



# THE ONE BIG BEAUTIFUL BILL ACT

Overview and what it means for you

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# INDEX

<b>BACKGROUND and MAYOR CHANGES.....</b>	<b>4</b>
<b>INDIVIDUAL INCOME TAXES.....</b>	<b>5</b>
<b>Tax Changes for Individuals.....</b>	<b>5</b>
Individual tax bracket .....	5
<b>Deduction.....</b>	<b>5</b>
Standard deduction .....	5
Tips deduction .....	6
Overtime deduction .....	6
Taxpayer Senior deduction.....	7
Car loan interest deduction.....	7
Charitable deduction.....	8
<b>Itemized deductions.....</b>	<b>9</b>
State and local tax (SALT).....	9
Mortgage Interest deduction.....	9
Moving expense reimbursement.....	9
Limitations on total itemized deductions for high earners.....	10
Casualty Loss Deduction.....	10
Wagering Losses.....	11
Qualified business income (QBI) .....	11
<b>Income Tax Credits.....</b>	<b>12</b>
Child Tax Credit.....	13
Adoption Credit.....	13
Child and Dependent Care Tax Credit.....	14
Scholarship Granting Organizations Credit.....	14
529 Plan Enhancements.....	15
Trump Accounts Contribution Pilot Program.....	16
American Opportunity and Lifetime Learning Credits.....	18
Limitation on Premium Tax Credit.....	18
Clean energy tax credits.....	19
<b>Other individuals tax matter.....</b>	<b>20</b>
Estate and Gift Tax Exemption Amounts.....	20
Remittance Transfer Tax.....	20

<b>BUSINESS INCOME TAXES.....</b>	<b>21</b>
<b>Deductions, credits and expenses.....</b>	<b>21</b>
Section 179 (small Business Expensing).....	21
Bonus depreciation.....	22
Differences Between Section 179 Expensing and Bonus Depreciation.....	22
Employer payment of student loans and educational assistance programs.....	23
The Employer-Provided Child Care Credit.....	23
The Paid Family and Medical Leave Credit.....	24
Qualified business income deduction.....	25
Business interest deduction limitation.....	25
Qualified Opportunity Zones.....	26
Charitable Contribution Deduction.....	27
Research or Experimental Expenditures.....	27
Alternative minimum tax (AMT) exemption.....	27
Information Reporting (1099 – NEC) and (1099-K).....	28
Other provisions and changes included in the OBBBA.....	29
<b>OTHERS - BONUS.....</b>	<b>30</b>
Modernizing Payments to and from America's Bank Account.....	30
Final Digital Asset Tax Reporting Rules.....	30
Suspension of Duty-Free de minimis Treatment.....	30
<b>CONCLUSION.....</b>	<b>31</b>



On July 4, 2025, the **One Big Beautiful Bill Act (OBBBA)** became law, constituting one of the most ambitious and sweeping legislative reforms in budget and tax matters.

## **BACKGROUND and MAYOR CHANGES**

This legislation will impact all U.S. economic sectors, which, along with increased tariffs, implement key aspects of the current administration's economic and fiscal policy, with impacts such as:

- 1) Structured as a budget reconciliation package.
- 2) Realigns federal priorities with the administration's economic and social vision.
- 3) It will deliver more than \$1.5 trillion in spending cuts and reshape federal policy across nearly every major sector of the American economy.
- 4) Landmark legislation will impact virtually every industry and household in the U.S. through significant policy shifts, funding reallocations and regulatory changes.

Here are the aspects that will have the biggest changes:

- 1) Spending cuts
- 2) Immigration
- 3) Defense
- 4) Income Tax

Regarding tax matters, it includes important changes with new or modified tax rules for all types of taxpayers, including individuals, businesses, nonprofits, and others.

From expanded deductions, modified adjusted income thresholds, changes in taxation for overtime and TIPS income, child benefit credit, and others, the law introduces both broad and subtle changes.

Depending on your income, age, goals, where you live, and immigration status, some provisions may be more important than others.

It is important to consider that several provisions of the law already went into effect in January 2025, and others will go into effect in 2026. It is important to note that several benefits will only be in effect until 2028, and others until 2029.

Please note that several current forms are being modified, and several new ones are being established soon.

In CNA TAX and Accounting, we are committed to staying up-to-date in order to provide better service to our clients and provide quality and easy-to-use information.

In this eBook, we cover the most important tax aspects included in the One Big Beautiful Bill Act, also known as the (OBBBA).

Below is a summary of the most important changes for better understanding and for use in your short- and long-term tax and financial planning for you and your business.

# INDIVIDUAL INCOME TAXES

## Tax Changes for Individuals

### Individual tax bracket

The individual tax brackets remain unchanged under the new law. Below are the tax rates with the applicable income thresholds, which will apply to tax beginning after December 31, 2025.

Tax Rates	Single	Head of Household	Married Filing Jointly (MFJ)
10%	\$0 - \$11,924	\$0 - \$17,000	\$0 - \$23,850
12%	\$11,926 - \$48,475	\$17,001 - \$64,850	\$23,851 - \$96,950
22%	\$48,476 - \$103,350	\$64,851 - \$103,350	\$96,951 - \$206,700
24%	\$103,351 - \$197,300	\$103,351 - \$197,300	\$206,701 - \$394,600
32%	\$197,301 - \$250,525	\$197,301 - \$250,500	\$394,601 - \$501,050
35%	\$250,526 - \$626,350	\$250,501 - \$626,350	\$501,051 - \$751,600
37%	\$626,351+	\$626,351+	\$751,601+

**Note:** The tax bracket is applied progressively and based on marital status and the inflation adjustment applies for 10%, 12% and 22% brackets.

## Deduction

### Standard deduction

The standard deduction is the amount of money subtracted from income that reduces the tax base for calculating and paying taxes. The OBBBA reset permanently the standard deduction in tax years beginning after December 31, 2024.

FILING STATUS	ANTERIOR	ACTUAL (OBBBA)
SINGLE	14,600	15,750
MARRIED FILING SEPARATELY	14,600	15,750
HEAD OF HOUSEHOLD	21,900	23,625
MARRIED FILING JOINTLY	29,200	31,500



The OBBBA introduces five possible additional deductions (**TIPS Deduction, Overtime Deduction, Taxpayer Senior deduction, Car Loan Interest deduction and Charitable deduction**). These can be used in conjunction with the standard or itemized deductions and can be used under the terms of the law, depending on the case. These deductions have their own application regimes and limitations, as well as their validity. Both the IRS and the Treasury Department are working on the implementation process and forms.

### Tips deduction

Effective for tax years 2025 through 2028. Must be reported on a Form W-2, Form 1099, or other specified statement furnished to the individual or reported directly by the individual.

“**Qualified tips**” are voluntary cash or charged tips received from customers or through tip sharing.

Maximum annual deduction is \$25,000; for self-employed, deduction may not exceed individuals’ net income (without regard to this deduction) from the trade or business in which the tips were earned.

Deduction phases out for taxpayers with modified adjusted gross income over \$150,000 (\$300,000 for joint filers).

- Taxpayers must:
  - include their Social Security Number on the return and
  - file jointly if married, to claim the deduction.
  - Deduction is available for both itemizing and non-itemizing taxpayers.
  - Employers and other payors must file information returns with the IRS (or SSA) and furnish statements to taxpayers showing certain cash tips received and the occupation of the tip recipient.

### Overtime deduction

Effective for tax years 2025 through 2028, Taxpayers who earn overtime pay may deduct up to \$12,500 per year of that income. The deduction also phases out when MAGI exceeds \$150,000 (single) or \$300,000 (MFJ).

Individuals who receive qualified overtime compensation may deduct the pay that exceeds their regular rate of pay – such as the “half” portion of “time-and-a-half” compensation -- that is required by the Fair Labor Standards Act (FLSA) and that is reported on a Form W-2, Form 1099, or other specified statement furnished to the individual.

- Maximum annual deduction is \$12,500 (\$25,000 for joint filers).
- Deduction phases out for taxpayers with modified adjusted gross income over \$150,000 (\$300,000 for joint filers).
- Taxpayers must:
  - include their Social Security Number on the return.

- file jointly if married, to claim the deduction.
- Deduction is available for both itemizing and non-itemizing taxpayers.
- Employers and other payors are required to file information returns with the IRS (or SSA) and furnish statements to taxpayers showing the total amount of qualified overtime compensation paid during the year.
- The IRS will provide transition relief for tax year 2025 for taxpayers claiming the deduction and for employers and other payors subject to the new reporting requirements.

### Taxpayer Senior deduction

For the taxable years after December 31, 2024 through tax years beginning before January 01, 2029 individuals who are age 65 and older may claim an additional deduction of \$6,000. This new deduction is in addition to the current additional standard deduction for seniors under existing law.

- The \$6,000 senior deduction is per eligible individual (\$12,000 total for a married couple where both spouses qualify).
- Deduction phases out for taxpayers with modified adjusted gross income over \$75,000 (\$150,000 for joint filers).
- To qualify for the additional deduction, a taxpayer must attain age 65 on or before the last day of the taxable year.
- Deduction is available for both itemizing and non-itemizing taxpayers.
  - Taxpayers must:
    - include the Social Security Number of the qualifying individual(s) on the return,
    - and file jointly if married, to claim the deduction.

### Car loan interest deduction

For the tax years taxable after December 31, 2024 and December 31, 2028, individuals may deduct interest paid on a loan used to purchase a qualified vehicle. The vehicle must be purchased for personal use and meets other eligibility criteria. (Lease payments do not qualify.)

- Maximum annual interest deduction is \$10,000.
- Deduction phases out for taxpayers with modified adjusted gross income over \$100,000 (\$200,000 for joint filers).

To qualify for the deduction, the interest must be paid on a loan that comply with the following requirements:

- Originated purchase after December 31, 2024,
- Used to purchase a NEW vehicle, the original use of which starts with the taxpayer.

- For a personal use vehicle (not for business or commercial use)
- Secured by a lien on the vehicle.

If a qualifying vehicle loan is later refinanced, interest paid on the refinanced amount is generally eligible for the deduction.

**Qualified vehicle:** A qualified vehicle is a car, minivan, van, SUV, pick-up truck or motorcycle, with a gross vehicle weight rating of less than 14,000 pounds, and that has undergone final assembly in the United States.

**Final assembly in the United States:** The location of final assembly will be listed on the vehicle information label attached to each vehicle on a dealer's premises. Alternatively, taxpayers may rely on the vehicle's plant of manufacture as reported in the vehicle identification number (VIN) to determine whether a vehicle has undergone final assembly in the United States.

- The VIN Decoder website for the National Highway Traffic Safety Administration (NHTSA) provides plant of manufacture information. Taxpayers can follow the instructions on that website to determine if the vehicle's plant of manufacture was located in the United States.
- **Taxpayer eligibility:** Deduction is available for both itemizing and non-itemizing taxpayers. The taxpayer must include the Vehicle Identification Number (VIN) of the qualified vehicle on the tax return for any year in which the deduction is claimed.
- **Reporting:** Lenders or other recipients of qualified interest must file information returns with the IRS and furnish statements to taxpayers showing the total amount of interest received during the taxable year.
- **Guidance:** The IRS will provide transition relief for tax year 2025 for interest recipients subject to the new reporting requirements.

### Charitable deduction

- Taxpayers who don't itemize deductions may still deduct up to \$1,000 (single) and \$2,000 (MFJ) for charitable contributions.
- Beginning in 2026, if you itemize your deductions, you'll only be able to deduct charitable contributions that exceed 0.5% of your adjusted gross income (AGI). For example, if your AGI is \$1 million and you donate \$15,000 to a qualified charity, only \$10,000 of that gift would be deductible. The first 0.5% (\$5,000) doesn't count.
- This change is effective starting in the 2026 tax year.



## Itemized deductions

Tax deductions allow you to reduce your earned income and indirectly reduce your tax base. The existing deductions are divided into standard deductions and itemized deductions. You can only use one of the two, so it is important to analyze your family's situation to determine which option best suits you.

It is very important to consider that each year you will have to choose whether to use the standard deduction.

How and when you choose to deduct can make a meaningful difference in your overall tax strategy. The OBBBA introduces new limits on deductions for high earners and expands others, like the SALT cap. For charitably inclined families, these updates may present both challenges and opportunities. It's a good opportunity to revisit your giving plans and overall approach with your wealth manager.

### State and local tax (SALT)

The SALT corresponds to the possibility of including the payment of state and local income taxes as an itemized deduction. SALT deduction increases to an aggregate of \$40,000 for five years starting in 2025 and increasing 1% each year through 2029. Phases out at a 30% rate and increases by 1% each year when income exceeds \$500,000 to \$600,000. The \$40,000 limit applies to individuals and married couples; \$20,000 limit applies to married filing separately. After 2029, the amount will revert to the TCJA level of \$10,000.

### Mortgage Interest deduction

Taxpayers can include as an itemized deduction the interest paid on their home debt. OBBBA permanently limited to the first \$750,000 of acquisition debt (\$375,000 if married filing separately), including mortgage insurance premiums within that cap. However, interest on home equity loans is no longer deductible unless the funds are used to substantially improve the home. These changes apply to primary residences and take effect for tax years beginning after December 31, 2025.

### Moving expense reimbursement

Moving expenses have finally been clarified for tax purposes, and as of the OBBBA Moving expense reimbursements are permanently includible in income of employees and not deductible by individuals except for members of the armed forces and, beginning in 2026, the intelligence community.

## Limitations on total itemized deductions for high earners

Starting after December 31, 2025, itemized deductions will be limited for taxpayers in the 37% tax bracket, effectively increasing the tax burden. Under this new limitation, each dollar of itemized deductions will yield only a \$0.35 tax benefit instead of the full \$0.37 typically applied at that bracket.

The limitation works by reducing total itemized deductions—including the SALT and mortgage deductions—by a fraction based on income above the 37% bracket threshold (\$626,351 for single filers, \$751,601 for married filers in 2025, inflating).

## Casualty Loss Deduction

Under the OBBBA, the rules for claiming a casualty loss deduction for tax year 2025 have been updated and expanded.

### Extension of Casualty Loss Deduction

- The limitation on the casualty loss deduction, which was previously set to expire before January 1, 2026, has been extended indefinitely. This means taxpayers can continue to claim casualty loss deductions for qualifying events occurring after December 31, 2025.
- Inclusion of State-Declared Disasters
- Casualty losses are no longer limited to federally declared disasters. Losses resulting from state-declared disasters are now eligible for deduction. A state-declared disaster is defined as a natural catastrophe (e.g., hurricane, tornado, earthquake) or other events (e.g., fire, flood) that the state governor or the mayor of the District of Columbia determines to be severe enough to warrant relief.
- 3. Definition of Qualifying Events
- Qualifying casualty events include:
  - Natural disasters such as hurricanes, tornadoes, earthquakes, and snowstorms.
  - Other events like fires, floods, explosions, and mudslides.
  - These events must cause damage to property that is sudden, unexpected, or unusual.
- Calculation of Deduction
- The deduction is calculated as the lesser of:
  - The decrease in the fair market value of the property due to the casualty, or
  - The adjusted basis of the property.
- The loss must be reduced by any insurance or other reimbursements received.

### Personal Casualty Gains Exception

- If a taxpayer has personal casualty gains (e.g., insurance proceeds exceeding the loss), the deduction for personal casualty losses is not limited to federally or state-declared disasters.

### Documentation Requirements

- Taxpayers must maintain detailed records of:
  - The type of disaster or event.
  - The date and location of the casualty.
  - The cost of the property and its fair market value before and after the event.
  - Any insurance reimbursements or other compensation received.

### Effective Date

- These provisions apply to taxable years beginning after December 31, 2025.

## Wagering Losses

Starting from taxable years beginning after December 31, 2025, the deduction for wagering losses is limited to **90% of the amount of such losses** during the taxable year. This is a new restriction introduced under the OBBBA.

Under their provision you must Track all gambling wins and losses meticulously. Even if you break even, you could still owe taxes. For example, if you win \$50,000 and lose \$50,000, you can only deduct 90% of your losses (\$45,000), leaving \$5,000 as taxable income. This phantom income makes it important to budget for taxes, even in a year with no net profit.

The term "losses from wagering transactions" includes not only the direct losses but also any deductions otherwise allowable under the tax code that are incurred in carrying on any wagering transaction. For example, travel expenses directly related to gambling activities may be included.

To substantiate wagering losses, taxpayers must maintain detailed records and documentation. The IRS requires the following: Keep records such as Form W-2G (issued for certain gambling winnings), betting tickets, receipts, and statements from casinos. Maintain a log of gambling activities, including the date, type of wager, location, and amount wagered.

Bank or credit card statements showing transactions related to gambling activities can serve as supporting evidence. Retain all receipts, tickets, or other documentation from gambling establishments that detail the amounts wagered and any winnings received.

## Qualified business income (QBI)

The Qualified Business Income (QBI) deduction, established under Section 199A of the Internal Revenue Code, allows eligible taxpayers to deduct up to 20% of their qualified business income from a domestic trade or business. This deduction is available to owners of pass-through entities such as sole proprietorships, partnerships, S corporations, and certain trusts and estates. It is designed to provide tax relief to small business owners and encourage economic growth.

The deduction cannot exceed the greater of (1) 50% of W-2 wages paid by the business or (2) 25% of those wages plus 2.5% of the unadjusted basis of depreciable property. The OBBBA expands the deduction limit phase-ins from \$50,000 to \$75,000 (single) and from \$100,000 to \$150,000 (MFJ). The OBBBA also adds a minimum deduction of \$400, inflation-indexed, for taxpayers with \$1,000+ of QBI.

### **Eligibility:**

- The deduction applies to income earned from a qualified trade or business within the United States.
- Specified service trades or businesses (SSTBs), such as health, law, accounting, and consulting, may face limitations based on income thresholds.

### **Income Thresholds:**

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- For 2025 and beyond, the taxable income limitation phase-in amounts have been increased to \$75,000 for single filers and \$150,000 for joint filers. This means taxpayers earning below these thresholds can claim the full deduction without additional restrictions.

#### **Minimum Deduction for Active QBI:**

- A new provision ensures that taxpayers with at least \$1,000 in aggregate qualified business income from active trades or businesses are entitled to a minimum deduction of \$400, even if their calculated deduction would otherwise be lower. This adjustment applies to taxable years beginning after December 31, 2025.

#### **Material Participation Requirement:**

- To qualify for the deduction under the active QBI rules, taxpayers must materially participate in the business. This ensures the deduction is targeted at active business owners rather than passive investors.

#### **Inflation Adjustments:**

- Starting in 2026, the \$400 minimum deduction and \$1,000 active QBI threshold will be adjusted annually for inflation.

#### **Limitations:**

- **Wage and Property Limitations:** For taxpayers above the income thresholds, the deduction may be limited by the amount of W-2 wages paid by the business and the unadjusted basis immediately after acquisition (UBIA) of qualified property.
- **Specified Service Trades or Businesses (SSTBs):** High-income taxpayers engaged in SSTBs may see their deduction phased out entirely.

## **Income Tax Credits**

An **income tax credit** is a direct reduction in the amount of tax owed by a taxpayer. Unlike deductions or exemptions, which reduce the amount of taxable income, a tax credit directly decreases the tax liability on a dollar-for-dollar basis. This distinction makes tax credits particularly valuable because they provide a more significant benefit than deductions or exemptions of the same monetary value.

Tax credits can be refundable (allowing the taxpayer to receive a refund if the credit exceeds their tax liability) or nonrefundable (limited to the amount of tax owed).

The One Big Beautiful Bill Act (OBBBA) introduces several tax credits for the 2025 tax year, including enhancements to existing credits and new provisions. Below is a detailed summary of the available credits.

## Child Tax Credit

The Child Tax Credit (CTC) has been extended and enhanced under the (OBBBA) for tax year beginning after December 31, 2024 where the maximum credit amount per qualifying child has been increased to \$2,200 for the 2025 tax year.

The refundable portion of the credit remains capped at \$1,400, subject to inflation adjustments for taxable years beginning after 2024. Both the maximum credit amount (\$2,200) and the refundable portion (\$1,400) will be adjusted annually for inflation starting in 2025.

To claim the credit:

- The taxpayer must provide their Social Security Number (SSN) (or, in the case of a joint return, the SSN of at least one spouse).
- Each qualifying child must also have a valid SSN issued before the due date of the tax return.

### Phase-Out Thresholds

- The income thresholds for the phase-out of the credit remain unchanged:
  - \$200,000 for single filers.
  - \$400,000 for married couples filing jointly.
  - The credit is reduced by \$50 for every \$1,000 (or fraction thereof) of modified adjusted gross income (MAGI) above these thresholds.

## Adoption Credit

When a family completes the adoption of a qualifying child, they are entitled to a tax credit that offsets the costs of the process. For 2025, this amount is US\$17,280.00. This credit, as of 2025, as a provision of the OBBBA, includes the following matters:

- A portion of the Adoption Credit, up to \$5,000, is now refundable. This means taxpayers can receive this amount as a refund even if they have no tax liability.
- The credit amounts are subject to annual inflation adjustments starting in 2025. This ensures that the credit keeps pace with the cost of living. The adjustments apply to:
  - The refundable portion of the credit.
  - Other dollar limits associated with the Adoption Credit.

The refundable portion of the credit (up to \$5,000) cannot be carried forward to future tax years. Only the non-refundable portion of the credit is eligible for carryforward.

These provisions apply to taxable years beginning after December 31, 2024. This means they will be in effect for the 2025 tax year.

## Child and Dependent Care Tax Credit

The Child and Dependent Care Tax Credit for the 2025 tax year is a nonrefundable credit designed to help taxpayers offset the cost of care for qualifying individuals, such as children under age 13 or dependents/spouses who are physically or mentally incapable of self-care, so the taxpayer (and their spouse, if filing jointly) can work, look for work, or attend school.

### **Qualifying Individual:**

- A dependent under age 13 at the time the care was provided.
- A spouse or dependent who is physically or mentally incapable of self-care and lived with the taxpayer for more than half the year.
- Expenses must be incurred to enable the taxpayer (and spouse, if filing jointly) to work or actively look for work. This includes wages, salaries, and other earned income.
- Generally, married taxpayers must file jointly to claim the credit. Exceptions apply for certain taxpayers living apart from their spouse.
- The taxpayer must provide the care provider's name, address, and taxpayer identification number (TIN) on Form 2441.
- The applicable percentage is 50%, reduced as follows:
  - Reduction 1: Reduced (but not below 35%) by 1 percentage point for each \$2,000 (or fraction thereof) by which the taxpayer's adjusted gross income (AGI) exceeds \$15,000.
  - Reduction 2: Further reduced (but not below 20%) by 1 percentage point for each \$2,000 (\$4,000 for joint filers) or fraction thereof by which the taxpayer's AGI exceeds \$75,000 (\$150,000 for joint filers).
- Maximum eligible expenses:
  - \$3,000 for one qualifying individual.
  - \$6,000 for two or more qualifying individuals.

Expenses for overnight camps, private school tuition, or care provided by a dependent or the taxpayer's child under age 19 do not qualify.

Day camp expenses may qualify, but overnight camp expenses do not.

The updated provisions for the Child and Dependent Care Tax Credit under OBBBA apply to taxable years beginning after December 31, 2025.

## Scholarship Granting Organizations Credit

A new credit of up to \$1,700 is available for contributions to scholarship-granting organizations that fund elementary and secondary education scholarships for eligible students.

The Scholarship Granting Organizations Credit for the 2025 tax year is defined under U.S. tax law as a tax credit provided to individuals or businesses for contributions made to Scholarship Granting



Organizations (SGOs). These organizations are typically 501(c)(3) entities that provide scholarships to eligible students for qualified educational expenses. Below are the key details:

The credit is available to taxpayers who make contributions to SGOs that meet the requirements of section 501(c)(3) of the Internal Revenue Code (IRC) and are recognized as tax-exempt organizations.

Contributions must be made in cash or property to SGOs that use the funds to provide scholarships for qualified elementary or secondary education expenses of eligible students. These scholarships must be used for tuition, fees, books, supplies, and other educational expenses.

The credit amount is generally a percentage of the contribution made to the SGO, subject to annual limits. Specific percentages and limits may vary by state or federal provisions.

Scholarships provided by SGOs are exempt from gross income if they are used for qualified educational expenses and meet the requirements.

SGOs must operate independently and cannot be controlled by any single donor or group of donors. Additionally, parents of scholarship recipients must have the freedom to choose the educational institution their child attends.

Taxpayers claiming the credit must maintain proper documentation of their contributions, including receipts from the SGO. SGOs are required to report the use of funds and ensure compliance with applicable laws

The tax credit for SGO contributions applies to taxable years ending **after December 31, 2026**. The exclusion of scholarships from gross income applies to amounts received **after December 31, 2026**.

### 529 Plan Enhancements

A 529 Plan, legally referred to as a "Qualified Tuition Program" is a tax-advantaged savings plan designed to encourage saving for future education costs.

A 529 Plan is a program established and maintained by a state, or an agency or instrumentality of a state, or by an eligible educational institution. It allows individuals to either prepay a beneficiary's qualified higher education expenses or contribute to an account for paying those expenses. The plan can also cover tuition for elementary and secondary schools, up to \$10,000 annually per beneficiary.

- Any individual can establish a 529 Plan and name anyone as a beneficiary, including themselves. There are no income restrictions for contributors or beneficiaries.
- Contributions cannot exceed the amount necessary to cover the qualified education expenses of the beneficiary. Contributions are not deductible for federal tax purposes, but some states may offer tax deductions or credits for contributions.
- Each 529 Plan account has one designated beneficiary, typically the student for whom the plan is intended. Beneficiaries can be changed to another family member without tax consequences.

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- Earnings in a 529 Plan grow tax-free while in the account.
  - Distributions are tax-free if used for qualified education expenses, such as tuition, fees, books, supplies, and equipment required for enrollment or attendance at an eligible educational institution. Room and board expenses are also covered if the student is enrolled at least half-time.
  - Qualified expenses include tuition for elementary and secondary schools (up to \$10,000 annually), costs for apprenticeship programs, and student loan repayments (up to \$10,000 lifetime per individual).
  - Effective for distributions after December 31, 2023, beneficiaries can roll over unused funds from a 529 Plan to a Roth IRA, subject to certain limits, including a \$35,000 lifetime cap.
  - Contributions to a 529 Plan are treated as completed gifts for federal gift tax purposes and qualify for the annual gift tax exclusion. Special rules allow contributors to spread large contributions over five years for gift tax purposes.

#### **Enhancements to 529 Plans Under OBBBA 2025:**

- The definition of "qualified higher education expenses" now includes additional costs related to elementary and secondary education. These include:
  - Curriculum and curricular materials.
  - Books or other instructional materials.
  - Online educational materials.
  - Tuition for tutoring or educational classes outside the home (subject to specific qualifications for tutors or instructors).
  - Fees for standardized tests, advanced placement exams, and college admission exams.
  - Fees for dual enrollment in higher education institutions.
  - Educational therapies for students with disabilities, such as occupational, behavioral, physical, and speech-language therapies, provided by licensed or accredited practitioners. The annual limit for using 529 funds for K-12 tuition has been increased from \$10,000 to \$20,000 per student.
  - Tuition, fees, books, supplies, and equipment for recognized postsecondary credential programs.
  - Fees for testing required to obtain or maintain a recognized postsecondary credential.
  - Fees for continuing education required to maintain such credentials.

### [Trump Accounts Contribution Pilot Program](#)

The Trump Accounts Contribution Pilot Program, introduced under the (OBBBA), is a new initiative aimed at providing tax-advantaged savings opportunities for eligible individuals. Here we describe



some key details regarding eligibility, contribution limits, and tax benefits for the 2025 tax year and after:

**Eligible Individuals:**

- Must be under the age of 18 before the close of the calendar year in which the account is established.
- Must have a valid Social Security Number issued before the election to establish the account.
- The account can be established either by the Secretary of the Treasury or by a parent/legal guardian.

**Eligible Children for Pilot Program Contributions:**

- Must be born between January 1, 2025, and December 31, 2028.
- Must be a U.S. citizen.
- No prior election for the Trump Account Contribution Pilot Program can have been made for the child.

**Annual Contribution Limit:**

- Contributions to Trump Accounts are capped at **\$5,000 per calendar year** for individuals under the age of 18.

**Exempt Contributions:**

- Qualified rollover contributions.
- Contributions made under the Trump Accounts Contribution Pilot Program will be \$1,000 per eligible child.

**Cost-of-Living Adjustments:**

- Starting in 2027, the \$5,000 limit will be adjusted annually for inflation, rounded to the nearest \$100.

**Tax-Free Contributions:**

- Contributions made under the Trump Accounts Contribution Pilot Program (\$1,000 per eligible child) are excluded from the gross income of the account beneficiary.

**Employer Contributions:**

- Employers can contribute up to **\$2,500 annually** to Trump Accounts for employees or their dependents. These contributions are excluded from the employee's gross income.

**Qualified Rollover Contributions:**

- Rollover contributions between Trump Accounts or to ABLE accounts are tax-free.

### Penalty-Free Distributions:

- Distributions of excess contributions or upon the death of the account beneficiary are not subject to penalties, though certain tax implications may apply.

**Effective Date:** The program and its associated tax benefits apply to taxable years beginning after December 31, 2025.

### American Opportunity and Lifetime Learning Credits

The OBBBA introduces new eligibility requirements and credit limits for the American Opportunity Credit (AOTC) and Lifetime Learning Credit (LLC) for the 2025 tax year. Below is a explanation based on the provided OBBBA sources:

#### **Social Security Number Requirement:**

- Starting in the 2025 tax year, taxpayers claiming the AOTC or LLC must include their **Social Security Number (SSN)** on their tax return. This applies to both the taxpayer and any individual for whom qualified tuition and related expenses are claimed.
- For the AOTC specifically, the **Employer Identification Number (EIN)** of the educational institution receiving tuition payments must also be included on the tax return.
- Failure to provide the required SSN or EIN will be treated as a **mathematical or clerical error**, allowing the IRS to disallow the credit without requiring a formal audit.

The amendments to the eligibility requirements for the AOTC and LLC will apply to **taxable years beginning after December 31, 2025**.

### Limitation on Premium Tax Credit

In general, Marketplace subsidies are not available to anyone with a household income under the federal poverty level (FPL). But there has always been an exception for recent immigrants who are lawfully present in the U.S. if they are in the five-year waiting period before they can qualify for Medicaid.

But the OBBBA ends this provision, starting January 1, 2026. Immigrants with household income under the poverty level who have been in the U.S. for less than five years will no longer qualify for subsidies in the Marketplace.

To qualify for Marketplace subsidies, immigrants who have been in the U.S. for under five years will need a household income for 2026 that is at least equal to the 2025 FPL.

When applicants enroll in Marketplace coverage, they're asked to project their household income for the full year that the coverage will be in effect, so recent immigrants who are enrolling or renewing



coverage during the open enrollment period in the fall of 2025 will need to project an income of at least the 2025 FPL when they apply for their 2026 subsidies.

### Clean energy tax credits

The OBBBA include termination a/o restrictions of Energy Credits and deductions, here we include all energy credit with the changes:

- Previously Owned Clean Vehicle Credit: Ends September 30, 2025.
- Clean Vehicle Credit (new vehicles): Ends September 30, 2025.
- Qualified Commercial Clean Vehicle Credit: Ends September 30, 2025.
- Alternative Fuel Vehicle Refueling Property Credit: Ends June 30, 2026.
- Energy Efficient Home Improvement Credit: Ends December 31, 2025.
- Residential Clean Energy Credit: Ends December 31, 2025.
- The Energy Efficient Commercial Building Deduction and the New Energy Efficient Home Credit expire on June 30, 2026. Six years earlier than previously scheduled with eligibility limited to projects that begin construction by that date.
- New energy-efficient home credit: Ends after June 30, 2026.
- Clean hydrogen production credit: Ends after Jan. 1, 2028.
- Sustainable aviation fuel credit: Ends after Sept. 30, 2025.
- Provision allowing cost recovery for certain energy properties and qualified clean energy facilities, property, and technology will be terminated after Dec. 31, 2025, for energy property and after the date of enactment for qualified clean energy facilities, property, and technology.
- Clean electricity production credit is terminated for wind and solar facilities placed in service after Dec. 31, 2027. No credit will be allowed to facilities that are owned or controlled by certain foreign entities.
- Clean electricity investment credit is also terminated for wind and solar facilities placed in service after Dec. 31, 2027. Restrictions are also placed around claims by facilities owned or controlled by certain foreign entities.
- The bill places restrictions on claiming nuclear power production credit for foreign entities and for facilities that use imported nuclear fuel.
- Clean fuel production credit is extended through 2029, and prohibitions are placed on the use of foreign feedstocks.

## Other individuals tax matter

### Estate and Gift Tax Exemption Amounts

The One Big Beautiful Bill Act (OBBBA) introduces significant changes to the estate and gift tax exemption amounts, which will impact estates and trusts starting in 2025. Below is a detailed summary of the relevant provisions:

#### Increased Estate and Gift Tax Exemption Amounts

- **Exemption Increase:** The estate and gift tax exemption amount will increase from \$5,000,000 (adjusted for inflation) to **\$15,000,000** for decedents dying and gifts made after December 31, 2025. This represents a substantial increase in the amount of wealth that can be transferred tax-free during life or at death.
- **Inflation Adjustments:** The \$15,000,000 exemption amount will be adjusted annually for inflation starting in 2026.
- The OBBBA specifies which governs the effect of rate changes, will not apply to changes in the estate and gift tax rates under this Act. This ensures a clean transition to the new exemption amounts without the need for proration or other adjustments.
- These changes will apply to **estates of decedents dying and gifts made after December 31, 2025.**
- **Estate Planning Opportunities:** The increased exemption amount provides a significant opportunity for high-net-worth individuals to transfer more wealth tax-free. Estate planning strategies, such as lifetime gifting and the use of trusts, should be revisited to maximize the benefits of the higher exemption.
- **Trust Adjustments:** Trust structures that rely on the previous exemption limits may need to be updated to reflect the new thresholds.
- **Inflation Protection:** The annual inflation adjustment ensures that the exemption amount remains relevant over time, reducing the impact of inflation on estate planning.

### Remittance Transfer Tax

Under the **OBBBA**, remittance transfers are subject to specific tax treatment starting in the 2026 tax year. Below is an explanation of how remittance transfers are treated for tax purposes:

- A **1% tax** is imposed on the amount of any remittance transfer. This applies to transfers where the sender provides cash, a money order, a cashier's check, or other similar physical instruments to the remittance transfer provider.

- The **sender** of the remittance transfer is responsible for paying the tax. However, the **remittance transfer provider** is required to collect the tax from the sender at the time of the transfer and remit it to the IRS on a quarterly basis.
- If the tax is not collected at the time of the transfer, the remittance transfer provider becomes secondarily liable for the unpaid tax.
- The 1% tax does **not apply** to remittance transfers funded through:
  - Withdrawals from accounts held at financial institutions subject to U.S. anti-money laundering regulations.
  - Debit or credit cards issued in the United States.
- The tax is limited to transfers involving **cash or similar physical instruments**. Transfers funded through electronic means (e.g., bank accounts or cards) are excluded.
- The tax on remittance transfers applies to transfers made **after December 31, 2025**.

## BUSINESS INCOME TAXES

### Deductions, credits and expenses

#### Section 179 (small Business Expensing)

La Section 179 of the Internal Revenue Code allows businesses to deduct the full purchase price of qualifying equipment and/or software purchased or financed during the tax year, rather than capitalizing and depreciating the cost over time.

Depreciation is the distribution of the cost of an asset over the period determined as its useful life, based on each type of asset, its use, and its characteristics.

Below is an explanation of the provisions, limitations, and updates to Section 179 as per the One Big Beautiful Bill Act (OBBBA).

- The maximum amount a taxpayer can expense under Section 179 has been increased to **\$2,500,000**, up from the previous limit of \$1,000,000.
- The phase-out threshold for the total cost of qualifying property placed in service during the year has been raised to **\$4,000,000**, up from \$2,500,000.
- Both the \$2,500,000 expensing limit and the \$4,000,000 phase-out threshold will be adjusted for inflation starting in 2025. The inflation adjustment will use **calendar year 2024** as the base year for determining future increases.
- These changes apply to property placed in service in taxable years beginning after **December 31, 2024**.

## Bonus depreciation

The OBBBA introduces significant changes to bonus depreciation provisions for the 2025 tax year. Below is a detailed breakdown of the provisions:

**General Rule:** The OBBBA amends Section 168(k) of the Internal Revenue Code to allow 100% bonus depreciation for qualified property placed in service after January 19, 2025. This applies to property with a recovery period of 20 years or less, certain computer software, water utility property, and qualified film, television, and live theatrical productions.

**Amendments:** The rules for self-constructed property have been updated. Specifically, has been revised to streamline the treatment of such property, ensuring it qualifies for the 100% bonus depreciation if placed in service after January 19, 2025.

**Optional Election:** Taxpayers may elect to apply a reduced bonus depreciation percentage for the first taxable year ending after January 19, 2025:

- **40%** for most qualified property.
- **60%** for property with longer production periods or specified plants.

This election must be made for the taxable year in which the property is placed in service.

**Eligibility:** The 100% bonus depreciation also applies to specified plants that are planted or grafted after January 19, 2025. This provision eliminates the prior deadline of January 1, 2027, for planting or grafting.

**Binding Contracts:** Property is considered acquired after January 19, 2025, only if a written binding contract for acquisition is entered into after this date. This ensures clarity in determining eligibility for the 100% bonus depreciation.

- The amendments apply to property acquired and placed in service after January 19, 2025.

## Differences Between Section 179 Expensing and Bonus Depreciation

The **One Big Beautiful Bill Act (OBBBA)** introduces several updates to Section 179 expensing and bonus depreciation under the Internal Revenue Code for the 2025 tax year. Below is a comparison of the two provisions:

Feature	Section 179 Expensing	Bonus Depreciation
Deduction Limit	\$2,500,000 (2025)	No dollar limit
Phase-Out Threshold	\$4,000,000 (2025)	None
Qualifying Property	Tangible personal property, software, improvements	Tangible property with a recovery period $\leq$ 20 years
Flexibility	Taxpayer selects assets to expense	Automatic unless elected out
Application	Limited to taxable income; excess carried forward	No income limitation
Inflation Adjustment	Yes, starting in 2025	No inflation adjustment

- **Section 179** is ideal for small to mid-sized businesses due to its deduction limits and flexibility.
- **Bonus Depreciation** is more advantageous for larger businesses or those with significant capital expenditures, as it has no dollar limit and applies automatically.

### Employer payment of student loans and educational assistance programs

The OBBBA makes permanent the ability for employers to pay principal and interest on student loans through a Section 127 plan without the employee recognizing compensation income. The new legislation also amends Section 127 to index for inflation the maximum annual exclusion from income under an educational assistance program (currently \$5,250).

This amendment will apply to payments made after Dec. 31, 2025.

### The Employer-Provided Child Care Credit

This credit is a tax incentive designed to encourage employers to support child care services for their employees. Under the (OBBBA) has been enhanced significantly for tax years beginning after December 31, 2025. Here we include a breakdown of the eligibility requirements, credit calculation details:

- **Qualified Child Care Facility:** The credit applies to expenditures for child care facilities that:
  - Are owned or operated by the employer.
  - Are under a contract with an intermediate entity that contracts with one or more qualified child care facilities to provide child care services.
- **Joint Ownership or Operation:** A facility jointly owned or operated by the employer and other persons will not disqualify the employer from claiming the credit.

#### **Percentage of Qualified Expenditures**

- **Standard Rate:** 40% of qualified child care expenditures.
- **Enhanced Rate for Eligible Small Businesses:** 50% of qualified child care expenditures.

#### **Maximum Credit Amount**

- **Standard Limit:** \$500,000 per taxable year.
- **Enhanced Limit for Eligible Small Businesses:** \$600,000 per taxable year.
- **Inflation Adjustment:** Beginning in tax year 2026, the \$500,000 and \$600,000 limits will be adjusted annually for inflation.

The OBBBA introduced several enhancements to the Employer-Provided Child Care Credit:

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- **Increased Credit Rates:** The credit rate was increased from 25% to 40% (50% for eligible small businesses).
  - **Higher Credit Limits:** The maximum credit amount was raised from \$150,000 to \$500,000 (\$600,000 for eligible small businesses).
  - **Expanded Eligibility for Third-Party Intermediaries:** Employers can now claim the credit for child care services provided under contracts with intermediate entities.
  - **Joint Ownership Flexibility:** Facilities jointly owned or operated by multiple parties are now eligible.
  - **Regulatory Guidance:** The Secretary of the Treasury is required to issue regulations and guidance to implement these changes effectively.

### **Effective Date**

The amendments to the Employer-Provided Child Care Credit apply to amounts paid or incurred after December 31, 2025.

### [The Paid Family and Medical Leave Credit](#)

This credit is a percentage of the amount of wages paid to a qualifying employee while on family and medical leave for up to 12 weeks per taxable year.

A general business credit to eligible employers providing paid family and medical leave to its qualifying employees. Due to various requirements, it was difficult for employers to satisfy eligibility for the credit and it was not widely utilized. OBBBA modified the eligibility requirements and made the credit permanent. These changes to the paid leave credit are first effective for tax years beginning in 2026 and may make the credit more attractive and allow more employers the opportunity to take the credit. Under the OBBBA for tax year 2025 has been extended and enhanced. Below are the key details:

### **Eligibility and Credit Amount:**

- The credit is available to eligible employers who provide paid family and medical leave to their employees.
- Employers can choose between two options for calculating the credit:
  - **Option A:** A percentage of wages paid to qualifying employees during their leave.
  - **Option B:** A percentage of premiums paid for an insurance policy that provides paid family and medical leave. The rate of payment under the insurance policy is determined without regard to whether employees actually take leave during the taxable year.
- The applicable percentage for the credit is determined based on the rate of payment provided to employees during their leave.

## Effective Date:

- The amendments to the Paid Family and Medical Leave Credit apply to taxable years beginning after December 31, 2025.

## Qualified business income deduction

QBI is the net amount of qualified items of income, gain, deduction, and loss from any qualified trade or business, including income from partnerships, S corporations, sole proprietorships, and certain trusts. Generally, this includes, but is not limited to, the deductible part of self-employment tax, self-employed health insurance, and deductions for contributions to qualified retirement plans.

The OBBBA introduces several updates and enhancements to the Qualified Business Income (QBI) deduction under Section 199A of the Internal Revenue Code. Below are the key provisions and updates for the 2025 tax year:

- The taxable income thresholds for the phase-in of the QBI deduction limitations have been increased:
  - **Single filers:** Increased from \$50,000 to **\$75,000**.
  - **Married filing jointly:** Increased from \$100,000 to **\$150,000**.
- This change provides a broader range of taxpayers with access to the full QBI deduction before the phase-in of limitations begins.
- A new provision ensures a **minimum deduction** for taxpayers with active qualified business income (QBI):
  - Taxpayers with at least **\$1,000** in aggregate QBI from active qualified trades or businesses are guaranteed a minimum deduction of **\$400**, even if their calculated QBI deduction would otherwise be lower.
  - The term "active qualified trade or business" is defined as a business in which the taxpayer materially participates.

Starting in 2026, the **\$400 minimum deduction** and the **\$1,000 QBI threshold** will be adjusted annually for inflation.

These amendments to the QBI deduction will apply to taxable years beginning after **Dec 31, 2025**.

## Business interest deduction limitation

For tax years beginning after 2024, the OBBBA include a favorable taxpayer adjustment to the base for calculating the limitation on deductible business interest is made by returning depreciation and amortization to the calculation, changing the base determinant from income before interest and taxes to earnings before interest, taxes, depreciation and amortization (EBITDA).

This provision takes effect for tax years beginning after Dec. 31, 2024.



## Qualified Opportunity Zones

The OBBBA introduces several enhancements and modifications to the Qualified Opportunity Zones (QOZ) program, which are designed to encourage long-term investments in economically distressed communities.

- The OBBBA establishes a "decennial determination date," which allows for the periodic reassessment of QOZ designations every 10 years. This ensures that the program remains targeted at areas in need of economic revitalization. The first decennial determination date is set for July 1, 2025, with subsequent dates every 10 years thereafter.
- The special rule that allowed for the automatic designation of all low-income census tracts in Puerto Rico as QOZs will be repealed effective December 31, 2026.
- The definition of "low-income communities" has been updated to include census tracts with:
  - A median family income not exceeding 70% of the statewide or metropolitan area median family income.
  - A poverty rate of at least 20% and a median family income not exceeding 125% of the statewide or metropolitan area median family income.
- The designation of a QOZ will now remain in effect for 10 years from the "applicable start date," which is defined as January 1 following the date the zone is certified and designated. This ensures a fixed investment horizon for stakeholders.
- **Deferral Period:** Gains invested in Qualified Opportunity Funds (QOFs) can be deferred until the earlier of:
  - The date the investment is sold or exchanged.
  - Five years after the investment is made.
- **Basis Adjustments:**
  - For investments held for at least 5 years, the basis is increased by 10% of the deferred gain (30% for investments in Qualified Rural Opportunity Funds).
  - For investments held for at least 10 years, the basis is stepped up to the fair market value of the investment at the time of sale.
- A new category of QOFs, called Qualified Rural Opportunity Funds, is introduced. These funds must hold at least 90% of their assets in QOZ property located in rural areas. Rural areas are defined as regions outside cities or towns with populations exceeding 50,000 and their contiguous urbanized areas.
- **Annual Reporting by QOFs:** QOFs are required to file detailed annual returns, including information on:
  - The value of QOZ property held.
  - The census tracts where investments are made.

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- Employment and residential impacts of the investments.
  - **Penalties for Non-Compliance:** Failure to comply with reporting requirements can result in penalties of up to \$10,000 per return, with higher penalties for funds with assets exceeding \$10 million.
  - **Substantial Improvement Rule:** For properties located in rural QOZs, the substantial improvement requirement is reduced to 50% of the adjusted basis of the property.
  - Most provisions, including the decennial determination date and enhanced reporting requirements, take effect immediately upon the enactment of the OBBBA.

### Charitable Contribution Deduction

After the OBBBA, corporations may only deduct charitable contributions exceeding 0.5% of their taxable income. Contributions below this threshold are not immediately deductible but may be carried forward, subject to strict restrictions for future deductibility. In addition, the existing 10% taxable income cap on corporate charitable deductions remains in place after the OBBBA, meaning deductions for corporate taxpayers are limited to contributions between the 1% floor and the 10% ceiling.

The portion of contributions that fall below the 0.5% floor, and are therefore not immediately deductible, may be carried forward for up to five years, but they may only be carried forward from taxable years in which the corporation's total charitable contributions exceeded the ceiling.

The amount exceeding the ceiling, may be carried forward for up to five years. Also, when the ceiling exceeded, the amount of the deduction disallowed due to the floor may be carried forward for up to five years.

### Research or Experimental Expenditures

The OBBBA permanently allows taxpayers to fully expense domestic research or experimental (R&E) expenditures paid or incurred in taxable years beginning after Dec. 31, 2024. The change also provides transition rules permitting taxpayers to deduct unamortized domestic R&E expenditures paid or incurred in 2022 through 2024, where such expenditures in full in the first taxable year beginning after December 31, 2024

### Alternative minimum tax (AMT) exemption

The Alternative Minimum Tax (AMT) is a parallel tax system designed to ensure that taxpayers who benefit from certain deductions, credits, or other tax preferences pay at least a minimum amount of tax. Below is an explanation of the AMT, including its purpose, calculation method, and updates under the One Big Beautiful Bill Act (OBBBA) for the 2025 tax year.



The increased AMT exemption and thresholds amounts of \$88,100 (single) and \$137,000 (MFJ) are now permanent, but the exemptions phase-out at levels of \$500,000 (single) and \$1 million (MFJ) of AMT income (inflating). Additionally, the phaseout is increased from 25% to 50% of the amount by which your AMT income exceeds the applicable exemption phaseout threshold.

- The exemption amounts that were set to expire on January 1, 2026, will now continue indefinitely. This ensures that taxpayers benefit from higher exemption thresholds, reducing the likelihood of being subject to the AMT.

The phaseout thresholds for the AMT exemption amounts have been adjusted:

- The phaseout rate has been increased from 25% to **50%**, meaning that the exemption amount will phase out more quickly as a taxpayer's income exceeds the threshold. This change applies to taxable years beginning after December 31, 2025.

The AMT exemption amounts and phaseout thresholds will continue to be adjusted for inflation. However, the inflation adjustment methodology has been modified:

- For the \$1,000,000 phaseout threshold, inflation adjustments will now use **calendar year 2025** as the base year instead of calendar year 2017.

These amendments to the AMT provisions will apply to taxable years beginning after **Dec 31, 2025**.

### [Information Reporting \(1099 – NEC\) and \(1099-K\)](#)

The IRS requires that information returns on Form 1099-NEC be filed when payments above a certain threshold amount are made by businesses to independent contractors. Payments processed by third-party settlement organizations such as PayPal must report on Form 1099-K if over a threshold.

The OBBBA changes the thresholds for filing these forms, which will result in far fewer being filed.

#### **New \$2,000 1099-NEC Filing Threshold**

Currently, if a business pays an unincorporated independent contractor (non-employee) \$600 or more for services during the year by check, cash, or direct deposit for business-related services, it must file IRS Form 1099-NEC. The form must also be filed when a lawyer or physician is paid \$600 or more for business-related professional services, even when they are incorporated.

Starting in 2026, the threshold for filing Form 1099-NEC goes up to \$2,000. Moreover, starting in 2027, the threshold will be adjusted for inflation each year in \$100 increments. This should substantially reduce the number of 1099-NEC forms hiring firms have to file each year, relieving them of an administrative burden.

#### **Form 1099-K Filing Thresholds**

The Form 1099-K regarding Payment Card and Third-Party Network Transactions, is used to report payments from third-party settlement organization (TPSOs) as well as debit card payments.



Payment apps like PayPal, Cash App, and Venmo; online auction or marketplace services such as eBay and Amazon; gig economy platforms such as Uber, Airbnb, Upwork, and TaskRabbit; some cryptocurrency processors such as Bit Pay; craft or maker marketplaces like Etsy; ticket exchange or resale sites like Ticket Master; and some crowdfunding platforms.

From the tax year 2025, the form 1099-K must be issued when Gross annual earnings over \$20,000, and more than 200 transactions in the calendar year. With these thresholds, only relatively frequent users of TPSOs exceeded both thresholds and had their payment information reported to the IRS.

### Other provisions and changes included in the OBBBA

- 1) Excise Tax on Investment Income of Private Colleges and Universities.
- 2) Low Income Housing Tax Credit (LIHTC).
- 3) Advance Manufacturing Production Credit.
- 4) Advance Manufacturing Investment Credit.
- 5) Intangible Drilling & Development Costs Taken into Acct for AFSI.
- 6) Spaceports Under Exempt Facility Bond Rules
- 7) Percentage of Completion Method of Accounting Exception for Residential Construction Contracts.
- 8) Payments from Partnerships to Partners for Property Services.
- 9) Small Business Stock Gain Exclusion.
- 10) New Market Tax Credit.
- 11) Limitation on Excess Business Losses of Noncorporate Taxpayers.
- 12) Quality Sound Recording Productions.
- 13) Taxable REIT Subsidiary Asset Test.
- 14) Safe Harbor for Absence of Deductible for Telehealth.
- 15) Exchange Verification of Eligibility for Health Plan.
- 16) Excessive Remuneration from Controlled Group Members.
- 17) Direct Primary Care Service Arrangements.
- 18) Excise Tax on Firearms Silencers.
- 19) De Minimis Entry Privilege for Commercial Shipments.
- 20) Payment for Dyed Fuel.
- 21) Excessive Compensation within Tax Exempt Orgs.
- 22) Excise Tax in Investment Income of Private Colleges & Universities.
- 23) Interest on loans for Rural or Agricultural Real Property.
- 24) Treatment of Capital Gains from Sale of Certain Farmland Property.
- 25) Covid – Related Employee Retention Credits (ERCs).
- 26) Direct File Termination Task Force.
- 27) Bicycle Commuting Reimbursement.
- 28) Qualified Small Business Stock (QSBS) Exclusion
- 29) New Markets Tax Credit.
- 30) Qualified Small Business Stock (QSBS) Exclusion.

## OTHERS - BONUS

### Modernizing Payments to and from America's Bank Account

Modernizing Payments to and from America's Bank Account" refers to Executive Order 14247, signed in March 2025, which mandates the shift of all federal payments to electronic methods by September 30, 2025. The order aims to improve efficiency, reduce costs, and prevent fraud by eliminating paper checks, which are more vulnerable to theft, loss, and alteration than electronic funds transfers (EFTs). While the transition is expected to be more secure, it poses challenges for the unbanked, those lacking internet access, and potentially raises privacy concerns.

The federal government will cease issuing paper checks for most disbursements by September 30, 2025. Agencies are required to transition recipients to electronic methods like Electronic Funds Transfers (EFTs).

Moving to digital payments will reduce costs, decrease fraud, and streamline the payment process for both the government and its partners. The executive order impacts various federal transactions, including: Social Security benefits, Tax refunds, Vendor payments, and Intragovernmental transfers.

### Final Digital Asset Tax Reporting Rules

On June 28 the IRS issued final regulations on information reporting for digital asset transactions. The final regulations require "brokers" to report gross proceeds, cost basis, and gain or loss on sales and exchanges of digital assets, including cryptocurrency, stablecoins, and non-fungible tokens (NFTs). The IRS is creating a new form for this purpose, Form 1099-DA that must be used from 2025.

The definition of digital assets in the final rules includes NFTs. However, the final rules add an optional reporting rule for NFTs that would eliminate reporting on NFTs when certain conditions are met. The optional alternative reporting method for sales of certain NFTs allows for aggregate reporting instead of transactional reporting, with a de minimis annual threshold below which no reporting is required. Specifically, the final rules adopt an annual \$600 de minimis threshold for each customer.

### Suspension of Duty-Free de minimis Treatment

By presidential executive order of the signed-on July 30, 2025, was approved the suspending the de minimis exemption for all countries.

The U.S. has suspended the duty-free de minimis treatment for all countries, ending the exemption for shipments valued at \$800 or less. Effective August 29, 2025, all low-value imports must now undergo formal entry processes, face applicable duties and fees, and be handled by qualified parties. This change aims to address national security and economic threats, although it creates new challenges for businesses, consumers, and international postal networks to adapt to the increased customs procedures.



## CONCLUSION

The One Big Beautiful Bill Act (OBBBA) is part of a broad and ambitious government program that seeks to modify various budget policy lines and many aspects of the tax code for both individuals and businesses.

Changes to the tax code always bring concerns and uncertainty due to the implementation process and the interpretation of the effects or benefits that will eventually affect individuals and businesses.

We recommend carefully reviewing the aspects of the code that may be attributable to you as a taxpayer or that may be of interest to you, and contacting a tax professional to discuss them, especially an accountant.



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