



2025 Tax Bill Event Series
NAREC Nashville Conference

November 4, 2025

forv/s
mazars

Agenda

1. Select Business Provisions
2. Select Individual Provisions
3. Select Compensation & Benefit Provisions
4. Select Energy Credit Provisions
5. Select International Provisions



01

Select Business Provisions



The Act

The Big “3”

Bonus Depreciation

In general

- Act permanently reinstates 100% bonus depreciation for most tangible personal property acquired after January 19, 2025.
- Does not apply if a binding contract to acquire the property existed prior to January 20, 2025.
- Election to use reduced bonus depreciation percentage in first taxable year ending after January 19, 2025.

Bonus depreciation on new production facilities

- New 100% bonus depreciation for nonresidential real property meeting certain requirements used in the manufacturing, production, or refining of tangible personal property.
- Applies to property if construction started after January 19, 2025, and before January 1, 2029, provided it is placed in service before January 1, 2031.
- Manufacturing defined by reference to “substantial transformation” test of Section 954(d).

The Act

The Big “3”

Section 174A Research Costs

- TCJA required capitalization and five-year amortization of domestic R&E expenses beginning in 2022.
- Under the Act, domestic R&E expenses are deductible when incurred for tax years beginning after December 31, 2024.
- Foreign R&E expenses continue to be capitalized and amortized over 15 years.
- Retroactive relief available:
 - Small businesses (generally gross receipts under \$31 million under a controlled group test) would be able to file amended returns for 2022, 2023, and 2024 tax years to recover previously capitalized domestic research costs.
 - All taxpayers have the option to deduct previously capitalized domestic research costs in first tax year beginning after December 31, 2024, or alternatively take the deduction over the first two tax years beginning after December 31, 2024.
- Returns Section 280C mechanics to pre TCJA status.

The Act

The Big “3”

Section 163(j)

- Limitation currently based on 30% of tax basis EBIT.
- Act permanently increases the limitation to 30% of tax basis EBITDA.
- Change would be effective for tax years beginning after December 31, 2024.
- Redefines roles of Section 163(j)'s interest limitation provisions with certain interest capitalization provisions to give the Sec. 163(j) limitation priority.
 - For tax years beginning after 2025, provides that Sec. 163(j) limitation is calculated prior to the application of any interest capitalization rules, except for interest capitalized under Section 263(g) or 263A(f).
 - In so doing, certain ordering rules would require that you apply the Section 163(j) limit to amounts of interest which would be required to be capitalized and then any remainder would then be applied to amounts of interest that would be deducted.
 - No portion of business interest carried forwards are to be treated as business interest expense to which an interest capitalization provision applies.



The Act

Section 1202 Qualified Small Business Stock

Section 1202 changes effective for stock issued after July 4, 2025

- Asset threshold raised from \$50 million to \$75 million
- Gain eligible for exclusion increased to greater of 10 times basis or \$15 million (previously \$10 million)
- New scaled exclusion
 - 50% exclusion after three years
 - Taxable portion of gain is taxed at 28% rate with an effective tax rate on sale of 14%
 - 75% exclusion after four years
 - Taxable portion of gain is taxed at 28% rate with an effective tax rate on sale of 7%
 - 100% exclusion after 5 years
 - Once 5 year holding period is met, any taxable gain in excess of 1202 exclusion is taxed at 20%

The Act

Corporate Charitable Contribution

New 1% floor on charitable contributions

- Corporations generally allowed to deduct charitable contributions up to 10% of corporation's taxable income (contribution base).
- 1% floor for tax years beginning after December 31, 2025.
 - If contributions less than 1% of contribution base, no deduction
 - If contributions are between 1% and 10%, deduction is actual contributions less 1% of contribution base.
 - If contributions exceed 10% of contribution base, current year deduction is 9%
 - 5-year carryforward for:
 - Contributions in excess of 10% contribution base.
 - The 1% floor for years in which the 10% limit was exceeded.

The Act

Withholding Provisions

- **Increased threshold for 1099-MISC and 1099-NEC Reporting**
 - Raises reporting threshold from \$600 to \$2,000 for payments made after December 31, 2025.
 - Makes conforming changes to backup withholding rules.
 - The \$2,000 threshold is indexed for inflation beginning in 2027.
- **Remittance tax on foreign wire transfers**
 - 1% excise tax to be paid by sender and collected by remittance transfer.
 - Exception for transfers made by a financial institution.
 - Effective for remittances after December 31, 2025.

The Act

Opportunity Zone Credit

- **Made Permanent**
 - Originally set to expire after 12/31/2026, the program is now extended indefinitely
- **Rural Priority**
 - New bonus credits for investments in rural OZs, especially infrastructure and broadband.
- **Basis Adjustments**
 - Additional step-ups for holding periods of 5, 7, and 10 years.
- **Reporting Requirements**
 - Mandatory annual reporting for Qualified Opportunity Funds and investors.
- **Anti-Abuse Measures**
 - Tightened rules to prevent recycling of capital and ensure genuine economic activity.
- **Community Impact Metrics**
 - Disclosure of job creation and local development outcomes now required.

The Act

New Market Tax Credit

- **Permanent Authorization**
 - NMTC program made permanent, eliminating uncertainty for investors and community developers.
- **Annual Allocation Certainty**
 - Fixed annual credit allocation ensures predictable funding for qualifying projects.
- **Expanded Eligible Areas**
 - Broader definition of low-income communities, including rural and distressed regions.
- **Compliance Enhancements**
 - Strengthened reporting requirements for community impact and job creation.
- **Integration with Other Incentives**
 - Coordination with Opportunity Zone provisions and renewable energy credits for layered financing.

02

Select Individual Provisions



The Act

Individual Provisions

Topic	Current State (2025)	Act
Section 199A – QBI	20% Deduction	Deduction made permanent with changes to phase in amounts
Estate & Gift Tax Exemption	\$13.99M per individual, \$27.98M per couple	Increased to \$15 million per individual for 2026, indexed for inflation and made permanent
Tax Rate Changes	Individual Top Rate: 37%	TCJA rate changes made permanent

The Act

Individual Provisions

Topic	Current State (2025)	Act
Personal Exemptions, Deductions, & Limitations	<ul style="list-style-type: none"> ○ \$30,000 standard deduction (MFJ) ○ \$0 Personal Exemptions ○ \$2,000 CTC 	<ul style="list-style-type: none"> ○ Standard Deduction increased to \$31,500 for married individuals filing joint, \$23,625 for head of household, and \$15,750 for all others beginning in 2025 ○ Personal exemptions permanently eliminated ○ Child tax credit increased to \$2,200 from 2025 through 2028 ○ \$6,000 additional standard deduction for 65 & older, phases out starting at \$150,000 MFJ beginning in 2025 ○ Benefit of itemized deductions capped at 35% beginning in 2026 ○ New .5% floor on charitable contributions beginning in 2026
Mortgage Interest Deductibility	<ul style="list-style-type: none"> ○ \$750,000 threshold (MFJ) ○ No deduction for home equity interest 	\$750,000 threshold and elimination of home equity interest deduction made permanent
Miscellaneous Itemized Deductions	Nondeductible	Permanently eliminated

The Act

SALT

CAP & PTET

- **SALT Cap & PTE Tax**

- The Act temporarily raises the SALT cap from 2025 through 2029.
- \$40,000 in 2025.
- In years 2026 through 2029, the cap increases by 1% per year.
- In 2030 and thereafter, it reverts to \$10,000.
- The Act also contains phaseouts for those with modified adjusted gross income above \$500,000.
- This \$500,000 threshold increases by 1% per year from 2026 through 2029.
- There are no changes to the treatment of pass-through entity taxes.
- Consider AMT impact of increased itemized deduction for SALT.

The Act

Campaign Promises

No Tax on Tips

- Individuals will get federal income tax deduction for qualified tips beginning from 2025 through 2028.
- Maximum deduction of \$25,000.
- Tip exclusion will generally be limited to:
 - The providing, delivering, or serving of food or beverages for consumption, if the tipping of employees delivering or serving food or beverages by customers is customary.
 - Any of the following services if the tipping of employees providing such services is customary:
 - Barbering and hair care
 - Nail care
 - Esthetics
 - Body and spa treatments
 - The Secretary of the Treasury will publish a list of other qualifying occupations
- Deduction phases out for individuals with income over \$150,000 (\$300,000 for MFJ).

The Act

Campaign Promises

No Tax on Overtime

- Individuals will get federal income tax deduction for qualified overtime from 2025 through 2028.
 - Only the portion exceeding regular hourly pay rate qualifies.
- Maximum deduction of \$12,500 (\$25,000 for MFJ).
- Qualified overtime does not include qualified tips.
- Deduction phases out for individuals with income over \$150,000 (\$300,000 for MFJ).



The Act

Campaign Promises

No Tax on Social Security

- Individuals 65 and older will get federal income tax deduction for social security 2025 through 2028.
- Maximum deduction of \$6,000 (\$12,000 for MFJ).
- Deduction phases out for individuals with income over \$75,000 (\$150,000 for MFJ).
- No benefit after income of \$175,000 (\$250,000 MFJ).

The Act

Campaign Promises

No Tax on Car Loan Interest

- Individuals will get federal income tax deduction for qualified interest paid on a new car loan for 2025 through 2028.
- Maximum deduction of \$10,000.
- Must be a new car acquired after December 31, 2024.
- Final assembly of the car must have been in the United States.
- Deduction phases out for individuals with income starting at \$100,000 (\$200,000 for MFJ).
- Used cars do not qualify.



The Act

Excess Business Losses

- Section 461(l) made permanent (originally scheduled to expire after 2028)
- Provides an annual limitation on net trade or business losses (\$626,000 for married filing jointly in 2025 and \$313,000 for all others). Losses in excess of that amount are carried forward as a NOL under current law

03

Select Compensation & Benefits Provisions



Employee Fringe Benefits – Taxable

Moving Expenses

- Prior to TCJA, individuals could deduct qualified moving expenses and exclude qualified moving expense reimbursements from gross income
- TCJA suspended the deduction and exclusion for all taxpayers (other than those serving in the Armed Forces) from 2018 through 2025
- The Act permanently suspends the deduction and exclusion for all except those serving in the Armed Forces

Bicycle Commuting

- Prior to TCJA, taxpayers who regularly commuted to work using a bicycle could exclude up to \$20 of commuting reimbursements for each month the taxpayer utilized a bike for a substantial portion of their commute to work
- TCJA suspended the deduction for all taxpayers from 2018 through 2025
- The Act permanently suspends the deduction

Employee Fringe Benefits – Non-taxable



Trump Accounts

- Newly-created
- Tax advantaged savings account for children born in the US between 1/1/2025 & 12/31/2028
- Grow tax deferred until withdrawn (not permitted until child beneficiary obtains age 18)
- \$1,000 one-time government contribution
- \$5,000 annual contribution limit in after-tax contributions
- \$2,500 may be contributed by employers per employee and excluded from employee gross income (applies towards \$5,000 annual limit) pursuant to §128



Educational assistance

- CARES Act expanded the definition of qualified educational assistance under §127 to include payments on principal and interest on qualified student loans
- Section 127 permits income exclusion of up to \$5,250 of educational assistance
- The expansion to include student loan payments was set to expire 1/1/2026, but has been made permanent and indexed for inflation

Child and Dependent Care



Employer-Provided Child Care Credit

- Income tax credit designed to incentivize employer investment in child care for employees was greatly expanded
- Maximum credit increased from \$150,000 to \$500,000 (\$600,000 for small businesses)
- Percent of Qualified Child Care Expenditures covered increased from 25% to 40% (50% for small businesses)
 - Qualified child care resource and referral expenditures remains capped at 10%
- Effective for tax years beginning after December 31, 2025



Dependent Care Assistance Program

- Pre-tax benefit plan allowing employees to pay for the care of qualifying dependents, typically through an FSA
- Maximum annual deduction increased from \$5,000 to \$7,500
- Effective for tax years beginning after December 31, 2025

Credits



Paid Family and Medical Leave Credit

- Tax credit for employers who paid family and medical leave to qualifying employees
- Established by TCJA, credit was set to expire on 12/31/2025
- Made permanent by the Act
- Expands credit by:
 - Increasing employer eligibility
 - Including qualifying insurance premiums
 - Reducing minimum employment period



Employee Retention Credit

- “Covid-ERTC Promoter” is defined
- Promoters are subjected to due diligence requirements and will be assessed a \$1,000 penalty for each failure to comply
- For credits claimed for the third and fourth quarters of 2021:
 - The statute of limitations is increased to six years
 - Unpaid claims filed after January 31, 2024 are invalidated

Executive Compensation



Aggregation for § 162(m)

- Aggregation rules for controlled groups are codified, requiring employers to consider their organizational structure when determining who is a covered employee
- Covered employees include PEO, PFO, and top 3 highest paid officers (not including PEO/PFO) and once covered, always covered
- **ARPA 5:** For tax years beginning after 12/31/2026, the term covered employee is expanded to include the top 5 most highly paid *employees* (not including the PEO/PFO, and top 3 officers, resulting in a minimum of 10)
 - Only covered employee for that specific year



Expanded § 4960 Excise Tax

- Section 4960 levies a 21% excise tax on remuneration exceeding \$1 million paid by applicable tax-exempt organizations to any of their covered employees
- The term covered employee, previously limited to the top 5 most highly compensated employees, has been expanded to include all employees
- Licensed medical professionals remain excluded

04

Select Energy Credit Provisions



The Act

Clean Energy Credits

Credits Terminated

- **Sections 25E, 30D, and 45W**
 - Clean vehicle credits for new and used vehicles terminated if acquired after 9/30/2025.
- **Section 30C**
 - Alternative fuel vehicle refueling property credit terminated for property placed in service after 6/30/26.
- **Section 25C and 25D**
 - Home credits for energy efficient terminated for property placed in service after 12/31/25.
- Section 179D deduction (not technically a credit) is also terminated for properties that begin construction after June 30, 2026

The Act

Clean Energy Credits

Section 45Y (Production Tax Credit) / Section 48E (Investment Tax Credit)

- **Solar and wind projects**
 - Projects that begin construction before 7/5/26 must be placed in service by 12/31/30.
 - Projects that begin construction after 7/4/26 must be placed in service by 12/31/27.
- **Other clean energy projects (e.g., biogas, waste energy recovery) eligible for credits longer**
 - Construction must begin before 1/1/34 to claim full credit.
 - Phase down of credit in 2034 and 2035 with complete elimination in 2036.
- **Section 45X –Advanced manufacturing production credit**
 - Wind/solar components produced and sold after 12/31/27 not eligible.
 - Phaseout for critical minerals begins in 2031
 - Metallurgical coal added to the list



The Act

Clean Energy Credits

- **Transferability allowed**
 - Cannot transfer to a foreign prohibited/specified entity.
- **Foreign Entities of Concern (FEOC) Limitations**
 - No credit allowed for a project beginning construction after 12/31/25 receiving material assistance from a prohibited foreign entity.
 - Prohibited foreign entities are not allowed a credit for tax years beginning after 7/4/25.



05

Select International Provisions



The Act

International Provisions

CFC changes

- **Permanently extends Section 954(c)(6)'s look through rules for CFCs**
 - Look Through Rule – generally treats dividends, interest, rents, and royalties received by a CFC from related CFCs as income other than foreign personal holding company income to the extent the income is attributable to non-subpart F income or income effectively connected with a U.S. trade or business.
- **Restores the “no downward attribution” rules of Section 958(b)(4)'s constructive ownership rules**
 - This section prevented the attribution of stock ownership from foreign persons to U.S. entities.
 - Since its repeal under TCJA, foreign corporations have been able to be deemed as a CFC despite having no U.S. shareholders with direct or indirect ownership in the foreign corporation, which has led to burdensome compliance obligations.
 - New Section 951B – provides a limited exception where a U.S. person would be subject to tax on a foreign corporation's subpart F income if it would directly or indirectly own more than 50 percent of a foreign corporation if downward attribution were applied.
- **Repeals the one-month deferral election under Section 898 for determining tax years of specified foreign corporations.**
 - Requires that all specified foreign corporations (including the ones that have made the one-month deferral election historically) to adopt the majority U.S. shareholder tax year.

The Act

International Provisions

CFC Inclusion Changes

- **Repeal of Net Deemed Tangible Income Return Requirement**
 - The requirement that net deemed tangible income return be considered in the computation of GILTI, *i.e.*, the 10% return on QBAI. In so doing, the current GILTI regime would be renamed Net CFC Tested Income (NCTI).
- **Modifies the pro-rata share rules for CFC inclusions to consider CFC inclusions for Subpart F and NCTI based on the time-period of CFC ownership rather than ownership on the last day of tax year.**
 - Amends the pro-rata share rules of Section 958 to provide that if a foreign corporation is a CFC at any time during a tax year, U.S. shareholders must include in gross income its pro-rata share of the corporation's Subpart F income and NCTI for the tax year.
 - This is a deviation from the general rule that requires a U.S. shareholder of a foreign corporation that is a CFC at any time during any tax year and who owns stock in that foreign corporation on the last day of the tax year to include its pro-rata share of Subpart F income, NCTI (f/k/a GILTI) and Section 956 income, *i.e.*, the "Last Day Rule."
 - The Last Day Rule as applied for Section 956 inclusions still exists despite modifying the pro-rata share rules as it relates to Subpart F income and NCTI inclusions.

The Act

International Provisions

Section 250 Changes

- **Repeal of Net Deemed Tangible Income Return Requirement**
 - Repeals the requirement that net deemed tangible income return be considered in the computation of FDII (*i.e.*, the 10% return on QBAI).
 - Thus, the current FDII regime would be renamed foreign derived deduction eligible income (FDDEI).
- **Decreases to the Section 250 deduction rates for NCTI (formerly GILTI) and FDDEI (formerly FDII)**
 - The Act reduces the Section 250 deduction rate for NCTI from 50% to 40% and reduce the Section 250 deduction rate for FDDEI from 37.5% to 33.34%.
- **Redefining Deduction Eligible Income for purposes of the FDDEI deduction**
 - Excludes any income or gain from sale or disposition of intangible property (including any Section 367(d) deemed royalty) and sales of depreciable property arising after June 16, 2025.
 - Expense allocation and apportionment rules for deduction eligible income would be modified to only include directly allocable deductions and some apportionable expenses against deduction eligible income.
 - However, certain apportioned expenses (interest and R&D) are not applied against deduction eligible income for purposes of computing the FDDEI deduction.

The Act

International Provisions

Foreign Tax Credit Changes

- **Modification of Section 960(d) haircut for NCTI Foreign Tax Credits (formerly GILTI FTCs)**
 - The TCJA provided a 20% haircut to all tested income taxes generated through the GILTI computation under Section 960(d), meaning taxpayers are only able to claim an FTC equal to 80% of the foreign income taxes paid associated with tested income.
 - The Act would modify this 20% haircut and effectively allow for 90% of foreign income taxes paid pursuant to the NCTI (former GILTI) regime to be subject to FTCs (*i.e.*, 10% haircut applied).
- **Modification to Foreign Tax Credit with respect to PTEP associated with NCTI under Section 901 or 960(b)**
 - The TCJA did not provide a 20% haircut to foreign tax credits relating to PTEP in the GILTI category.
 - The Act includes a rule that applies the 10% haircut above to any FTCs attributable to PTEP distributions to align with the NCTI FTC regime.

The Act

International Provisions

Foreign Tax Credit Changes (cont'

- **Modifications to sourcing rules for inventory sold to include a cap to the amount of foreign source income reflected in the FTC limitation computation.**
 - The Act would include a new sourcing rule for FTC limitation purposes that effectively caps the amount of foreign source income from the sale of inventory that is produced in the United States to no more than 50% of the total taxable income from the sale or disposition of inventory property if attributable to a foreign office or branch.
 - Applies only for Section 904 FTC limitation purposes
 - The general rule requiring that inventory sales be sourced based on where the production activities of the inventory occurred is to be respected as noted in Section 863(b) for all other purposes.
- **Modification of the FTC Limitation rules as applied to NCTI.**
 - Modifies the expense allocation and apportionment rules associated with the NCTI limitation category (f/k/a GILTI) by only requiring an allocation of the Section 250 deduction relating to NCTI and an allocation of any directly allocated expenses.
 - Any expenses that would be apportioned because they do not definitely relate to NCTI, would effectively be allocated and apportioned to the US source residual basket for FTC limitation purposes.

The Act

International Provisions

BEAT Changes

- The 2026 sunset provisions that would have eliminated the ability to claim R&D credits and certain other credits against the BEMTA liability are repealed in their entirety
- The modified tax liability rate would increase from 10% to 10.5% when determining the BEMTA for tax years after 2025



The Act

International Provisions

163(j) Changes

- Under current law, CFC inclusions are generally not permitted to be included in a U.S. shareholder's Section 163(j) ATI computation unless a CFC Group election is made under Treas. Reg. 1.163(j)-7.
- Repeals all CFC inclusion adjustments and any portion for Sec. 245A DRDs from being considered in a U.S. shareholder's adjusted taxable income (ATI) limitation computation under Section 163(j).

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