



**SDMAYER**  
accounting + advisory for life™

# The One Big Beautiful Bill Act (OBBBA): Key Changes & How We Can Help

# Housekeeping

- Please use the Q&A panel to ask questions, which we'll go through at the end. There is a separate chat panel if you need to chat with the moderator.
- Everyone will be muted throughout the presentation; video will be turned off for all participants.
- You can either call in or connect using your computer; instructions are in your email invitation.
- This webinar will be recorded. We can send out a copy of the presentation and a link to the recording within 24 hours.

# About SD Mayer & Associates

SD Mayer & Associates is a fast-growing, full-service, community-minded accounting, advisory and outsourced accounting firm. We can also help clients plan for their future through our retirement and wealth management services.

- **Four offices:** San Francisco, San Mateo, San Leandro & Menlo Park
- **Services:** Audit & Assurance, Tax & Tax Planning, Business Advisory, Client Accounting & Advisory Services (CAAS), Wealth Management (Retirement & Estate Planning)

# The Presenters



## Helen Johnson, Partner-In-Charge, Tax

- Over three decades of tax experience, working at companies such as Franklin Templeton Investments, Sensiba, and Brown Adams.
- Bachelor in International Relations, Stanford University
- Member of CalCPA, the San Mateo Chamber of Commerce

## JT Forbus, Senior Tax Manager

- Over 30 years of tax experience, working with individuals and small businesses.
- Expertise includes stock-based employee compensation.
- Bachelor in Business, specializing in Accounting, Cal State East Bay
- Member of CalCPA, the Rotary Club of San Francisco

# Welcome & Overview



- Introduction to the One Big Beautiful Bill Act (OBBBA)
  - Signed into law July 4, 2025
  - Lots of updates to tax law impacting individuals and businesses
  - Tax is just one provision of the bill
- Permanent extension of many 2017 Tax Cuts and Jobs Act (TCJA) provisions
- New incentives and compliance changes for individuals and businesses

# Key Highlights for Individuals



- Tax Rates and Deductions
  - **Permanent Lower Tax Rates:** Individual tax rate cuts from the 2017 TCJA are now permanent, with revised income thresholds.
    - 37% remains as the top tier tax rate.
    - Most households earning under \$100,000 will see a 12% tax cut.
    - Higher incomes should not expect that type of savings.
  - **Standard Deduction:** Permanently increased and indexed for inflation. For 2025, the standard deduction rises to \$31,500 for families.
  - **Personal Exemptions:** Remain gone.



# Key Highlights for Individuals (cont'd.)



- **Benefits for Seniors (65+):**
  - **\$6,000 deduction** (\$12,000 for couples) in addition to the standard deduction, phasing out at higher incomes through 2028.
  - **No Change to Social Security Taxability Formula:** Law does not eliminate taxes on Social Security but, with the new \$6,000 deduction, recipients will owe little or no federal tax on their benefits through 2028.
  - **True for many seniors**, however, seniors with additional income beyond Social Security will most likely still pay tax on Social Security benefits. Taxability limited to 85%.

# Key Highlights for Individuals (cont'd.)



- State and Local Tax (SALT) Deduction
  - **Cap Raised:** SALT deduction cap increases from \$10,000 to \$40,000 for individuals earning under \$500,000 (2025–2029), reverting to \$10,000 in 2030. Income phaseout.
- Charitable Contributions
  - **New 0.5% floor:** (2026) Works like Medical Deduction 7.5% floor. Consider QCD and frontloading donations in 2025.
  - **Charitable Deduction for Non-Itemizers:** Up to \$1,000 (single) or \$2,000 (married) can be deducted without itemizing.



# Key Highlights for Individuals (cont'd.)



- Auto Loan Interest Deduction
  - **\$10,000 deduction:** (2025) Interest paid on new vehicles with final assembly in US, not per vehicle, phases out starting \$100,000 for single, \$200,000 for married, Form 1098 coming?, no leases.
- Mortgage Interest
  - **No change** to \$750,000/\$1MM loan (pre 12/15/17) limits.
- Itemized Deductions Limit
  - **Limits 37% tax bracket taxpayers to 35% benefit.** Applied after SALT and Charitable limit. 37% bracket: \$635K+ single | \$763K+ married.

# Key Highlights for Individuals (cont'd.)



- **Tax Relief for Workers**
  - **No Federal Tax on Tips and Overtime:** Temporary deductions effectively eliminate federal income tax on tips and overtime for most workers 2025 through 2028.
  - **Education Savings:** Expanded 529 accounts to cover more educational expenses, including K-12 and vocational training.
- **Estate and Gift Tax**
  - **Exemption Increased:** Estate, gift, and generation-skipping transfer tax exemption permanently raised to \$15 million per individual, indexed for inflation.

# Key Highlights for Individuals (cont'd.)



- Other Key Provisions
  - **Qualified Small Business Stock (QSBS):** Gross asset cap increased to \$75 million; gain exclusion cap rises to \$15 million. Partial exclusions possible after three and four years.
  - **Opportunity Zones and New Markets Tax Credit:** Made permanent with expanded eligibility and new reporting requirements.
  - **Reporting Thresholds:** 1099-NEC threshold increased to \$2,000
  - **Repeal of Certain Credits:** Credits for clean vehicles, residential energy, and alternative fuels are repealed at various dates between 2025 and 2026. Buy an EV by 9/30/25 and install Solar by 12/31/25.

# Business - What's Not Changing



- **Qualified Business Income (QBI) Deduction**
- **Section 199A Made Permanent:** 20% deduction for pass-through business income is now permanent with inflation-adjusted thresholds. New minimum deduction of \$400 for taxpayers who have at least \$1,000 of qualified business income from trade or business in which taxpayer materially participates
- **Pass-through Entity Elective Tax** – While not a federal law, considerations for making a pass-through entity tax election will largely stay the same even with the increase in the SALT limit

# Key Changes for Businesses



- Depreciation and Expensing
  - **100% Bonus Depreciation:** Permanently restored for qualifying property placed in service after January 19, 2025. Without change, 40% bonus in 2025.
    - **New class of property eligible for 100% bonus created:** nonresidential real property in the US used for manufacturing, agricultural or chemical production or certain refining operations if construction begins after 1/19/25 and before 1/1/29 and placed in service before 2031
  - **Section 179 Expensing:** Starting in 2025, deduction cap increases to \$2.5 million, with a \$4 million phaseout threshold. Before change, it would have been \$1.25 million deduction cap and \$3.13 million phase out

# Key Changes for Businesses (cont'd.)



- Research & Development (R&D)
  - **Immediate Expensing of Domestic R&D:** U.S.-based research expenses can be expensed in the year incurred starting with 2025
    - Can also elect to amortize over a period of no less than 60 months
    - Foreign research costs must still be capitalized and amortized over 15 years.
    - Taxpayers can elect to amortize the balance of unamortized costs over a one or two-year period
  - **Small taxpayers (gross receipts of \$31 million or less in 2025)** can elect to fully deduct R&D going back to 2022 – must elect by 7/4/26, waiting for further guidance, opportunity to amend for 2022 -2024 and get cash

# Key Changes for Businesses (cont'd.)



- Other Key Provisions
  - **Business Interest Expense Limitation** – Reverts back to rules in effect before 1/1/22 in terms of not including depreciation and amortization in the calculation of adjusted taxable income (limitation to assess how much business interest expense is deductible)
  - **Excess Business Loss Limitation (Limits individual taxpayers' ability to offset nonbusiness income (wages, interest, dividends, capital gains with active trade or business losses).** Made rule permanent. For 2025, the loss limitation is \$313K for single filers and \$626K for joint filers. Disallowed losses become net operating losses and can be used in future years.



# Key Changes for Businesses (cont'd.)



- **Meals and Entertainment** – generally 50% deductible. However, as of 2026, meals provided for the “convenience of the employer” will no longer be deductible. California still has its own rules, and these will still be deductible.
- **C Corporations**
  - **Corporate tax rate is flat 21% - TCJA Change in 2017**
  - **Claiming a Charitable Contribution for a C corporation got tougher**
    - Starting in 2026, charitable contributions must exceed 1% of taxable income to be deductible. Corporate charitable deductions are still limited to 10% of corporate taxable income.

# Key Changes for Businesses (cont'd.)



- Other Key Provisions (cont'd.)
  - **Paid Family and Medical Leave Credit:** Extends the credit which was set to expire at the end of 2025 and provides employers with another option to compute it.
  - **Employee Retention Credits**
    - No ERC claims or refunds processed after 7/4/25 for claims filed after 1/31/24.
    - Extends the statute of limitations for ERC Claims from 5 years to 6 years
  - **Reporting Thresholds**
    - Forms 1099-MISC and 1099-NEC threshold increased from \$600 to \$2,000;
    - Form 1099-K threshold restored to \$20,000 and 200 transactions.

# Energy and Other Provisions



- **Phasing Out Clean Energy Credits:** Many Inflation Reduction Act energy credits are phased out early (9/30/25, 6/30/26)
- **Five-year depreciable life for qualified energy property repealed** for construction in 2025 and forward
- **Section 179D** (energy efficient commercial buildings deduction) repealed for construction beginning after June 30, 2026.
- Some international tax rules tightened

# Next Steps



- Schedule a personalized tax review with our advisors.
- Stay informed: We will provide ongoing updates as IRS guidance emerges.
- Contact us with questions about your specific situation.
  - [info@sdmayer.com](mailto:info@sdmayer.com)

# Areas Where SD Mayer Can Help



Area	How We Can Help
<b>Tax Planning</b>	Review your situation to maximize new credits & deductions
<b>SALT Deduction Strategy</b>	Optimize state/local tax payments and timing
<b>Entity Structure Review</b>	Assess business structure for QBI and depreciation benefits
<b>R&amp;D and Asset Expensing</b>	Advise on immediate expensing and bonus depreciation
<b>Estate &amp; Gift Planning</b>	Leverage higher exemption for wealth transfer
<b>International Tax</b>	Navigate new GILTI, FDII, and BEAT rules
<b>Compliance</b>	Ensure reporting meets new thresholds and requirements
<b>Senior Tax Relief</b>	Apply new over-65 deductions and minimize Social Security tax

# Q&A

**Contact Us:**  
[info@sdmayer.com](mailto:info@sdmayer.com)