The "Big Beautiful Bill" Is Law: What It Means for Your Tax, Estate, and Business Planning

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The *One Big Beautiful Bill Act* (OBBBA), signed into law on July 4, brings sweeping, permanent changes to the federal tax code. These changes affect how families preserve wealth, how business owners plan for growth, and how individuals manage taxes over time.

Porzio's Wealth Preservation Team is committed to simplifying complexity and helping you navigate these updates with clarity and confidence. Below is a summary of the most relevant provisions.

Key Tax Provisions: Current Law vs. New Law

Provision	Current Law	New Law (OBBBA)	Effective	Sunset / Phase-Out
Individual Tax Rates	2017 Tax Cut and Jobs Act (TCJA) rates set to expire after 2025	TCJA rates and brackets made permanent	Jan 1, 2025	None (permanent)
Standard Deduction	$13,850 (single), $27,700 (joint), indexed	$15,750 (single), $31,500 (joint), plus $750 boost through 2028	Jan 1, 2025	$750 boost ends after 2028
SALT	$10,000 cap	$40,000; phased out	July 4,	Cap reverts

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Deduction Cap		above $500K AGI	2025	after 5 years
Pass Through Entity Tax (PTET) Workaround	Widely used by pass-through entities to bypass SALT cap	PTET deduction partially limited—owners can deduct unused SALT cap + greater of $40K or 50% of PTET paid	Jan 1, 2026	SALT cap reverts in 2030; PTET limitation ongoing
Estate & Gift Exemption	$13.99M per person; set to drop in 2026	$15M per person, indexed, permanent	Jan 1, 2026	None (permanent)
Qualified Business Income (QBI) Deduction (199A)	20% deduction through 2025	20% deduction, made permanent	Jan 1, 2026	None (permanent)
Qualified Small Business Stock (QSBS) Exclusion (Sec. 1202)	Gain exclusion cap $10M; 5-year holding period; $50M asset test	Gain exclusion cap $15M (indexed); phased holding periods (3/4/5 years); $75M asset test	July 4, 2025	Applies to stock issued after that date
Bonus Depreciation	60% in 2025; phasing out	100% for property placed in service 2025–	Jan 20, 2025	Ends after 2029

	by 2027	2029		
Section 179 Expensing	$1.16M limit; $2.89M phase-out	$2.5M limit; $4M phase-out; inflation-adjusted	Jan 1, 2025	None (permanent)
Tip & Overtime Deduction	Not deductible	Up to $25K (tips) and $12.5K (overtime); income limits apply	Jan 1, 2025	Ends after 2028
Auto Loan Interest	Not deductible	Up to $10K for U.S.-assembled new auto loans; income-limited	Jan 1, 2025	Ends after 2028
Charitable Deduction	No above-the-line deduction	$1,000 ($2,000 joint) above-the-line, permanent	Jan 1, 2025	None (permanent)
Clean Energy Credits	Various credits available	Most credits repealed 60 days after enactment	Sept 2, 2025	N/A (repealed)

Individual Tax Planning
Several provisions create near-term tax opportunities for individuals and families:

- SALT Deduction Cap raised to $40,000, though phased out at higher incomes.
- Temporary deductions for tip and overtime income through 2028.
- Auto Loan Interest deduction for new, U.S.-assembled cars through 2028.
- New above-the-line Charitable Deduction, permanent.

While some of these benefits are temporary or income-limited, others may create ongoing tax savings. Strategic timing will be important.

Estate & Gift Tax Planning

Beginning in 2026, the lifetime estate and gift tax exemption increases to $15 million per person ($30 million per couple), indexed for inflation. The generation-skipping transfer (GST) exemption rises accordingly. Importantly, these higher exemptions are permanent, offering greater certainty for long-term planning.

This opens new opportunities for wealth transfer and gifting, but careful execution is essential to avoid unintended tax consequences.

Business Tax Planning

Whether you're planning for transition, reinvesting in growth, or refining your structure, several key provisions benefit closely held businesses:

- QBI Deduction increases to 20% and becomes permanent.
- QSBS capital gain exclusion for qualifying stock in C Corporation expanded.
- Bonus Depreciation restored at 100% for property placed in service from 2025 through 2029.
- Section 179 Expensing limit increases to $2.5 million, inflation-adjusted.
- Business Interest Deduction returns to an EBITDA-based cap (2025–2029).
- Excess Business Loss Limitation is made permanent; disallowed losses convert to NOLs.

Now is a good time to revisit entity selection, compensation strategies, and capital investment plans.

What You Can Do Now

- **Review Your Estate Plan –** Align gifting and legacy strategies with the new higher exemptions.
- **Reassess Your Business Structure –** Maximize capital gains exclusion on sale, pass-through and expensing opportunities.
- **Plan Time-Sensitive Moves –** Act now to take advantage of deductions that expire after 2028.
- **Enhance Charitable Giving –** Explore ways to leverage the new above-the-line deduction.

Every client's situation is unique. Our role is to simplify the law, help you identify opportunities, and ensure your strategy aligns with your goals.

We encourage you to **schedule a strategic review** to explore how these new rules may impact your estate, tax, and business plans.