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Key Provisions of the One Big Beautiful Bill Act (OBBBA)

BUSINESS PROVISIONS

TAX PROVISION	PREVIOUS LAW	CURRENT LAW (OBBBA)
R&D Expensing (Section 174/174A)	U.S.-based costs were capitalized and amortized over 5 years; foreign costs over 15 years	Immediate expensing allowed for U.S. R&D costs; 15-year amortization remains for foreign R&D
Bonus Depreciation	40% bonus depreciation (phasing out)	Full 100% bonus depreciation made permanent
Section 179 Expensing	$1M deduction limit; $2.5M investment cap (indexed to inflation from 2019)	Limits increased to $2.5M and $4M respectively; inflation adjustments reset to 2024
Interest Deduction (Section 163(j))	Limited based on EBIT	Broadened to EBITDA calculation
Pass-Through Entity Tax (PTET)	State taxes deductible at the entity level, avoiding the SALT cap	Maintains SALT workaround; raises cap to $40,000 for owners with phaseout (not below $10,000)
Clean Energy Credits (48E / 45Y)	Available for projects placed in service through 2032	Ends for projects starting construction 12+ months after bill is enacted; service must begin before 2028
Commercial Energy Efficient Property (179D)	Max deduction: $5.81 per square foot	Deduction ends for buildings with construction beginning after June 30, 2026
Home Energy Efficiency Credit (45L)	Up to $5,000 per unit	Phases out for homes acquired after June 30, 2026
Opportunity Zones	Expiring after 12/31/2025	Made permanent
Qualified Business Income Deduction (199A)	20% deduction	20% deduction made permanent
Qualified Production Property	No provision	100% immediate expensing for qualifying manufacturing, production, refining assets (including qualifying real property) (Sec. 168(n))

Qualified Small Business Stock	50%-100% exclusion depending on hold, $10M exclusion, $50M asset cap, requires 5-year holding period	$75M asset cap, $15M exclusion, up to 100% exclusion based on hold time
1099-K Reporting	Threshold: $2,500	New Threshold: $20,000 and more than 200 transactions
1099MISC/1099NEC Reporting	Threshold: $600	New Threshold: $2,000

INTERNATIONAL PROVISIONS

TAX PROVISION	PREVIOUS LAW	CURRENT LAW (OBBBA)
Attribution and CFC Rules	U.S. shareholders of foreign corporations could be treated as owning shares held by foreign affiliates, increasing U.S. tax exposure; certain attribution rules had been repealed under TCJA	Restores relief by reinstating a key rule (Section 958(b)(4)) that limits downward ownership attribution. Also makes the "look-through rule" for foreign subsidiaries permanent and removes a rule that allowed some foreign corps to delay U.S. tax.
Base Erosion and Anti-Abuse Tax (BEAT)	10%–12.5% tax on certain payments made to foreign affiliates	Rate set at 10.5% for tax years beginning after December 31, 2025. Only applicable to certain large corporate taxpayers.
FDII (now FDDEI) Foreign Derived Deduction Eligible Income	Provided a deduction (37.5%) for export-related income earned from serving foreign customers, with a benefit for owning assets (QBAI)	Deduction reduced to 33.34% (effective tax rate of 14%). Deemed Tangible Income Return ("DTIR"/10% of QBAI) removed, resulting in increased deduction.
Foreign Tax Credit (FTC)	U.S. companies could use 80% of foreign taxes paid to reduce GILTI liability; rules limited how costs could be allocated to foreign income	Now allows 90% credit for taxes on NCTI (formerly GILTI). Tightens allocation rules for interest and R&D expenses. Only 90% of foreign taxes on certain dividends can be claimed.
GILTI (now NCTI) Net CFC Tested Income	Taxed U.S. shareholders on foreign earnings exceeding a 10% return on foreign assets, with a 50% deduction and 80% FTC	The 10% return exemption (QBAI) is eliminated. Deduction reduced to 40%, but deemed FTC increased to 90%. Now calculated on a country-by-country basis.
Inventory Sourcing Rule	Income from selling inventory produced in the U.S. was considered U.S.-sourced	Now, up to 50% of that income can be treated as foreign-sourced for foreign tax credit purposes if foreign offices are involved in the sale.

INDIVIDUAL PROVISIONS

TAX PROVISION	PREVIOUS LAW	CURRENT LAW (OBBBA)
529 Plans	Mainly only for higher education; limited to $10k for K-12	Unlimited for K-12 and credentialing, rollover made permanent
Adoption Tax Credit	Up to $17,280 (non-refundable)	$5,000 of the credit is now refundable; indexed for inflation
Auto Loan Interest	Not deductible	Interest deductible up to $10,000 for qualifying domestic vehicles; phased out for high-income earners
Charitable Contribution	Only allowed for itemizers	Non-itemizers allowed deduction up to $2,000 (MFJ), 0.5% AGI floor for itemizers
Child Tax Credit	$2,000 per child	Increased to $2,200 per child; indexed for inflation going forward
Estate Tax Exemption	$13.99M per individual ($27.98M married); scheduled drop in 2026 to ~$5-7M	Set at $15M individual / $30M married and made permanent; inflation-adjusted
SALT Deduction	Deduction limited to $10,000	Increased to $40,000, with phaseout starting at $500,000 (married filers)
Senior Tax Deduction	$1,600 for individuals aged 65+	$6,000 for those over 65; phased out at $75,000 (single) / $150,000 (married)
Standard Deduction	$15,000 (single) / $30,000 (married)	Raised to $15,750 (single) / $31,500 (married)
Tips and Overtime	Not exempt	Income from tips ($25k limit per person) and OT ($12,500 limit per person) exempt, with phaseouts

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