

The Big Beautiful Bill Becomes Law: What It Means for Businesses and High-Net-Worth Individuals

July 7, 2025



On July 4th, President Trump signed in to law H.R. 1 — One Big Beautiful Bill Act (“BBB”) — a sweeping piece of tax legislation that reshapes key areas of the Internal Revenue Code. The BBB extends, modifies, or makes permanent a number of tax provisions originally introduced under the Tax Cuts and Jobs Act (TCJA), while also introducing several new provisions to the Internal Revenue Code. The following outlines some of the most significant changes likely to impact businesses, as well as high-net-worth individuals and families.

Provisions made Permanent or Extended

- **Tax Rates** - The BBB made the current income tax rates permanent.
- **Increased Standard Deduction** - The TCJA Increases to the Standard Deduction are made permanent and increased to \$15,750 for single filers, \$23,625 for heads of household, and \$31,500 for married individuals filing jointly. These amounts will be adjusted annually for inflation. This change is effective for years beginning after December 31, 2024.
- **Personal Exemptions** - The BBB permanently eliminates the deduction for Personal Exemptions, except for a \$6,000 deduction for taxpayers who are

over the age of 65. This deduction starts phasing out at \$75,000 for a single taxpayer and \$150,000 for a married taxpayer. This exemption for seniors is set to expire after December 31, 2028.

- **Qualified Business Income** - The Qualified Business Income ("QBI") deduction (also known as the Section 199A deduction) is made permanent.

Anchin Observation - The deduction amount remains at 20% of qualified income, as opposed to the House bill, which proposed raising the deduction to 23%.

- **Estate Tax Exemption** - The Estate Tax Exemption (sometimes referred to as Lifetime Exclusion) is permanently increased to \$15,000,000 for gifts made after December 31, 2025. The \$15,000,000 will be indexed for inflation after 2026.
- **Mortgage Interest Deduction** - The BBB permanently extends the Mortgage interest deduction limitation to the interest on the first \$750,000 (\$375,000 if married filing separately) of home acquisition indebtedness. Interest deductions on home equity indebtedness is permanently disallowed.
- **Casualty Losses** - The BBB permanently extends the TCJA provision, which limited the itemized deduction for personal casualty losses to only Federally Declared Disasters. The BBB also includes a provision that now allows for State Declared Disasters.
- **Miscellaneous Itemized Deductions** - The bill makes permanent the TCJA provision that disallowed miscellaneous itemized deductions other than Educator Expenses. This is effective for tax years after December 31, 2025.
- **Bonus Depreciation** - The BBB permanently extends Bonus Depreciation. The allowance is increased to 100% for property acquired after January 19, 2025.
- **New Market Tax Credit** - The BBB makes the New Market Tax Credit permanent.
- **Excess Business Loss** - The BBB makes the excess business loss limitation permanent. It was originally set to expire after December 31, 2028. The Excess Business Loss limitation was enacted as part of the TCJA. It limits the amount a taxpayer could deduct a business loss to \$250,000 for single filers (\$500,000 for married taxpayers filing jointly). The limitation amount is

adjusted annually for inflation.

Anchin Observation – *The House bill would have made the excess loss amount a carryover business loss to the following year instead of treating the excess amount as a Net Operating Loss in the succeeding year. The Senate version of the BBB removed this provision from the final bill.*

Watch the Replay: Big Beautiful Bill Breakdown

More than 1,220 professionals registered for our live webinar covering the most impactful provisions of the One Big Beautiful Bill. If you missed the session, the full recording is now available to watch on demand.

[WATCH THE REPLAY](#)

Modified Provisions

- **The State and Local Tax (SALT) Cap** – The BBB temporarily increases the SALT deduction from the current \$10,000 cap to \$40,000 through December 31, 2029. The BBB also increases the SALT deduction annually for inflation. The SALT deduction is reduced for taxpayers with Modified Adjusted Gross income in excess of \$500,000 but will never reduce below \$10,000. This provision takes effect for years after December 31, 2024.

Anchin Observation – *The House version of the BBB included language that would have limited the ability to benefit from the deduction due to the Pass-Through Entity Tax that many states have enacted as a workaround for the SALT*

cap.

- **Research and Experimental Expenditures** - The BBB allows taxpayers to immediately deduct domestic research and development (R&D) expenditures beginning after December 31, 2024. Small Business Taxpayers will be able to deduct domestic R&D expenditures that were previously capitalized for tax years after December 31, 2021. Small Business Taxpayers are defined as taxpayers with average annual gross receipt of \$31 million or less. Taxpayers with average annual gross receipts of more than \$31 million will be allowed to deduct previously capitalized R&D expenses incurred after December 31, 2021, over one or two years.

***Anchin Observation** - Small businesses will be able to file amended returns and request a refund of previously paid taxes. All other businesses including small businesses that do not file amended returns will have to apply for Change in Accounting Method.*

- **Business Interest Limitation** - The BBB modifies the definition of Adjusted Taxable Income to be calculated permanently without regard to the allowance for depreciation, amortization, or depletion when calculating the 30% business interest limitation. This is effective for tax years beginning after December 31, 2024.

***Anchin Observation** - To the extent there were Business Interest expense limitation rules, the BBB provides a favorable change. For every \$100,000 of depreciation and amortization, taxpayers will now be able to deduct an additional \$30,000 of the limited interest expense.*

- **Section 179 Expense** - The BBB increases the amount a business can expense to \$2.5 million and increases the phase out limitation to \$4.0 million. These amounts will be adjusted annually for inflation.
- **Advance Manufacturing Investment Credit** - The BBB increases the credit from 25% to 35%. This is effective for property placed in service after December 31, 2025.
- **Opportunity Zones** - The BBB creates a new permanent Opportunity Zone program. The BBB does not extend the current Opportunity Zone program

that was created in the TCJA. This would generally be effective after December 31, 2026.

- **Percentage of Completion Method** - The BBB provides an exception to the requirement to utilize the percentage of completion method of accounting for certain residential construction contracts.
- **Qualified Small Business Stock (QSBS)** - The BBB modifies the existing 100% exclusion of gain on QSBS stock held at least 5 years and now includes both a 50% exclusion for stock held with at least a 3-year holding period and a 75% exclusion for stock held with at least a 4-year holding period. This provision is effective for QSBS issued after the enactment date. The amount of gain that can be excluded is increased from \$10 million to \$15 million. The BBB also increases the aggregate gross asset threshold amount a QSBS could hold from \$50 million to \$75 million. These amounts are increased for inflation annually after December 31, 2026.

New Tax Provisions

- **No Tax on Tips** - The BBB provides a deduction up to \$25,000 for cash tips received by an individual who works in an industry that customarily receives tips. The deduction phases out with Modified Adjusted Gross Income of \$150,000 (\$300,000 in the case of a joint return).
- **No Tax on Overtime** - The BBB provides a deduction up to \$12,500 (\$25,000 for married filing jointly) for qualified overtime compensation received during the year. The deduction phases out with Modified Adjusted Gross Income of \$150,000 (\$300,000 in the case of a joint return). The term 'qualified overtime compensation' means overtime compensation paid to an individual in excess of the regular rate of pay required under Section 7 of the Fair Labor Standards Act of 1938.
- **Bonus Depreciation on Qualified Production Property** - The BBB allows taxpayers to expense 100% of the cost of Qualified Production Property (this is separate from regular bonus depreciation mentioned above). Qualified Production Property is nonresidential real property used as an integral part of a qualified production activity. In order to qualify, the property must be located in the United States or any possession of the United States, original

use of it must commence with the taxpayer, construction of the property must begin after January 19, 2025, and before January 1, 2029, and the property must be placed in service before January 1, 2031.

Conclusion

The Big Beautiful Bill introduces sweeping changes to the Internal Revenue Code—some permanent, others modified or newly introduced—that are poised to significantly impact businesses and high-net-worth individuals and families. While this summary highlights many of the bill's notable provisions, several additional changes and implementation details are still unfolding.

What the Big Beautiful Bill Means for You — Let's Plan Ahead

The Anchin Tax Team will continue to monitor developments and provide timely updates as guidance becomes available. In the meantime, if you have questions about how these changes may affect your specific situation, please contact your Anchin Relationship Partner.

CONNECT WITH OUR TEAM