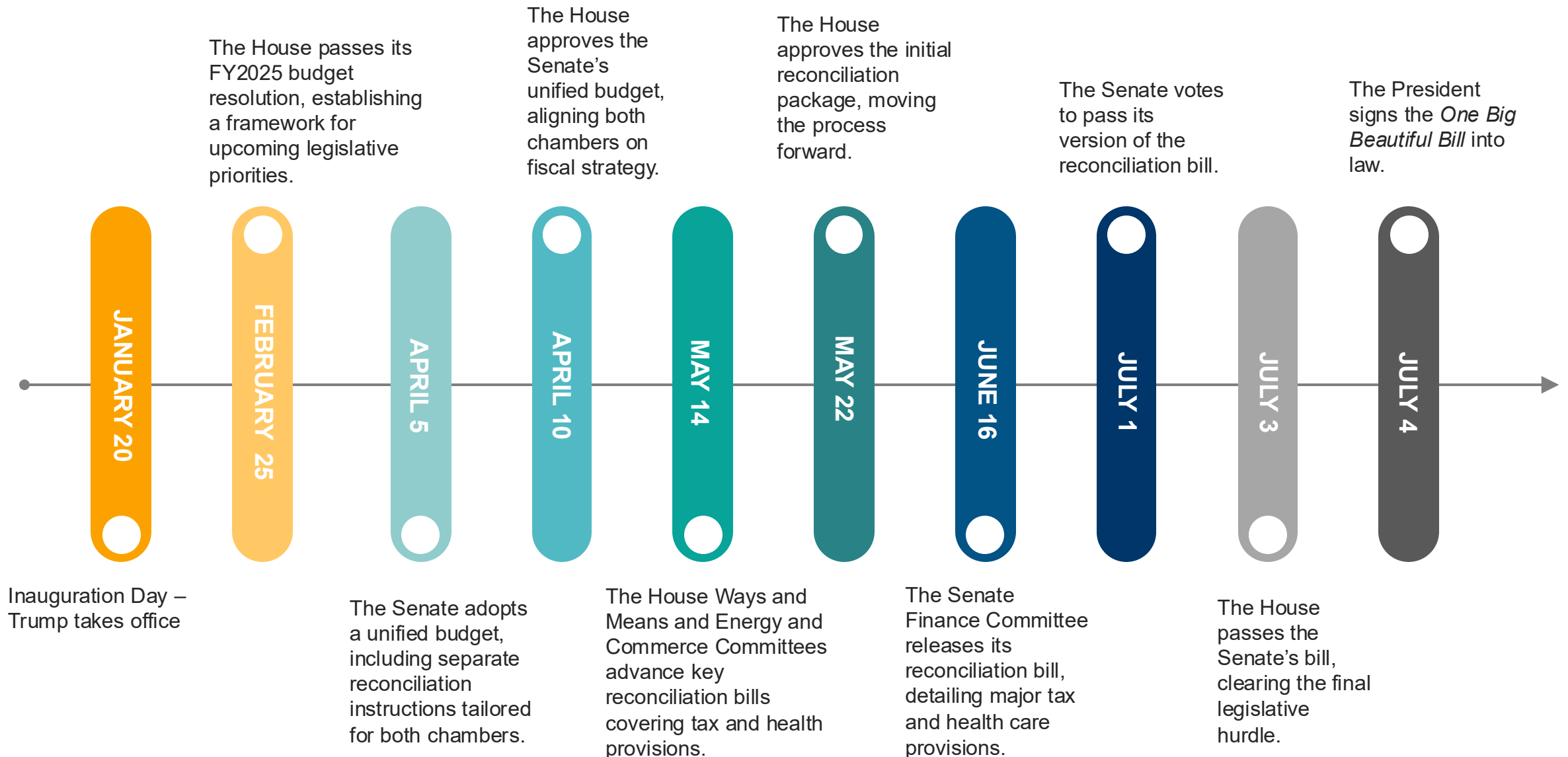


**Mark Gaudet**

Shareholder

[MGaudet@cshco.com](mailto:MGaudet@cshco.com)

# | How We Got Here







Entity-Related

# | Qualified Business Income (QBI) Deduction

- TCJA created 199A back in 2017 for pass-through entity owners
- Had been slated to expire after 2025
- Now permanent at 20% (no change to the rate)
- Also expands the deduction limit phase-in ranges for specified service trades or businesses
- Also adds a minimum QBI deduction of \$400 for taxpayers with at least \$1,000 of QBI income from active business

# | Bonus Depreciation

- Permanent 100% first-year bonus depreciation for new or used assets acquired and placed in service after January 19, 2025
- Under prior law, the deduction was limited to 40% for 2025, and was phasing down each year

# | Qualified Production Property

- New law introduces a 100% deduction for “qualified production property,” including 39 year property
- Generally nonresidential real property used in manufacturing, agriculture, or chemical production
- Construction must begin after January 19, 2025, be placed in service after July 4, 2025 but before 2031



## | Section 179

- Increased limit to \$2.5 million in 2025
- Phaseout threshold to \$4 million in 2025
- Annual adjustment for inflation

## | Business Interest Expense Limitation Under 163(j)

- Under prior law the limitation was based on EBIT
- New law increases the cap by excluding depreciation, amortization and depletion from the calculation, meaning the limit is based on EBITDA, effective for 2025

# | Research and Experimentation Expense Deduction



Starting in 2022, TCJA required businesses to capitalize and amortize research and experimentation expenses (R&E) over 5 years if incurred in the U.S.

Now those expenses can be deducted in the year incurred, starting in 2025

## What to do about prior years?

- Small businesses – can claim retroactively via amended returns
- Any business can elect to accelerate the remaining deductions in 2025 or split 50/50 in 2025 and 2026

# Excess Business Loss Limitation Under 461

- TCJA created a limit on the amount that an individual can deduct (called excess business loss limitation)
- For 2025, that threshold is \$313,000 for single taxpayers and \$626,000 for joint filers
- Disallowed losses are generally treated as net operating loss and carried over to the succeeding tax year

# | Section 1202

## Gain exclusion for small business stock

- Current law allows an exclusion of 100% of gain if held more than 5 years if certain requirements are met
- New law somewhat changes the rules, permitting exclusion of 50% for stock held at least 3 years, 75% if held at least 4 years, and 100% for at least 5 years
- Small business asset qualification limit increased to \$75 million (was \$50 million)
- Lifetime limit increased to \$15 million (was \$10 million), or 10 times basis
- Applies to stock acquired after the date of enactment (July 4, 2025)



## | Other Changes

1. Extensions/changes to QOZ Program
2. New markets tax credits
3. Some international tax provisions
4. Green energy changes



A woman with dark, wavy hair and a man with a beard are looking at a computer monitor in a modern office. The woman is smiling and looking at the screen, while the man is looking at the screen with a serious expression. The office has a high ceiling with exposed wooden beams and a large potted plant in the background. The overall lighting is warm and modern.

# Individual Tax Provisions

## | Individual Income Tax Rates

- Under TCJA, ordinary income tax rates were temporarily changed for individuals, estates, and trusts. The top marginal tax rate decreased from 39.6% to 37%.
- OBBBA makes the reduced tax rates under TCJA permanent. The top marginal tax rate remains at 37%.

# Personal Exemptions and Senior Deduction

Under TCJA, deduction for personal exemptions was temporarily repealed.

OBBBA permanently extends the repeal of personal exemptions.

## **New Senior Deduction – tax years 2025, 2026, 2027 and 2028**

\$6,000 deduction for each qualified individual

- Attained age 65 before close of taxable year
- Deduction phased out starting at \$150,000 (MFJ) of modified adjusted gross income

# | Standard Deductions

Under TCJA, standard deduction was doubled and subject to sunset at the end of 2025.

**OBBBA makes increased standard deductions permanent. Effective in 2025.**

- \$31,500 married filing joint (MFJ)
- \$15,750 single
- \$23,625 head of household



# | Limitation on Itemized Deductions

TCJA temporarily repealed “Pease Limitation.” Permanent under OBBBA.

New cap on itemized deductions for taxpayers in the top marginal tax bracket

- Itemized deductions will be reduced by  $\frac{2}{37}$  of the lesser of
  - (1) the amount of itemized deductions, or
  - (2) the amount by which taxable income exceeds the dollar amount at the which the 37% rate bracket begins

# | Individual State and Local Tax Deduction (SALT Cap)

## **TCJA SALT Cap - \$10,000**

## **OBBBA – increases cap to \$40,000 for tax year 2025**

- Cap to be increased by an additional 1% through 2029
- 2026 Cap will be \$40,400
- Deduction phases out for taxpayers with AGI in excess of \$500,000 (MFJ) in an amount equal to 30% of the excess of the taxpayers AGI over the threshold amount

# | Home Mortgage Interest

- OBBBA makes mortgage interest limitation permanent and exclusion of home equity indebtedness
  - Home acquisition indebtedness limited to \$750,000
  - Indebtedness incurred prior to December 15, 2017 limited to \$1,000,000
- Permanent exclusion of interest on home equity indebtedness.

# | Charitable Contributions

- Limits deduction for charitable contributions to the amount in excess of 0.5% of adjusted gross income
- Nonitemizer charitable contribution deduction of up to \$2,000 (MFJ)
- Effective January 1, 2026

# | Scholarship Granting Organization (SGO)



New tax credit up to \$1,700 for contributions to SGO

- Cash contributions
- Federal credit reduced by any credit on any state income tax return for SGO contribution
- Amount taken as a credit is not eligible for charitable contribution deduction
- Starting in tax years after December 31, 2026



# | Miscellaneous Itemized Deductions

## Permanently repealed

- Investment expenses
- Tax preparation fees
- Unreimbursed employee business expenses
- Certain legal fees

# | Limitation on Gambling Losses

- Under TCJA, gambling losses were deductible only to the extent of gambling winnings
- Deductible losses are reported as an itemized deduction
- Under OBBBA, only 90% of gambling losses are deductible in a tax year. Still subject to limitation on gambling winnings.
- Effect for tax years beginning after December 31, 2025.

# Qualified Passenger Vehicle Interest

OBBBA provides temporary tax deduction for interest paid on loans used to purchase new personal-use passenger vehicle.

Deduction limited to \$10,000 of interest

Available for tax year 2025 – 2028

GVW under 14,000 pounds and final assembly must occur in the United States

Subject to phase-out at modified adjusted gross income over \$200,000 (MFJ)

## | Alternative Minimum Tax (AMT) Exemption

- TCJA increased exemption to \$1,000,000
- OBBBA extends the higher exemption and phase-outs.
- Exemption phase-out resets to 2018 levels starting in 2026 (\$1,000,000MFJ). 2025 phase-out begins at \$1,252,700 (MFJ).

# | No Tax on Tips

OBBBA creates temporary deduction for tips for tax years 2025 through 2028.

- Deduction limited to \$25,000 per taxpayer, per year. Subject to phase-out for modified adjusted gross income over \$300,000 for MFJ.
- Above the line deduction.
- Married taxpayers must file a joint tax return.
- Payroll taxes still apply.



# | No Tax on Overtime

OBBBA creates temporary deduction for qualified overtime for tax years 2025 through 2028.

- Deduction limited to \$25,000 for joint filers (\$12,500 other filers). Subject to phase-out for modified adjusted gross income over \$300,000 for MFJ.
- Not required to itemize deductions.
- Payroll taxes still apply.

# | 529 Accounts

- Increase annual limit for 529 account distributions from \$10,000 to \$20,000 for K-12 expenses. Effective for tax years beginning after December 31, 2025
- Expanded list of eligible education expenses to include curriculum and curricular materials; books and instructional materials; tutoring; fees for national standardized tests; advanced placement exams; and a few other limited expenses. Effective date for expanded expenses applies to expenses incurred after date of enactment.
- OBBBA allows for 529 plan distributions to cover qualified postsecondary credentialing expenses.

## | Other Individual Provisions

- Child tax credit
- Adoption credit
- Personal casualty losses



# | Estate and Gift Tax Exemption

- Exemption increased to \$15,000,000 after December 31, 2025
- Exemption will be indexed for inflation
- 2025 Exemption - \$13,990,000

# | Trump Accounts

- New tax-deferred investment account for children
- Receive up to \$5,000 per year until beneficiary reaches age 18
- No distributions allowed prior to age 18. Only ½ of the account can be liquidated prior to age 25 and entire account must be liquidated by age 30.
- Account grows tax free and subject to capital gains tax when distributed for qualified expenses (education, first home, small business)
- Funds must be invested in mutual funds or exchange traded funds that track a qualified index
- Earnings taxed at long-term capital gains rate; principal is not taxed.

## | State Non-Conformity (Or Conformity)

- Important to evaluate the state impact to federal treatment
- States frequently de-couple from federal tax law such as bonus depreciation and Section 179

## | What the New Legislation Did NOT Do

- Make changes to the corporate tax rate
- Make changes to the capital gains tax rate

## | Additional Events & Information

### CSH OBBBA Resource Hub

[cshco.com/obbba-resource-hub](https://cshco.com/obbba-resource-hub)

### Year-End Tax Webinars

- [Individuals](#) – Tuesday, November 18, 2025 at 1:00 PM EST
- [Businesses](#) – Wednesday, December 10, 2025 at 1:00 PM EST



| Thank you!



**Brendan Walsh**  
Shareholder  
[BjWalsh@cshco.com](mailto:BjWalsh@cshco.com)



**Zach Gubser**  
Shareholder  
[ZTGubser@cshco.com](mailto:ZTGubser@cshco.com)



**Brittany Lawrence**  
Shareholder  
[Balawrence@cshco.com](mailto:Balawrence@cshco.com)



**Mark Gaudet**  
Shareholder  
[MGaudet@cshco.com](mailto:MGaudet@cshco.com)