Summary of Significant Provisions of the One, Big, Beautiful Bill Act

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Business Provisions

Code Section	Pre-OBBB	OBBB
§ 174, R&D	Taxpayers are required, beginning in 2022, to deduct research or experimental expenditures over a five-year period. Research or experimental expenditures that are attributable to research conducted outside the US are required to be deducted over a 15-year period.	The OBBB permanently restores immediate expensing for domestic research expenditures (rather than requiring 5-year amortization) and applies to all tax years after December 31, 2024. Research expenditures conducted outside the US will continue to be required to be capitalized and amortized over 15 years. The provision also applies retroactively to tax years after December 31, 2021, for small business taxpayers with average annual gross receipts of $31 million or less.

§ 168(k), Expensing/Bonus Depreciation	Taxpayers are generally required to deduct the cost of property used in a trade or business over a period of time. However, in the case of certain "qualified property" (including most equipment and machinery), a taxpayer is permitted to deduct a percentage of the cost in the first year that the property is placed in service (immediate expensing). The TCJA provided for 100% immediate expensing for qualified property, which began phasing down in 2022. For qualified property placed in service in 2025, a taxpayer is generally permitted to immediately expense 40% of the cost. For qualified property placed in service in 2026, a taxpayer is generally permitted to immediately expense 20% of the cost.	The OBBB permanently extends 100% expensing for the cost of qualified property acquired or placed in service after January 19, 2025. The OBBB also adds a new provision providing temporary 100% expensing for "qualified production property" construction of which begins after January 19, 2025, and before January 1, 2029, and is placed in service before January 1, 2031.
§ 163(j), Interest Deduction Limitation	The deduction for business interest expense for a taxable year is generally limited to 30% of the taxpayer's "adjusted taxable income" for the taxable year. Before 2022, adjusted taxable income was determined using a computation based on EBITDA (i.e., adding back depreciation and amortization). In 2022 and after, it is calculated using EBIT (resulting in a lower adjusted taxable income and, thus, lower interest deduction).	The OBBB permanently restores the ability to add back depreciation and amortization to earnings (i.e., EBITDA) in determining the adjusted taxable income for the interest limitation, rather than requiring use of an EBIT standard and applies beginning in 2025 and after, meaning the 163(j) deduction will be 30% of EBITDA. The OBBB also excludes subpart F and GILTI inclusions and the associated section 78 gross-up amounts.
§ 162(m), Excessive employee remuneration from controlled group	Section 162(m) limits the annual deduction for compensation paid to covered employees of a publicly held corporation to $1 million per employee. Currently, section 162(m) does not include any entity aggregation rule.	The OBBB adds an entity aggregation rule in section 162(m) and provides that remuneration paid to a specified covered employee by any member of the controlled group is aggregated to determine the loss of deduction for amounts over $1 million. The allowable deduction would be allocated among the applicable controlled group members who are

		paying compensation to the specified covered employee. These changes would apply beginning in 2026. The controlled group determination would use the rules under section 414(b), (c), (m), and (o), which provide that related entities are treated as a single employer for many employee benefit purposes.
§ 45F, Employer Provided Child Care Credit	The employer-provided child-care credit provides businesses a nonrefundable tax credit of up to $150,000 per year on up to 25% of qualified child-care expenses. An employer must spend at least $600,000 on child care related expenses to receive the full credit.	The OBBB increases the maximum credit from $150,000 to $500,000 and the percentage of qualified child care expenses covered from 25% to 40%. Therefore, a business must spend at least $1.25 million on child care related expenses to receive the full credit. The $500,000 maximum credit is adjusted for inflation annually beginning in 2026. The OBBB also makes changes for small businesses and allows small businesses to pool their resources to provide child-care for their employees through a third-party.

International Provisions

"Outbound" Provisions

Code Section	Pre-OBBB	OBBB
§ 250, GILTI and FDII (Rates)	GILTI is currently taxed at a rate of 10.5% by means of a 50% deduction under section 250. FDII is currently taxed at a rate of 13.125% by means of a 37.5% deduction under section 250. Section 250(a)(3) provides that the deductions related to GILTI and FDII are to be reduced for tax years beginning after December 31, 2025, such that the GILTI deduction would decrease from 50% to 37.5% (resulting in a 13.125% rate for GILTI), and the FDII deduction would be reduced from 37.5% to 21.875% (resulting in a 16.406% rate for FDII).	The OBBB makes permanent a 40% GILTI deduction (resulting in a 12.6% tax rate and, considering the foreign tax credit change discussed below, generally requiring a 14% foreign tax rate for no residual US tax to arise) and a 33.34% FDII deduction (resulting in a 14% rate).
§ 250, FDII Calculation	A domestic corporation's FDII is calculated as "deemed intangible income" (DII) multiplied by foreign-derived deduction eligible income (FDDEI) over deduction eligible income (DEI) of such corporation. DII is calculated as DEI, minus a reduction for a US corporation's deemed tangible income return (DTIR), minus allocable deductions. DEI is domestic corporation gross income, reduced by certain categories of income, including subpart F inclusions and section 956 amounts, GILTI inclusions, financial services income, certain dividends, domestic oil and gas extraction income and foreign branch income, as well as the deductions, including taxes, properly allocable to such income.	The OBBB eliminates the DTIR concept; thus, such amount does not reduce FDII. Accordingly, the FDII benefit calculation is simplified to remove the DII, DTIR, and FDDEI over DEI elements and is instead calculated by reference to FDDEI. The OBBB also modifies the definition of DEI to exclude income and gain from the sale or other disposition (including pursuant to a transaction subject to section 367(d))) of any intangible property and any other property subject to depreciation, amortization, or depletion by the seller.

§ 951, Pro Rata Share Calculation	A US shareholder of a foreign corporation that is CFC at any time during any taxable year and who owns stock in the foreign corporation on the last day, in such year, on which the foreign corporation is a CFC, must include in gross income for the US shareholder's taxable year in which or with which such taxable year of the foreign corporation ends the US shareholder's pro rata share of the foreign corporation's subpart F income for such year and, in general, the amount determined under section 956 with respect to such shareholder for such year. In determining the pro rata share described above, a US shareholder's subpart F inclusion is based on the amount of the CFC's subpart F income that would have been distributed to the US shareholder, but reduced (1) for the portion of the year on which the foreign corporation was not a CFC; and (2) for any dividends paid to any other person on the stock the US shareholder owns (directly or indirectly), but only to the extent of the subpart F income allocable to those shares and the portion of the CFC's year during which the US shareholder did not own the shares. Similar pro rata share rules apply in the calculation of a US shareholder's GILTI inclusion.	The OBBB provides that, if a foreign corporation is a CFC at any time during a taxable year of the foreign corporation (a CFC year), each US shareholder that owns stock in such corporation during the CFC year must include in gross income such shareholder's pro rata share of the corporation's subpart F income for the CFC year, and, in general, each US shareholder that owns stock in such corporation on the last day, in the CFC year, on which the corporation is a CFC must include in gross income the amount determined under section 956 with respect to such shareholder for the CFC year. The US shareholder's pro rata share of a CFC's subpart F income for a CFC year is the portion of such income that is attributable to (1) the stock of the corporation owned by the shareholder, and (2) any period of the CFC year during which the shareholder owned the stock, the shareholder was a US shareholder, and the corporation was a CFC. Similar modified pro rata share rules apply in the calculation of a U.S shareholder's GILTI inclusion. The OBBB also provides that the Secretary shall prescribe any necessary or appropriate regulations or other guidance, including regulations or other guidance allowing taxpayers to elect, or requiring taxpayers, to close the taxable year of a CFC upon a direct or indirect disposition of CFC stock.
§ 951A, GILTI Calculation	A US shareholder's GILTI inclusion takes into account such shareholder's share of net CFC tested income, reduced by such shareholder's "net deemed tangible income return" (NDTIR), which is generally 10% of the shareholder's share of CFC qualified business asset investment. The FDII calculation also includes a reduction for a US corporation's deemed tangible income return (DTIR).	The OBBB eliminates the NDTIR and DTIR concepts and thus those amounts do not reduce GILTI and FDII. GILTI is renamed "Net CFC Tested Income" and FDII is renamed foreign-derived deduction eligible income.

Section 904 (Foreign Tax Credit Limitation)	The foreign tax credit is calculated with respect to separate categories (or baskets), including the GILTI category. Expenses must be allocated and apportioned to the baskets, including the GILTI basket.	The OBB limits the types of expenses that are allocated to the GILTI (now net CFC tested income) basket for purposes of determining the foreign tax credit limitation. Specifically, only the section 250 deduction for GILTI (net CFC tested income) and the attributable section 78 gross-up, along with any deduction for the associated foreign taxes) and any "directly allocable" deduction will be allocated. The statute explicitly states that no amount of interest expense or R&E expenses will be allocated. Any amount that would otherwise have been allocated to the GILTI basket will instead be allocated only to US-source income (i.e., it will not be allocated to one of the other foreign credit baskets).
	Under section 863, income from the sale of inventory property produced by the taxpayer is sourced by reference to the production activities with respect to such property. No special rule applies for purposes of the foreign tax credit limitation.	The OBBB provides a new rule under which, solely for purposes of the foreign tax credit limitation, if a US person maintains an office or other fixed place of business in a foreign country, the portion of taxable income from the sale outside the US of inventory property produced in the US and that is attributable to such foreign office is treated as foreign source income, up to 50% of the income from the sale of the inventory property.
	In an apparent drafting error, section 904(d)(2)(H)(i) assigns to the foreign branch basket foreign taxes where there is a difference between the US and foreign tax base.	The OBBB modifies the provision on base differences and assigns foreign taxes with respect to base differences to the general basket.
§ 960, Deemed Paid Credit	Domestic corporations are deemed to have paid 80% of an amount based on the aggregate foreign income taxes paid or accrued with respect to tested income of each CFC with respect to which the domestic corporation is a US shareholder.	The OBBB modifies the 20% haircut on taxes attributable to tested income, so that 90% of taxes attributable to tested income are deemed paid, effective for taxable years beginning after December 31, 2025. The OBB also adds a new 10% haircut on foreign tax credits with respect to distributions of previously-taxed net CFC tested income (but not subpart F

	No limitation applies to foreign taxes imposed with respect to distributions of previously-taxed CFC income.	income). This new limitation applies to amounts distributed after June 28, 2025.
§ 954(c)(6), Look-Through Rule	Section 954(c)(6), often referred to as the "CFC look-through rule," excludes from foreign personal holding company income (FPHCI) dividends, interest, rents and royalties received or accrued by one CFC from a related CFC to the extent attributable or properly allocable to income of the payor which is neither subpart F income nor income treated as effectively connected with the conduct of a trade or business in the US (ECI). The look-through rule currently applies to taxable years of foreign corporations beginning before January 1, 2026, and to taxable years of US shareholders with or within which such taxable years of foreign corporations end.	The OBBB makes section 954(c)(6) permanent.
§ 958(b)(4), Former Limitation on Downward Attribution of Stock Ownership	When determining US shareholder and CFC status, section 958 applies the constructive ownership rules of section 318(a), with certain modifications. Section 318(a)(3) provides rules for when a corporation, partnership, trust, or estate is considered to own stock owned by a shareholder, partner, or beneficiary (downward attribution). Before the repeal of section 958(b)(4), stock owned by a foreign person was not attributed downward to a US person. As a result, a wholly-owned domestic subsidiary of a foreign corporation was not treated as owning stock in other foreign corporations owned by the foreign parent.	The OBBB restores the limitation on downward attribution of stock ownership in former section 958(b)(4) when applying the constructive ownership rules in section 318(a)(3). In addition, the OBBB adds new section 951B, which applies the CFC inclusion rules to a "foreign controlled US shareholder" of a "foreign controlled foreign corporation" as if the former were a US shareholder and the latter were a CFC. A foreign controlled US shareholder is a US person that would be a U.S shareholder with respect to a foreign corporation if (1) section 951(b) were applied using an ownership threshold of more than 50% (rather than 10% or more), and (2) downward attribution from foreign persons applied.
§ 898(c), Election for One-Month Deferral in Determining Foreign	Specified foreign corporations are generally required to use as a taxable year the taxable year of their majority US shareholder, subject to an election of a taxable year beginning one month earlier than the majority US shareholder year.	The one-month deferral election is repealed, subject to a transition rule.

Corporation Taxable Year		

"Inbound" Provisions

Code Section	Pre-OBBB	OBBB
§ 59A, BEAT	Only "applicable taxpayers" are subject to the BEAT. To be an applicable taxpayer, a taxpayer must have a "base erosion percentage" (generally base erosion tax benefits over total deductible costs) of 3% (or 2% in the case of banks and securities dealers). BEAT imposes an additional tax to the extent 10% of modified taxable income (MTI) exceeds the taxpayer's regular tax liability. MTI generally means taxable income without regard to tax benefits from certain payments to foreign related parties (base erosion payments). The section 41(a) research credit and a certain portion of "applicable section 38 credits" do not reduce regular tax liability for purposes of computing a BEAT liability. For tax years beginning after December 31, 2025, section 59A(b)(2) increases the rate applied to MTI from 10% to 12.5% and eliminates the carve-out of the research credit and a portion of applicable section 38 credits in the BEAT formula. The elimination of this credit carve-out would generally result in an increased BEAT liability by reducing the amount of the regular tax liability to which 12.5% of MTI is compared.	The BEAT is calculated as 10.5% of MTI over adjusted regular tax liability. The modifications to the credits that reduce regular tax (and thus potentially increase BEAT liability) set to occur for taxable years beginning after December 31, 2025 is removed, so that the research credit and a portion of applicable section 38 credits continue to have favorable treatment (by not reducing regular tax) in the BEAT formula.

Other

Code Section	Pre-OBBB	OBBB
Excise Tax on Remittance Transfers	No provision.	The OBBB imposes a 1% remittance tax on any electronic transfer of funds requested by a sender located in the US (including US territories and possessions) to a recipient located outside the US and initiated by a remittance transfer provider (defined by reference to the Electronic Fund Transfer Act). The 1% excise tax is payable by the sender of the remittance transfer and collected and remitted to the IRS by the remittance transfer provider on a quarterly basis. The remittance transfer provider owes the tax if the tax is not collected from the sender. The OBBB provides that the excise tax applies to any remittance transfer for which the sender provides cash, a money order, a cashier's check, or any similar physical instrument (to be determined by the US Treasury), subject to two exceptions. First, the excise tax does not apply to any remittance transfer for which the funds being transferred are withdrawn from an account held in or by a financial institution that is a bank insured by the Federal Deposit Insurance Corporation, a commercial bank or trust company, a private banker, an agency or branch of a foreign bank in the US, a credit union, a broker or dealer registered with the Securities and Exchange Commission, or a broker or dealer in securities or commodities, provided that such financial institution is subject to certain laws that impose requirements on US-regulated financial institutions (specifically, subchapter II of chapter 53 of title 31 of the United States Code). Second, remittance transfers using a US-issued debit or credit card are not subject to the excise tax.

		The OBBB as-enacted does not contain exceptions, as in prior versions of the proposal, for senders who are verified US citizens or nationals. The final version also does not include a tax credit for the sender. Anti-conduit rules also apply.

Energy Provisions

Code Section	Pre-OBBB	OBBB
§ 6418, Transferability	Section 6418 allows eligible taxpayers to transfer all or a portion of their eligible credits in exchange for cash, to a taxpayer that is not related to the transferor taxpayer. The third-party sale provisions provide an alternative for renewable energy developers to monetize their tax credits without accessing the tax equity markets. Businesses with taxable income and can purchase these tax credits for energy credit developers to reduce their taxable income.	The OBBB amends transferability to prohibit the transfer of credits to specified foreign entities (as defined in new section 7701(a)(51)(B)), but otherwise retains transferability for the lives of the credits. The OBBB also allows transferability for the section 40A(b)(4) small agri-biodiesel producer credit.
Foreign Entity of Concern Restrictions	No provision. A similar restriction applies to the section 30D clean vehicle credit.	The OBBB applies new FEOC restrictions to the clean energy credits to prevent any entity that is deemed to be controlled or influenced by a covered nation from claiming the credits. Covered nations are China, Iran, North Korea, and Russia. An entity is a prohibited foreign entity if it is a specified foreign entity or a foreign-influenced entity. The determination of whether an entity is a prohibited foreign entity is generally made as of the last day of the taxable year (except for the initial taxable year in which it is made on the first day of such taxable year). An entity is a **<u>specified foreign entity</u>** if it is: • Designated as foreign terrorist organization, included on the OFAC lists, alleged to have been involved in espionage activities, or determined to have been engaged in conduct detrimental to US national security or foreign policy; • Listed on the 1260H Chinese military company list;

		• Listed under the Uyghur Forced Labor Prevention Act; • A battery company (or successor) listed in the FY 2024 NDAA legislation; or • A foreign controlled entity of a covered nation (i.e., an entity that is, or is controlled at least 50% by, the government (including a subnational government, agency, or instrumentality), a citizen or resident (that is not also a US citizen or resident), or an entity (including subsidiary entities) organized in or having their principal place of business in, a covered nation). An entity is a **foreign-influenced entity** if, during the taxable year: • A specified foreign entity has direct authority to appoint a covered officer of the entity; • A single specified foreign entity owns at least 25% of the entity; • One or more specified foreign entities own, in the aggregate, at least 40% of the entity; • At least 15% of the debt of such entity is held in the aggregate by one or more specified foreign entities; or • During the previous tax year made a payment to a specified foreign entity pursuant to an agreement or arrangement that entitles the specified foreign entity (or a related entity) to exercise "**effective control**" over a qualified facility, the extraction, processing, or recycling of an applicable critical mineral, or the production of an eligible component that are not included in the authority, ownership, or debt prongs listed above.

		There are special rules for **<u>publicly traded entities</u>**. • The foreign controlled entity prong of specified foreign entity applies only with regard to owners that are required to report their beneficial ownership under Rule 13d-3 of the Securities and Exchange Act of 1934 (or an equivalent foreign rule), which is typically a 5% stockholder. • The ownership prongs of foreign-influenced entity do not apply to publicly traded entities or their 80% controlled subsidiaries. Instead, such ownership prongs apply only with regard to owners that are required to report their beneficial ownership as described above. • The debt prong of foreign-influenced entity applies only to publicly traded debt. • For this purpose, exchanges or markets in covered nations are excluded from the definition of publicly traded. For purposes of determining ownership in applying the FEOC rules, the attribution rules of section 318(a)(2) apply to determine ownership of a corporation (and similar rules apply for purposes of determining ownership of non-corporate entities). It is not clear whether the reattribution rules of section 318(a)(5)(A) are intended to apply to attribute ownership all the way up an ownership chain to the ultimate owners. The statute provides the following rules regarding **<u>effective control</u>**: • The Secretary shall issue guidance to carry out the effective control provision, including rules to prevent abuse or circumvention of the rules.

		• Pending such guidance, the statute sets forth rules defining effective control, including the unrestricted contractual right to determine the quantity or timing of production or who may purchase or use the output, restrict access to critical data, or control the operation or maintenance of equipment. • Effective control also includes, with respect to a licensing or related agreement, the right to control sources of components, subcomponents, or critical minerals, to direct operation of a facility, to limit the use of IP, or the agreement does not provide the licensee with sufficient technical information or know-how to produce the components without involvement of the counterparty or specified foreign entity. Control may also include certain long-term licenses (longer than 10 years) or service arrangements (longer than 2 years). Finally, control includes any license or related agreement entered into (or modified) after the date of enactment. • There is an exception for licensing or related agreements that are part of a bona fide purchase or sale of IP. The provisions also would apply certain additional and more onerous FEOC restrictions to the section 45Y PTC, the section 48E ITC, and the section 45X advanced manufacturing production credit, denying eligibility for these credits to facilities that receive "**material assistance**" from a prohibited foreign entity. **<u>Material assistance</u>** would be defined as follows: • The statute would establish a threshold percentage that increases over time, based on a cost ratio equal to the quotient of a fraction, the numerator of which is total costs minus total costs attributable to a

		prohibited foreign entity, and the denominator of which is total costs. • The provision is applied in much the same way as the domestic content bonus guidance issued by the IRS. • The statute directs the Secretary to establish safe harbor tables. Until then, taxpayers may rely on the safe harbor tables in Notice 2025-08. • In addition, taxpayers may reasonably rely on certifications from suppliers. • However, if the taxpayer knows or has reason to know that a manufactured product or eligible component was produced by a prohibited foreign entity, or that a certification is inaccurate, then all direct costs related to that product or component must be treated as attributable to a prohibited foreign entity. • Taxpayers may exclude costs of components or materials that are acquired pursuant to a binding contract entered into prior to June 16, 2025, and placed in service or sold prior to January 1, 2030 (or in the case of a solar or wind facility before January 1, 2028). In the case of a deficiency related to the material assistance requirement, the statute extends the statute of limitations to six years and reduces the threshold for the substantial understatement penalty. The statue also adds a penalty for substantial misstatements on supplier certifications.

§ 45Y; § 48E, Technology Neutral Production and Investment Credits	Each of these credits is currently subject to a phaseout starting in 2034 (or later, depending on changes in greenhouse gas emissions). These are the main credits that wind and solar projects rely on.	The OBBB terminates the later phase-out for technology-neutral tax credits based on changes in greenhouse gas emissions. The OBBB terminates the credit for wind and solar facilities that are placed in service after December 31, 2027. The termination does not apply to solar and wind facilities the construction of which begin within 12 months after the date of enactment. *NOTE: The final legislation did not include the new excise tax on wind and solar projects that receive material assistance from a prohibited foreign entity, which was proposed in an earlier version of the Senate bill.* For all other qualified facilities (such as hydropower, nuclear, and geothermal), the credit remains on the original statutory timeline, phasing down after 2032 at 100% in 2033, 75% in 2034, 50% in 2035, and 0% in 2036. For qualified fuel cell property, the OBBB eliminates the requirement that greenhouse gas emissions be less than zero and the recapture rule based on greenhouse gas emissions. It also eliminates any bonus credits. The OBBB denies the credit for wind and solar leasing to residential customers. The OBBB applies FEOC restrictions for prohibited foreign entities for taxable years beginning after enactment, except that the effective control requirement must relate to the qualified facility. The OBBB also applies FEOC restrictions for any qualified facility for which construction begins after December 31, 2025, that receives material assistance from a prohibited foreign entity. For credits claimed after 2 years after date of enactment, the section 48E ITC is subject to recapture if a taxpayer makes payments entitling a specified foreign entity to exercise effective control.

§ 45(b)(9), Domestic Content Bonus	The Domestic Content Bonus provides a bonus credit equal to 10% if the facility meets a certain threshold of domestic content. The threshold domestic content percentage is 40% or 20% for offshore wind.	The OBBB increases the domestic content threshold percentage for qualified facilities or energy storage technology the construction of which begins after June 16, 2025, phasing up to 55% or 35% for offshore wind.
§ 45(b)(11), Energy Communities Bonus Credit	The Energy Communities Bonus Credit provides a bonus credit equal to 10% for energy communities, which are defined to include (1) a brownfield site; (2) a statistical area with greater than a certain threshold of employment or tax revenues from coal, oil, or gas and that has an unemployment rate greater than the national average; and (3) a census tract with a closed coal mine or coal-fired electric generating unit.	The OBBB adds to the definition of energy community for advanced nuclear facilities a statistical area with greater than a certain threshold of employment related to the advancement of nuclear power. This amendment does not apply for purposes of the clean electricity investment credit under section 48E.
§ 45Q, Carbon Oxide Sequestration Credit	Section 45Q provides a credit for each metric ton of qualified carbon oxide captured and sequestered or utilized during the 12-year period starting on the date the equipment is first placed in service. The amount of the credit is $17 (or $85 if the prevailing wage and apprenticeship (PWA) requirements are met) per metric ton for carbon that is disposed of in secure geologic storage or $12 (or $60 if the PWA requirements are met) per metric ton for carbon that is utilized or used as a tertiary injectant in a qualified EOR project. Taxpayers may claim the section 45Q credit if construction on a qualified facility begins before January 1, 2033.	The OBBB conforms credit values for captured carbon oxide that is disposed of in secure geological storage, that which is utilized, and that which is used as a tertiary injectant effective for equipment placed in service after the date of enactment. Now all end uses of carbon will qualify for the higher $17 (or $85 if the PWA requirements are met) per metric ton credit. The OBBB applies FEOC restrictions for specified foreign entities or foreign-influenced entities (without regard to the effective control provision) for taxable years beginning after date of enactment.
§ 45U, Nuclear Credit	Section 45U provides a credit per kWh of electricity produced at a qualified nuclear facility and sold to an unrelated party after 2023 and before 2033.	The OBBB applies FEOC restrictions for specified foreign entities for taxable years beginning after enactment, or for foreign-influenced entities for taxable years that begin two years after date of enactment.

§ 45V, Clean Hydrogen Credit	Section 45V provides a 10-year production tax credit for clean hydrogen produced after 2022 at a qualified facility, the construction of which begins before 2033.	The OBBB terminates the credit for projects on which construction commences after December 31, 2027.
§ 45X, Advanced Manufacturing Production Credit	Section 45X provides tax credits for manufacturers of eligible components that are produced and sold by a taxpayer to an unrelated party. There are special related party rules treating a taxpayer as selling to an unrelated party if the eligible component (1) is sold to an unrelated party by a person that is related to the taxpayer, or (2) is integrated, incorporated, or assembled into another eligible component which is sold to an unrelated person. The credit amount varies depending on the eligible component. The credit begins phasing out in 2030 and is not available for components sold after 2032.	The OBBB terminates the credits for wind energy components sold after December 31, 2027, and for critical minerals sold after December 31, 2033, with a phase down in 2031 through 2033. The OBBB allows a new 2.5% credit for the production of metallurgical coal through December 31, 2029. The OBBB also expands the definition of eligible "battery modules" to include essential battery functionality components, such as current-collector assemblies and voltage-sense harnesses. The OBB tightens the rule permitting integration into an eligible component that is sold to an unrelated party. Under the new rule, the eligible component (the primary component) may be integrated into a secondary component produced at the same facility and at least 65% of the total direct materials costs must be attributable to the primary component. The OBBB applies FEOC restrictions for prohibited foreign entities for taxable years beginning after enactment but modifies the effective control rule to clarify that it must relate to the eligible component. It also applies FEOC restrictions for material assistance from a prohibited foreign entity for components sold in in taxable years beginning after enactment but modifies the binding contract exception to apply to components or materials sold used in a product sold before January 1, 2027, instead of January 1, 2030.

§ 48C, Advance Energy Project Credit	Section 48C provides an allocated investment tax credit for qualifying advanced energy projects.	The OBBB restricts funds returned to the Secretary from forfeited credits from being later reissued.
§ 45Z, Clean Fuel Credit	Section 45Z provides a clean fuel production tax credit for taxpayers who produce and sell qualifying transportation fuel to an unrelated party before January 1, 2028, with the credit amount determined, in part, by reference to the fuel's greenhouse gas emissions rate. Among other requirements, the fuel must be produced in the US for the taxpayer to be eligible for the section 45Z credit.	The OBBB extends the period this credit can be claimed by two years, until December 31, 2029. The OBBB disallows a double credit by limiting excluding from the definition of creditable fuel that which is produced from a fuel for which a credit is allowable. The OBBB prohibits feedstocks that are produced or grown outside the US, Mexico, or Canada after December 31, 2025. The OBBB prohibits negative emissions rates, except in the case of animal-manure-based fuels, and excludes indirect land use changes for the purposes of lifecycle greenhouse gas emissions. Directs the Secretary to provide an emissions rate for specific animal manure feedstock. The Secretary is authorized to provide rules addressing certain related-party sales. The OBBB applies FEOC restrictions for specified foreign entities for taxable years beginning after enactment, or for foreign-influenced entities (without regard to the effective control provision) for taxable years that begin two years after date of enactment.
§ 6426, Credit for Alcohol Fuel, Biodiesel, and Alternative Fuel Mixtures	Section 6426 provides a credit against excise tax for sustainable aviation fuel. Most of the other credits against excise taxes provided by this section, including biodiesel and alternative fuel mixtures, expired December 31, 2024.	The OBBB terminates the sustainable aviation fuel credit after September 30, 2025, and disallows the credit for any fuel for which a section 45Z credit was claimed.
§ 40A, Biodiesel and Renewable	Section 40A provides a credit for biodiesel, biodiesel mixture, and small agri-biodiesel producers, which expired December 31, 2024.	The OBBB extends the small agri-biodiesel producers credit until December 31, 2026, and increases it from 10 cents to

Diesel Used as Fuel		20 cents per gallon and provides that it is in addition to any credit under section 45Z. The OBBB provides for transferability under section 6418.
§§ 25E, 30D, 45W, 30C Clean Vehicle Credits	Provides credits for an individual's purchase of a clean vehicle (section 30D) or a previously owned clean vehicle (section 25E), a business's purchase of a clean vehicle (section 45W) for vehicles placed in service before January 1, 2033, and electric vehicle charging or other alternative fuel refueling equipment for property placed in service before January 1, 2033 (section 30C).	The OBBB terminates the sections 25E, 30D, and 45W credits for vehicles acquired after September 30, 2025. The OBBB also terminates the section 30C refueling equipment credit with respect to property placed in service before June 30, 2026.
§§ 25C, 25D, 45L Residential Credits	Provides certain tax benefits for energy efficient home improvements (section 25C); installing clean energy property on a residence (such as solar panels) (section 25D); or for new energy efficient homes (section 45L) that terminate between 2033 and 2035. Provides a deduction for certain energy efficient commercial building property expenditures (section 179D), which is permanent.	The OBBB terminates the section 25C credit with respect to property placed in service after December 31, 2025 and the section 25D credit with respect to any expenditures made after December 31, 2032. The OBBB terminates the section 45L credit and section 179D deduction with respect to homes acquired or property the construction of which begins after June 30, 2026.
§ 168(e)(3)(B)(vi), Accelerated Depreciation	Treats as five-year property solar and wind energy property, biomass property, and property that converts ocean thermal energy to usable energy.	The OBBB terminates the five-year accelerated depreciation for solar, wind, and standalone energy storage property the construction of which begins after December 31, 2024. Property that qualifies for the section 45Y PTC and the section 48E ITC) will continue to be treated as five-year MACRS property under section 168(a). *NOTE: These assets may nonetheless qualify for 100 percent bonus depreciation, which was restored under the OBBB if acquired and placed in service after January 19, 2025 (subject to the utility-owned property exclusion).*

§ 56A, Adjusted Financial Statement Income	Section 56A defines adjusted financial statement income for purposes of the 15% corporate alternative minimum tax. The computation starts with financial statement income and is adjusted as provided in section 56A.	The OBBB permits a deduction for purposes of the 15% corporate alternative minimum tax for intangible drilling and development costs for oil, gas, and geothermal wells for taxable years beginning after December 31, 2025.
§ 7704, Publicly Traded Partnerships	Provides an exception to the treatment of publicly traded partnerships as corporations for partnerships generating sufficient qualifying income.	The OBBB adds income from hydrogen storage, carbon capture, advanced nuclear, hydropower, and geothermal energy as qualifying income for taxable years beginning after December 31, 2025.
§ 48D, Advanced Manufacturing Investment Credit	Section 48D provides a 25% investment tax credit for qualified investments in an advanced manufacturing facility that produces semiconductors or semiconductor manufacturing that begins construction prior to January 1, 2027.	The OBBB increases the credit to 35% for property placed in service after December 31, 2025.

Opportunity Zones/Low Income Housing/ New Markets Tax Credits/Bond Financing

Code Section	Pre-OBBB	OBBB
§ 1400Z, Opportunity Zones	Under current law, opportunity zones (OZs) exist as a temporary policy that have been used as an economic development tool to revitalize distressed communities across the country. Created in the TCJA, OZs are census tracts that meet the definition of "low-income community" under section 45D and that were nominated by state governors and certified by the US Department of Treasury as eligible areas for qualified investments to be made in exchange for certain tax benefits. The program was created as a temporary policy, existing over a 10-year window as an initial "round" of OZ development. The OZ program provides investors with three tax benefits for investing their unrealized capital gains into eligible distressed communities: • A temporary deferral on taxes for capital gains rolled over from a non-OZ investment into a QOF to be invested into an OZ. The taxes are not realized until 2026 or when the asset is sold/disposed of, whichever comes first. • A step-up in basis on their previously earned capital gains that were invested in a QOF. Investments held for five years receive a 10% step-up in basis and investments held for seven years receive an additional 5% step-up in basis (for a total 15%).	The OBBB makes permanent the OZ program by creating rolling, ten-year OZ designations beginning on January 1, 2027. The OBBB narrows the definition of "low-income community" to census tracts that have a poverty rate of at least 20% or a median family income that does not exceed 70% of the area median income. Also adds a guardrail to ensure that the term "low-income community" does not include any census tract where the median family income is 125% or greater of the area median family income. The OBBB allows the taxpayer to defer gains for five years after the date of investment and allows a 10% basis step-up for investments held for five years. Investments in rural opportunity zones would receive a 30% step-up in basis. Additionally, a special rule lowers the "substantial improvement" threshold of existing structures from 100% to 50% in rural areas. The OBBB adds reporting requirements for the OZ program and provides funding to the IRS to carry out the reporting requirements (which protected the reporting provisions from challenge under the Byrd Rule). The new OZs are effective beginning in 2027, but the OBBB does not terminate the existing OZs early.

	• For investments held for at least 10 years, taxpayers receive a permanent exclusion of taxable income on the gains resulting from appreciation of the original investment. The tax benefits from the initial OZ round are set to expire after December 31, 2026, and the OZs themselves expire after December 31, 2028.	
§ 42, Low Income Housing Tax Credits	Under current law, to receive the Low-Income Housing Tax Credit (LIHTC), a building must either receive a credit allocation from the state housing finance authority (the 9% LIHTC) or be bond-financed (the 4% LIHTC). For the credit, Congress sets the per capita allocation amount on a yearly basis. For 2023, each state received a $2.75 per capita allocation. For projects that are bond-financed, at least 50% of the aggregate basis of the building and land must be financed with bonds that are subject to a state's private activity bond volume cap.	For the "9% LIHTC," the bill provides a permanent 12% state allocation increase starting in 2026. For the "4% LIHTC," the bond-financing threshold is permanently reduced to 25% for projects financed by bonds starting in 2026.
§ 45D, New Markets Tax Credits	New Markets Tax Credits (NMTC) are competitively awarded tax credits intended to encourage private investment in certain low-income communities designated by the Community Development Financial Institutions (CDFI) Fund. The NMTC program was set to expire at the end of 2025.	The OBBB permanently extends the NMTC program
§ 142, Exempt Facility Bonds	Under section 142, tax-exempt private activity bonds can be used to finance or refinance certain types of facilities.	The OBBB modifies the exempt bond facility financing provisions for airports to include spaceport facilities as an eligible facility to be financed with private activity bonds.

Pass-Through Provisions

Code Section	Pre-OBBB	OBBB
§ 199A, Pass-Through Qualified Business Income	An individual generally may deduct 20% of qualified business income from a partnership, S corporation, or sole proprietorship, as well as 20% of certain real estate investment trust dividends and publicly traded partnership income. The deduction is limited to 20% of taxable income minus net capital gain. For taxpayers with taxable income in excess of a threshold amount, the deduction for QBI is limited based on (1) the W-2 wages and capital investment of each relevant business, and (2) whether each relevant business is a specified service trade or business (SSTB). Both limitations phase in over a fixed range of taxable income ($100,000 for married filing jointly (MFJ) and $50,000 for all other taxpayers).	The OBBB permanently extends the section 199A deduction with no change to the deduction percentage. The OBBB expands the deduction limit phase-in range by increasing the $100,000 (joint returns) and $50,000 (non-joint returns) amounts to $150,000 and $75,000, respectively. The OBBB also introduces a new, inflation-adjusted minimum deduction of $400 for taxpayers who have at least $1,000 of QBI from one or more active trades or business in which the taxpayer materially participates.
§ 275, SALT Tax Limitation to Flow-Through Entities	Many states have adopted workarounds allowing owners of pass-through entities to bypass the $10,000 federal cap on SALT deductions by paying state-level pass-through entity taxes (PTET). Such workarounds were effectively authorized by IRS Notice 2020-75.	The OBBB does not include any limitations on PTET workarounds for the SALT cap.
§ 461(l), **Limitation on Excess Business Losses of Noncorporate Taxpayers**	Under current law, in the case of a noncorporate taxpayer, for taxable years beginning before January 1, 2029, no deduction is allowed for an excess business loss. An "excess business loss" is the amount by which the deductions (excluding net operating losses and qualified business income deductions) attributable to trades or businesses of the taxpayer exceed the income from such trades or businesses plus $313,000 for tax years beginning in 2025 ($626,000 for a taxpayer filing jointly	The OBBB permanently extends the excess business loss limitation.

	with a spouse) and is adjusted for inflation. A disallowed excess business loss is generally treated as a net operating loss and may be carried over and used in another tax year.	
§ 707; Payments From Partnerships to Partners for Property or Services	Contributions by a partner to a partnership and distributions to a partner from a partnership, to the extent that distributed cash does not exceed a partner's basis, are not taxable. However, the Code also contains several exceptions to this general nonrecognition treatment, including the so-called "disguised sale" rules under section 707(a). Current section 707(a)(2) prefaces the circumstances under which a recharacterization as a disguised sale or disguised fee for services might be appropriate with the language, "under regulations prescribed by the Secretary."	The OBBB strikes the language "Under regulations prescribed" and inserts in its place "except as provided." In addition, the OBBB provides that nothing shall be construed to create any inference with respect to the proper treatment under section 707(a) with respect to payments from a partnership to a partner for services performed, or property transferred, on or before the date of enactment.

Small Business Provisions

Code Section	Pre-OBBB	OBBB
§ 179, Enhanced Small Business Expensing	A taxpayer may elect to expense the cost of qualifying property, rather than to recover such costs through tax depreciation deductions, subject to limitation. Under current law, the maximum amount a taxpayer may expense is $1 million of the cost of qualifying property placed in service for the taxable year. The $1 million amount is reduced by the amount by which the cost of such property placed in service during the taxable year exceeds $2.5 million. The $1 million and $2.5 million amounts are adjusted for inflation for taxable years beginning after 2018, and are $1.25 million and $3.13 million in 2025, respectively.	The OBBB increases the maximum amount a taxpayer may expense under section 179 to $2.5 million and increases the phaseout threshold amount to $4 million. The new amounts are indexed for inflation for taxable years beginning after 2025. This provision is effective for property placed in service after 2024.
§ 1202, Qualified Small Business Stock Exclusion	Section 1202 provides for the partial exclusion of gain on the sale of qualified small business stock (QSBS) held for more than five years. For stock acquired after September 27, 2010, the exclusion is 100%; for stock acquired in earlier periods, the exclusion is 50% or 75%, depending on the acquisition date.	The OBBB modifies the QSBS exclusion to provide a tiered exclusion determined based on the years the taxpayer holds the QSBS: • 50% exclusion if held for three years; • 75% exclusion if held for four years; and • 100% exclusion if held for five or more years. The bill also increases eligibility for the exclusion by increasing the eligibility limit on the corporation's aggregate gross assets at the time of issuance from a $50 million limit to a $75 million limit.

Individual Provisions

Code Section	Pre-OBBB	OBBB
§ 1, Individual Marginal Rates	The TCJA temporarily reduced the marginal rates with a top rate of 37%. The top marginal rate was set to return to 39.6% in 2026.	The OBBB permanently extends the TCJA's reduced marginal individual rates and maintains the top rate of 37%.
§ 63, Standard Deduction	The TCJA nearly doubled the standard deduction which was set to expire in 2026.	The OBBB permanently extends the increased standard deduction to $15,750 for individual taxpayers and $31,500 for MFJ beginning in 2025 and updated annually for inflation.
§ 151, Deduction for Personal Exemptions	The TCJA temporarily repealed the deduction for personal exemptions until 2026.	The OBBB permanently repeals the deduction for personal exemptions, except for the new temporary increased deduction for seniors over age 65.
§ 275, State and Local Tax Deduction	The TCJA limited the SALT deduction in the case of an individual, the itemized deduction for state and local taxes is capped at $10,000 ($5,000 for a married taxpayer filing a separate return). The SALT cap was set to expire after December 31, 2025, and all SALT taxes would have been able to be deducted.	The OBBB increases the SALT cap to $40,000. In the case of a taxpayer with modified adjusted gross income over $500,000, the cap would phase down by 30% of the excess of MAGI over the threshold until it reaches $10,000. The OBBB increases the $40,000 SALT cap and $500,000 income threshold by 1% annually through 2029. In 2030, the SALT cap will return to $10,000 for all taxpayers.
§ 2010, Estate and Gift Tax Exemption	The TCJA's increased estate and lifetime gift tax exemption of $10 million ($20 million for MFJ) and indexed for inflation was set to expire after December 31, 2025. For 2025, the inflation adjusted estate tax exemption is $13.99 million.	The OBBB permanently extends the estate and lifetime gift tax exemption, increases the exemption amount to $15 million for single filers ($30 million for MFJ) in 2026, and indexes the exemption amount for inflation going forward.

§ 55, Alternative Minimum Tax Exemption	The TCJA's increased individual alternative minimum tax exemption amounts and exemption phase-out thresholds are set to expire for taxable years beginning after December 31, 2025.	The OBBB permanently extends the increased individual alternative minimum tax exemption amounts but increases the phaseout of the exemption amount from 25% to 50% of the amount by which the taxpayer's alternative minimum taxable income exceeds the threshold amount.
Limit on Itemized Deductions	**Mortgage Interest Deduction**: Under the TCJA, for tax years 2018 through 2025, the acquisition indebtedness limit is temporarily reduced from $1 million ($500,000 if married filing a separate return) to $750,000 ($375,000 if married filing a separate return). **Casualty Loss Deduction:** TCJA limited the deduction for personal casualty and theft losses to those incurred in federally declared disaster areas. **Miscellaneous Itemized Deductions:** The TCJA suspended itemized deductions for this category for tax years 2018 through 2025**.** These included investment fees, certain repayments of income, unreimbursed business expenses incurred by an employee (such as home office expenses or unreimbursed travel expenses), and certain losses related to activities not undertaken with a profit motive (hobby losses). **Limit on Tax Benefit of Itemized Deductions**: TCJA suspended the Pease limitation for tax years 2018 through 2025. **Qualified Bicycle Commuting:** TCJA suspended the exclusion for reimbursement for qualified bicycle commuting reimbursement for years 2018–2025 such that any reimbursement of this expense would be taxable. **Moving Expenses:** The TCJA suspended the deduction for moving expenses paid or incurred in connection with starting work either as an employee or as a self-employed individual at a new principal place of work regardless of	The OBBB permanently extends these limitations. However, the OBBB removes unreimbursed employee expenses for eligible educators from the list of miscellaneous itemized deductions that are otherwise limited. The OBBB further limits losses from wagering transactions to 90% of the amount of such losses, only to the extent of winnings.

	whether they itemized their deductions for years 2018 through 2025. **Wagering Losses:** Taxpayers can claim a deduction for wagering losses to the extent of wagering winnings.	
§ 529, Savings Accounts	Section 529 provides that distributions from 529 plans are not taxable for federal purposes if the distributions are used for "qualified higher education expenses." "Qualified higher education expenses" is defined to include college tuition, room and board, and fees, books, supplies, and equipment required for enrollment, as well as $10,000 of tuition for public, private, and religious elementary and secondary schools.	The OBBB expands the definition of qualified higher education expenses to include additional K-12 expenses such as curriculum and curricular materials, books or other instructional materials, online educational materials, certain tutoring expenses, educational therapies, and fees for standardized testing, college admission examinations, and advanced placement tests. The provision further expands the definition of qualified higher education expenses to include "qualified postsecondary credentialing expenses" including tuition, fees, books, supplies, and equipment required for enrollment in a recognized program, as well as fees for testing if required to obtain the credential and continuing education if required to maintain the credential.
Trump Savings Account	No provision.	The OBBB creates new "Trump Accounts" that would allow parents, relatives, and others to contribute up to $5,000 annually to an account for a child's future educational, homeownership, and entrepreneurial expenses. The contributions into the account could only be invested a "diversified fund that tracks an established index of US equities." Trump accounts must be set up before the child turns 8 and contributions could not be made into the Trump account after the child turns 18. For children born between December 31, 2024, and January 1, 2029, Trump accounts would also be funded with a one-time $1,000 contribution from the federal government through a pilot program.

		Between the ages of 18 and 25, the child would be able to access up to half of the Trump account's available funds to be used for qualifying higher education expenses. At age 30, account holders have access to the full balance of the account for any purpose. Unlike 529 savings plans which provide tax-free distributions, beneficiaries who make withdrawals for qualifying expenses, including higher education, would not be tax-free but instead would be subject to taxes at the long-term capital gains tax rate. Withdrawals used for other purposes would be subject to tax at ordinary income tax rates. Under current law, recipients of gifts generally are not subject to income tax.
§ 529A, ABLE Account	Achieving a Better Life Experience (ABLE) accounts are limited to annual account contributions equal to the federal gift tax exclusion (currently $19,000 in 2025). The additional contribution limit for ABLE Accounts for individuals with a disability who are employed is equal to the lesser of (1) the applicable federal poverty level for a one-person household in the prior year, or (2) the beneficiary's compensation for the year. This additional contribution limit is set to expire on December 31, 2025.	The OBBB permanently extends the additional contributions to ABLE accounts and provides an additional year of inflation adjustment.
§ 25B, Saver's Credit/ **§ 529A, ABLE Account**	Eligibility for the Saver's Credit for designated beneficiaries who make qualified contributions to their ABLE accounts was set to expire on December 31, 2025.	The OBBB permanently allows designated beneficiaries who make qualified contributions to their ABLE account to qualify for the Saver's Credit.
§ 529A, ABLE Account	The ability to make tax-free rollovers of amounts from section 529 qualified tuition programs to qualified section 529A ABLE programs was set to expire on December 31, 2025.	This OBBB permanently allows tax-free rollovers of amounts in section 529 qualified tuition programs to qualified ABLE programs.

§ 127, Educational Assistance Programs	Section 127 provides that an employee may exclude from gross income and the employer may exclude from wages for employment tax purposes up to $5,250 annually of educational assistance provided by the employer to the employee. Only student loan payments made before the end of 2025 qualify for the exclusion.	The OBBB permanently extends the exclusion from income for an employer's payment of an employee's student loans and adjusts the $5,250 limit annually for inflation.

New Trump Tax Provisions from the Campaign

Code Section	Pre-OBBB	OBBB
No Tax on Tips	No provision.	The OBBB creates an above-the-line deduction of up to \$25,000 of qualified tips received by an individual in an occupation that traditionally and customarily receives tips during a given taxable year. The deduction is allowed for both employees receiving a W-2 and independent contractors receiving a 1099-K, 1099-NEC, or reported by the taxpayer on Form 4317. Qualified tips do not include any amount received in the course of a specified service trade or business as defined in section 199A(d)(2). The deduction amount phases out by \$100 for each \$1,000 by which the taxpayer's modified adjusted gross income exceeds \$150,000 (\$300,000 for MFJ) and expires on December 31, 2028.
No Tax on Overtime	No provision.	The OBBB creates an above-the-line deduction of \$12,500 (\$25,000 for MFJ) for overtime pay during a given taxable year. Qualified overtime is defined by cross referencing the Fair Labor Standards Act's definition and does not include any qualified tip. The deduction amount phases out by \$100 for each \$1,000 by which the taxpayer's modified adjusted gross income exceeds \$150,000 (\$300,000 for MFJ) and expires on December 31, 2028.
Enhanced Deduction for Seniors	No provision.	The OBBB creates a new deduction for seniors (age 65 or older) of \$6,000 per eligible filer with a modified adjusted gross income that does not exceed \$75,000 for single filers (\$150,000 for MFJ). The deduction expires on December 31, 2028.

No Tax on Car Loan Interest	No provision.	The OBBB creates an above-the-line deduction of up to $10,000 for qualified passenger vehicle loan interest during a given taxable year. To be eligible, the final assembly of the vehicle must occur in the US. The deduction phases out by $200 for each $1,000 by which the taxpayer's modified adjusted gross income exceeds $100,000 ($200,000 for MFJ). The deduction expires on December 31, 2028.

Exempt Organizations Provisions

Code Section	Pre-OBBB	OBBB
§ 4960, Tax on Excess Compensation	Section 4960 imposes an 21% excise tax on an applicable tax-exempt organization (ATEO) and entities related to the ATEO if they pay remuneration in excess of $1 million (or an excess parachute payment) to "covered employees" (which is defined to mean the five highest compensated employees).	The OBBB expands the definition of "covered employee" to include any employee (or former employee) of the ATEO, not just the five highest compensated employees each year.
§ 4968, Excise Tax on Investment Income of Private Colleges and Universities	Section 4968 imposes an excise tax of 1.4% for investment income for private colleges and universities with investment assets of $500,000 or more per student. The excise tax applies to colleges and universities with 500 or more students.	The OBBB modifies the excise tax structure as follows: The rate structure would be as follows: • 1.4% if the student adjusted endowment is more than $500,000 and not more than $750,000. • 4% if the student adjusted endowment is more than $750,000 and not more than $2 million. • 8% if the student adjusted endowment is more than $2 million. The OBBB increases the threshold at which the excise applies from 500 or more students to 3,000 or more students. In addition, the OBBB would include in net investment income that is subject to the excise tax certain interest income the college or university receives from student loans and royalty income from federally funded research that the regulations under section 4968 currently exclude.
§ 170, Above the Line Charitable Deduction	Generally, taxpayers were required to itemize to claim a tax deduction for charitable contributions.	The OBBB creates a permanent above-the-line tax deduction for non-itemizers of up to $1,000 ($2,000 for MFJ) annually for charitable contributions.

	In 2021, non-itemizers could claim an above-the- line deduction of up to $300 ($600 for MFJ) for charitable contributions.	
§ 170, Limits on Corporate Charitable Deductions	Section 170 provides corporations a deduction for charitable contributions up to a limit of 10% of their taxable income in a given taxable year.	The OBBB further limits the deduction by providing a deduction only for charitable contributions to the extent that they exceed 1% of the corporation's taxable income.
§ 170, Limit on Charitable Deductions for Individuals who Itemize	Taxpayers who itemize can deduct a portion of their qualified charitable contributions, subject to a specified limitation based on the type of contribution.	The OBBB limits the charitable deduction for taxpayers who itemize by providing a deduction only for charitable contributions to the extent that they exceed 0.5% of the taxpayer's taxable income, creating a new floor that taxpayers who itemize must exceed to claim the charitable deduction.
Tax credit for contributions of individuals to scholarship granting organizations.	No provision.	The OBBB creates a new tax credit for taxpayers who make charitable contributions of cash or marketable securities to tax-exempt organizations that primarily grant scholarships to eligible elementary and secondary school students (scholarship granting organizations) and is intended to operate similar to a school voucher program to fund scholarships for private schools. The OBBB provides a dollar-for-dollar tax credit for cash contributions up to $1,700. The scholarship granting organization must be a 501(c)(3) tax-exempt organization, be approved in the state where it operates, and spend not less than 90% of its revenues on scholarships. Students who benefit from the scholarships must be members of a household with an income not greater than 300% of their area's median gross income and be eligible to enroll in a public elementary or secondary school. Any

		scholarships received by a student are excluded from the student's gross income. Each year, states that participate in the program must provide to the Department of Treasury a list of scholarship granting organizations located in the state. The OBBB creates an aggregate volume cap of the total amount of credits that can be claimed nationwide at $4 billion and is effective for tax years after December 31, 2026. The credits are claimed on a first-come, first-serve basis and the taxpayer receives the allocated credit from the Department of the Treasury.

Procedural Provisions

Code Section	Pre-OBBB	OBBB
§6050W, Third Party Settlement Reporting	The American Rescue Plan changed the third-party settlement organizations reporting requirements to issue a 1099-K to participating payees receiving gross payments exceeding $600 for goods or services, regardless of the number of transactions.	The OBBB restores the 1099-K reporting requirement to the $20,000 and 200 transaction reporting thresholds for payments made to users by third-party settlement organizations.
§6041(a), Information Reporting	The current reporting threshold for 1099-MISC and 1099-NEC payments is $600.	The OBBB increases 1099-MISC and 1099-NEC reporting threshold from $600 to $2,000 with indexing for inflation afterwards that would apply to nonemployee compensation, rents, royalties, prizes, and other reportable payments under section 6041 and section 6041A. This change would apply to payments made starting in 2026.
§ 3134, Employee Retention Tax Credit	An eligible employer was entitled to claim the COVID-era refundable employee retention tax credit (ERTC) for the second, third and fourth calendar quarters in 2020 and the first, second and third quarters of 2021. Taxpayers could claim a COVID-related ERTC until April 15, 2025.	The OBBB prohibits the IRS from issuing any ERTC refunds for claims filed after January 31, 2024.