

# elliott davis

## webinar to begin shortly

### *Post-Signing Analysis: The “One Big Beautiful Bill” Immediate Impacts and Future Strategies*



July 14, 2025



1:00 – 2:00 ET

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# Post-Signing Analysis: The “One Big Beautiful Bill”

## Immediate Impacts and Future Strategies

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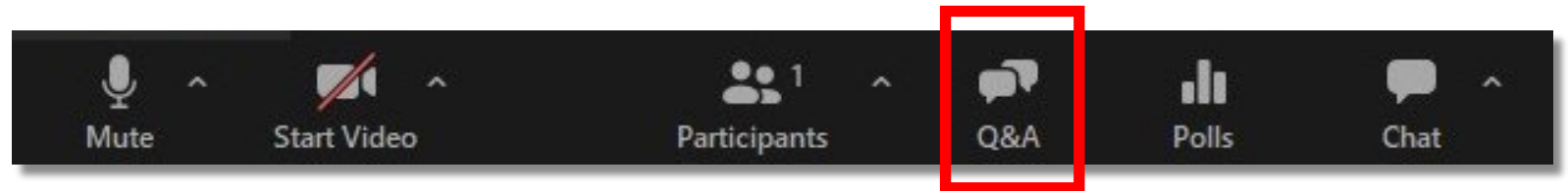
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## agenda:

- 1 Business Provisions
- 2 Individual Provisions
- 3 International Provisions
- 4 Nonprofit Provisions
- 5 Panel Discussion: Impacts & Key Takeaways

# today's panelists

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polling question # 1

# business provisions



# key tax items included in OBBBA: business provisions

Business Taxation		
Topic	Final Provision	Relevant Date(s)
<b>Extension and Enhancement for Section 199A QBI Deduction</b>	<ul style="list-style-type: none"> <li>• Makes the 20% QBI deduction permanent</li> <li>• Expands the W-2 wage and SSTB phase-in range to \$75,000 (\$150,000 joint)</li> <li>• Adds a \$400 inflation-adjusted minimum deduction for taxpayers with \$1,000+ in active business income</li> </ul>	<b>Effective Date(s):</b> All tax years after December 31, 2025
<b>Extension of Bonus Depreciation</b>	<ul style="list-style-type: none"> <li>• Permanently reinstates 100% bonus depreciation for property acquired and placed in service on or after January 19, 2025</li> </ul>	<b>Effective Date(s):</b> January 19, 2025
<b>Special Depreciation on Qualified Production Property</b>	<ul style="list-style-type: none"> <li>• Creates a 100% depreciation allowance for U.S. nonresidential real property used in qualified production</li> <li>• Construction must generally begin between Jan 20, 2025, and Dec 31, 2028, and placed in service by Jan 1, 2031.</li> </ul>	<b>Effective Date(s):</b> <ul style="list-style-type: none"> <li>• Construction between Jan 20, 2025 – Dec 31, 2028</li> <li>• Placed in service between date of enactment and before Jan 1, 2031</li> </ul>
<b>Increased Dollar Limits for Section 179</b>	<ul style="list-style-type: none"> <li>• Expands Section 179 expensing to a \$2.5M annual limit (up from \$1M), with phase-out starting at \$4M in assets placed in service (up from \$2.5M), both indexed for inflation</li> </ul>	<b>Effective Date(s):</b> All tax years after December 31, 2024
<b>Return to R&amp;D Expensing</b>	<ul style="list-style-type: none"> <li>• Makes immediate expensing of domestic R&amp;D costs permanent starting in 2025</li> <li>• Allows small businesses (<math>\leq</math>\$31M in receipts) to apply retroactively to 2022, and permits all taxpayers to accelerate prior deductions over 1–2 years</li> <li>• Foreign R&amp;D costs must still be amortized over 15 years</li> </ul>	<b>Effective Date(s):</b> <ul style="list-style-type: none"> <li>• All tax years after Dec 31, 2024</li> <li>• Retroactive dates for smaller businesses after Dec 31, 2021</li> </ul>

# key tax items included in OBBBA: business provisions

Business Taxation		
Topic	Final Provision	Relevant Date(s)
<b>Section 163(j) Interest Limitation Modifications</b>	<ul style="list-style-type: none"><li>• Permanently restores the EBITDA-based ATI calculation for the 30% interest deduction limit starting in 2025</li><li>• Imposes an ordering rule prioritizing Section 163(j) before interest capitalization and excludes subpart F and GILTI</li></ul>	<b>Effective Date(s):</b> All tax years after December 31, 2024
<b>Expansion of Qualified Small Business Stock ('QSBS') Gain Exclusion</b>	<ul style="list-style-type: none"><li>• Revises QSBS exclusion to 50% after 3 years, 75% after 4, and 100% after 5</li><li>• Raises per-issuer cap to \$15M and corporate asset limit to \$75M for post-enactment shares</li></ul>	<b>Effective Date(s):</b> Applicable to QSBS issued or acquired after the date of enactment
<b>Payments from Partnerships to Partners for Property or Services</b>	<ul style="list-style-type: none"><li>• Applies disguised sale rules under Section 707(a)(2) without requiring regulations</li><li>• Treats allocations/distributions as payments for property or services when substance dictates</li></ul>	<b>Effective Date(s):</b> Applicable to services performed and property transferred after the date of enactment
<b>Enhancement of Advanced Manufacturing Investment Credit</b>	<ul style="list-style-type: none"><li>• Increases the advanced manufacturing credit rate from 25% to 35% for property placed in service after December 31, 2025</li></ul>	<b>Effective Date(s):</b> Applicable to property placed in service after December 31, 2025
<b>Renewal of Opportunity Zones</b>	<ul style="list-style-type: none"><li>• Establishes permanent Opportunity Zone policy with rolling 10-year designations starting in 2027</li><li>• Narrows 'low-income community' definition and adds guardrails to exclude tracts with median income 125% above area median.</li></ul>	<b>Effective Date(s):</b> First round of opportunity zones under the permanent policy will begin January 1, 2027

# individual provisions

# key tax items included in OBBBA: individual provisions

Makes permanent the below items:



**Current Income  
Tax Rates**



**Current Income  
Tax Brackets**



**Standard Deduction  
(*increased slightly*)**



**Increased AMT  
Exemption and  
Phaseout**



**Disallowance of  
Miscellaneous  
Itemized Deductions**



**Increased Estate and  
Gift Tax Exemption**



**Qualified Business  
Income Deduction**



**Excess Business  
Loss Limitation**

# key tax items included in OBBBA: individual provisions

## SALT Cap



- Increased to \$40,000
- Effective 2025 - 2029

## Charitable Deductions



- Permanent extension of the 60% AGI limitation for cash gifts to public charities
- Limitations on Charitable Deductions:
  - 0.5% floor for the charitable contribution deduction for individuals who do itemize
  - Limits the rate benefit to 35% for individual taxpayers in the top tax bracket
- Charitable contribution deduction for individual taxpayers that do not itemize:
  - \$1,000 for single taxpayers
  - \$2,000 for married filing jointly
- Effective in 2026

# key tax items included in OBBBA: individual provisions

## Trump Campaign Promises



- **No Tax on Social Security**
  - For taxpayers aged 65 or older, standard deduction increased by \$6,000 per person
- **No Tax on Tips**
  - Deduct up to \$25,000 of tips from federal income
- **No Tax on Overtime**
  - Overtime not taxed up to \$12,500 for individuals or \$25,000 for married couples
- **Subject to phaseout once income reaches threshold**
- **Applicable to tax years 2025 – 2028**

# international provisions

# key tax items included in OBBA: international provisions

International Tax		
Topic	Final Provision	Relevant Date(s)
<b>Revision of Deduction Rates for Foreign Derived Intangible Income (FDII) and Global Intangible Low-Tax Income (GILTI)</b>	<ul style="list-style-type: none"> <li>Makes FDII and GILTI deductions permanent, reducing rates to 33.34% and 40%, resulting in a 14% effective tax rate for both (after GILTI FTC haircut)</li> </ul>	<b>Effective Date(s):</b> Revised deduction rates for all tax years after December 31, 2025
<b>Allocation of Certain Deductions to Foreign Source “Net CFC Tested Income” for Purposes of Foreign Tax Credit Limitation</b>	<ul style="list-style-type: none"> <li>Limits GILTI-related deductions to the Section 250 deduction, certain foreign tax deductions, and only those directly allocable to GILTI income.</li> </ul>	<b>Effective Date(s):</b> All tax years after December 31, 2025
<b>Modifications to Allowance for Deemed Paid Credit for Taxes Properly Attributable to Tested Income</b>	<ul style="list-style-type: none"> <li>Raises the GILTI foreign tax credit allowance under Section 960(d)(1) from 80% to 90%.</li> </ul>	<b>Effective Date(s):</b> All tax years after December 31, 2025
<b>Eliminates QBAI from both GILTI and FDII Calculations</b>	<ul style="list-style-type: none"> <li>QBAI is no longer included in either calculation</li> <li>Unfavorable for GILTI; favorable for FDII</li> </ul>	<b>Effective Date(s):</b> All tax years after December 31, 2025
<b>Sourcing Income from Sale of Inventory Produced in US</b>	<ul style="list-style-type: none"> <li>Modifies FTC inventory sourcing rules to treat up to 50% of certain inventory income as foreign-source if tied to a foreign office or fixed place of business</li> </ul>	<b>Effective Date(s):</b> All tax years after December 31, 2025
<b>Extension and Revision of Base Erosion Minimum Tax Amount</b>	<ul style="list-style-type: none"> <li>Makes permanent and increases the U.S. international tax rate for base erosion and anti-abuse tax (‘BEAT’) to 10.5% of modified taxable income</li> </ul>	<b>Effective Date(s):</b> Increased tax rate for all tax years after December 31, 2025





polling question # 2

# nonprofit provisions

# key tax items included in OBBA: nonprofit provisions

## College and University Endowment Tax

- **Tiered tax rate based on 'student adjusted endowment'** (investment assets per student)



Student Adjusted Endowment	Rate
Between \$500k and \$750k	1.4%
Between \$750k and \$2M	4%
Greater than \$2M	8%

- **No longer applicable to schools with less than 3,000 tuition-paying students**

## Executive Compensation Excise Tax



- **Expands the 21% excise tax on tax-exempt organizations that compensate any employee over \$1 million, including a former employee**

# key tax items excluded in OBBBA: nonprofit provisions

## Noteworthy Provisions Excluded from the Final Bill



- Increasing the investment income tax imposed on private foundations from 1.39% to as high as 10% depending on the foundation's level of assets
- Implementing a "parking tax" which would have included as UBTI the cost of employer-provided qualified transportation benefits, including employee parking
- Treating the income on royalties generated from the use of the organization's name and logo as UBTI



polling question # 3

# panel discussion: impacts & key takeaways

# additional questions? contact us:

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polling question # 4