

# **Big Beautiful Bill**

---

Summary of Selected Tax Provisions

2<sup>nd</sup> Edition

Danny Santucci

# Table of Contents

---

<b>Big Beautiful Bill</b> .....	<b>1</b>
Learning Objectives .....	1
Introduction.....	1
Rates, Standard Deduction, Exemptions & Credits.....	1
Individual Income Tax Rates – §1 .....	1
Farm Land Sales – §1062 – New .....	2
Opportunity Zones – §1400Z-1 & 2 .....	3
Standard Deduction Increase – §63 .....	4
Termination of Personal Exemptions & Senior Deduction – §151 .....	4
Alternative Minimum Tax Exemption – §55.....	5
Child & Dependent Care Work Expenses Tax Credit – §21 .....	5
Employer-Provided Child Care Credit – §45F .....	6
Adoption Credit – §23 & §137 .....	7
Credit for Contributions to Scholarship Organizations – New .....	7
Low-Income Housing Credit – §42 .....	7
Earned Income Tax Credit – §32.....	8
Excise Tax on Remittance Transfers – New .....	9
Deductions .....	9
Enhanced Deduction for Seniors – New .....	9
Car Loan Interest Deduction – New.....	9
Qualified Residence Interest Limited - 163(h)(3).....	10
Home Equity Indebtedness – §163(h)(3)(C) .....	10
Deduction For State & Local Taxes (SALT) – §164 .....	10
Business Income of Individuals – 20% Deduction – §199A.....	11
Child Tax Credit – §24 .....	12
Qualified Production Property Depreciation – §168 .....	12
Personal Casualty Losses – §165(h)(5).....	13
Wagering Losses Limited – §165(d).....	14
Charitable Deduction for Nonitemizers – §170.....	14
Charitable Contributions for Itemizers – §170.....	14
Miscellaneous Itemized Deductions Subject to 2% Floor – §67 .....	15
Overall Limitation on Itemized Deductions – §68 .....	17
Review Questions.....	18
Review Answers .....	20
Exclusions and Deductions .....	22
Tips Deduction – New.....	22
FICA Tip Tax Credit Expanded.....	22
Overtime Deduction – New .....	22
Dependent Care Assistance Exclusion – §129 .....	23
Bicycle Commuting Reimbursement Exclusion – §132 .....	23
Moving Expense Reimbursement Exclusion & Deduction – §217 .....	23
Small Business Stock Gain Exclusion – §1202.....	23
Rural & Agricultural Property Loan Interest Exclusion – New .....	24
Education Incentives.....	24
Employer-Provided Educational Assistance – §127 .....	24
Qualified Tuition Program – §529.....	25
Educational Credits SSN Requirement – §25A.....	25
Discharge of Student Loan Indebtedness Expansion – §108 .....	26
Trump (aka MAGA) Accounts for Children – New.....	26
Rollovers Between §529 Tuition & ABLE Programs.....	27
ABLE Account Contributions – §529A .....	28
Health.....	28
CHOICE Arrangements – §9831A.....	28

## Table of Contents

Direct Primary Care Service Arrangements & HSAs – §223 .....	29
Other Miscellaneous HSA Changes .....	29
Review Questions .....	30
Review Answers .....	31
Energy .....	32
Clean Vehicle Credit Termination – §30D .....	32
Previously-Owned Clean Vehicle Credit Termination – §25E .....	32
Commercial Clean Vehicles Credit Termination – §45W .....	32
Alternative Fuel Refueling Property Credit Termination – §30C .....	32
Energy-Efficient Home Improvement Credit Termination – §25C .....	32
Residential Clean Energy Credit Termination – §25D .....	33
Energy-Efficient Commercial Buildings Deduction Termination – §179D .....	33
Energy-Efficient Home Credit Termination – §45L .....	33
Cost Recovery of Clean Energy Facilities – §168(e)(3)(B) .....	33
Nuclear Power Production Credit Restrictions – §45U .....	33
Clean Hydrogen Production Credit Termination – §45V .....	34
Clean Electricity Production Credit Restrictions – §45Y .....	34
Clean Electricity Investment Credit Restrictions – §48E .....	35
Manufacturing Production Credit Restrictions – §45X .....	36
Advanced Energy Project Credit Restriction – §48C .....	36
Clean Fuel Production Credit – §45Z .....	36
Carbon Oxide Sequestration Credit Restrictions – §45Q .....	37
Intangible Drilling & Development Costs – §55 & §56A .....	37
Energy Activity Income Added to Publicly Traded Partnerships .....	38
Advanced Manufacturing Investment Credit – §48D .....	38
Transfer of Clean Energy Tax Credits – §6418 .....	38
Review Questions .....	40
Review Answers .....	41
Estate, GST & Gift Taxes .....	42
Estate Tax – §2001 .....	42
Gift Tax – §2501 .....	42
GST Tax – §2601 .....	42
BBB Change .....	43
Review Questions .....	44
Review Answers .....	45
Business Taxation .....	46
Corporate Tax Rate – §11(b) .....	46
Bonus (or Additional First-year) Depreciation – §168(k) .....	46
Expensing – §179 .....	47
Expensing of Qualified Sound Recording Productions – §181 .....	47
Limitation on Non-Corporate Losses – §461(l) .....	48
1% Floor on Corporate Charitable Deductions – §170 .....	48
Business Interest Limited – §163(j) & §448(c) .....	49
Threshold For Requiring Information Reporting (1099s) .....	50
Third-Party Network Transactions (1099-K) – §6050W .....	50
COVID-Related Employee Retention Credits Enforcement – §6701 .....	51
Research & Experimental Expenditures – §174 .....	51
Credit for Paid Family & Medical Leave – §45S .....	52
New Markets Tax Credit – §45D .....	52
Compensation .....	52
Excessive Employee Remuneration Limitation – §162(m) .....	52
Exempt Organization Executive Compensation Tax – §4960(c) .....	53
Review Questions .....	55
Review Answers .....	56

## Table of Contents

Selected International Provisions .....	57
De Minimis Entry Privilege Termination .....	57
Remedies Against Unfair Foreign Taxes – §899 .....	57
Limitation on Drawback of Importer Excise Taxes – §5062(c) .....	57
Modification of GILTI & FDII Deductions – §250 .....	57
Determination of Deduction Eligible Income – §904 & §956 .....	58
Deemed-Paid Foreign Tax Credits & GILTI – §960 .....	58
Deemed Intangible Income – §951A .....	58
Source of Income from Sales of Inventory Modified – §861 .....	59
Base Erosion Minimum Tax (BEAT) – §59A .....	59
Exempt Organizations .....	60
Unrelated Business Income Tax (“UBIT”) – §512 .....	60
UBIT Increased by Disallowed Fringe Benefit Expenses – §512(a)(7) .....	60
UBIT Increased by Name & Logo Royalty Income – §512 & §513 .....	61
UBIT Increased by Income from Non-Public Research – §512(b) .....	61
Excise Taxes .....	61
Private College & University Investment Income – §4968 .....	61
Foundation Excise Tax on Excess Business Holdings – §4943 .....	62
Miscellaneous Provisions .....	62
Elimination of Tax on Certain Firearm Devices – §5845 .....	62
Task Force on the Termination of Direct File .....	62
Penalties for Unauthorized Disclosures – §7213 .....	62
Medicaid Overhaul – New .....	62
REIT Subsidiary Asset Test – §856 .....	63
Review Questions .....	64
Review Answers .....	65
<b>Glossary .....</b>	<b>67</b>
<b>Index .....</b>	<b>69</b>