

An Analysis of Changes in Federal Tax Laws for the Year 2025



**Prepared by the Taxation Strategic Committee
Oregon Society of Certified Public Accountants**



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Introduction

On behalf of the Oregon Society of CPA's Taxation Strategic Committee, it is both an honor and a pleasure that we present an Analysis of Changes in Federal Tax Laws.

Oregon Society of CPAs (OSCPA) Legislative Analysis

This OSCPA Legislative Analysis presents Federal tax law changes enacted since the Legislature adjourned from the 2025 session. Our committee has been presenting the Legislature with this analysis for many years. Our primary objective is to be a technical resource to the Legislature and, secondarily, to promote taxpayer compliance by striving to keep Oregon tax law tied to the Internal Revenue Code. This connect is accomplished by using both a “fixed date conformity” and a “permanent connection.”

Oregon has a long history of conforming to the Internal Revenue Code, and to do so each Legislative Assembly analyzes the implications of recent Federal law changes. Occasionally, Federal Acts passed during the last several years plus current year should be considered by the Legislature due to tax implications and the dates associated with the Act(s).

Oregon’s “permanent connection” applies only to the definition of taxable income. Typically, we recommend that Federal changes to provisions that fall outside the definition of taxable income also be changed to conform to the Internal Revenue Code. Some examples of the types of items requiring a law change are tax credits, estimated tax provisions, and net operating loss rules. Many of these provisions are currently tied to definitions in the Internal Revenue Code as of December 31, 2023.

For years beginning on or after Jan. 1, 2011, Oregon is permanently connected to the Internal Revenue Code for the definition of Federal taxable income. However, the Legislature has enacted certain exceptions such as disconnecting from the provisions related to the deduction for federal subsidies for prescription drug plans under IRC 139A, the deduction related to pass-through income under IRC 199A, and certain provisions related to IRC 529 tuition savings plans. Certain clarifications have also been added by the Legislature as it relates to global intangible low-taxed income (GILTI), foreign derived intangible income (FDII), and IRC Section 245A foreign-source portion dividends that were enacted as part of the Tax Cuts and Jobs Act of 2017.

Please refer to the Legislation Key to see the Federal acts included in our analysis.

Recommendations Key

A

Permanent connection: Oregon automatically reconnects to the Federal change. Oregon generally subscribes to the provisions being amended, and therefore, we do not recommend any change. No modification is necessary to tie to the Federal change.

B

ORS change necessary, including updating fixed date conformity: A change to the ORS is necessary to conform to the Federal provision. To increase taxpayer compliance, it is recommended that Oregon Statutes conform as closely as possible to Federal change.

C

No ORS change necessary: No change is necessary to the ORS as this is a Federal tax system change. This provision affects a credit, penalty, administrative rule, or other provision as Oregon has its own rules. The Federal change does not apply to the determination of taxable income. Oregon does not automatically adopt these provisions; however, no modification of ORS is necessary.

D

No ORS change necessary: These provisions reference the tax code, but do not impact tax law.

E

No ORS change necessary: These provisions are or will be terminating.

Legislation Key & Sources

Legislation Key

- *One Big Beautiful Bill Act* passed July 4, 2025
 - Note that only income tax portions of the act are included in our analysis

Sources

Information in this report was derived with the generosity of:

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Topic	Law Prior OBBBA	New Law Under OBBBA	Act Section	IRC Section(s)	OSCPA Recomm.
Businesses					
Amended					
Low-Income Housing Tax Credit (LIHTC)	Required developers seeking 4% LIHTCs to finance at least 50% of the project. The temporary increase to the state housing credit allocation ceiling made by the 2018 Appropriations Act expired after 2021.	Lowers bond financing threshold so that developers seeking 4% LIHTCs (projects financed by tax-exempt bonds) need only finance 25% of the project. Permanently increases state credit allocation by 12%. Effective Date: Applies to buildings placed in service in taxable years after Dec. 31, 2025 (bond financing); calendar years beginning after Dec. 31, 2025 (increase to state housing credit ceiling).	§70422	§42(d)(5)(B)(i) §42(h)	C
Carbon Oxide Sequestration Credit	Allowed a credit to encourage conservation activities related to the capture and disposal, injection, or utilization of “qualified carbon oxide” within the U.S. Required the sequestration to use equipment at a “qualified facility,” the construction of which began before Jan. 1, 2033. Allowed an election to transfer (sell) the credit to a taxable third party. Favored sequestration (underground storage) over utilization (using captured CO ₂ in products).	Eliminates credit for both specified foreign entities and foreign-influenced entities (defined in new §7701(a)(51)(B) and §7701(a)(51)(D), respectively). Prohibits transfer of credit to a specified foreign entity. Establishes parity of credit for different uses and utilizations of qualified carbon oxide, valued at \$17 per ton (indexed for inflation after 2026). Effective Date: Applies to: (i) taxable years beginning after July 4, 2025, for restrictions on foreign entities, and (ii) facilities placed in service after July 4, 2025, for credit parity.	§70522	§45Q(f)(10) §6418(f)(1)	C

Topic	Law Prior OBBBA	New Law Under OBBBA	Act Section	IRC Section(s)	OSCPA Recomm.
Businesses					
Amended					
Zero-Emission Nuclear Power Production Credit	Allowed a transferable business tax credit for zero-emission electricity produced at a qualified nuclear power facility and sold to an unrelated party in a taxable year beginning on or before Dec. 31, 2032. No restrictions on prohibited foreign entities.	Eliminates the credit for foreign entities in taxable years beginning after July 4, 2025, and foreign-influenced in taxable years beginning after July 4, 2027. Effective Date: Applies to taxable years beginning after July 4, 2025.	§70510	§45U(c)(3)	C
Advanced Manufacturing Production Credit	Allowed a transferable business tax credit for domestic production of eligible critical minerals and components of solar energy, wind energy, inverters, and batteries. Eligible minerals and components must have been produced in the U.S. and sold to an unrelated party. The credit was set to be phased out in taxable years beginning after Dec. 31, 2029, and eliminated for taxable years beginning after Dec. 31, 2032. No restrictions on prohibited foreign entities or wind energy components.	Phases out credit for eligible critical minerals produced after Dec. 31, 2030, eliminating credit after Dec. 31, 2033. Terminates credit for wind energy components produced and sold after Dec. 31, 2027. Allows credit for metallurgical coal at a rate of 2.5% until eligibility terminates for production after Dec. 31, 2029. Requires eligible components to be produced in the U.S. and sold to an unrelated party. Phases out credit in taxable years beginning after Dec. 31, 2029, eliminating credit in taxable years beginning after Dec. 31, 2032. Allows integrated components to be eligible if: (i) they are incorporated or assembled into another eligible component in the same facility; (ii) 65% of material costs are attributable to primary components manufactured, mined, or produced in the U.S.; and	§70514	§45X §6418	C

Topic	Law Prior OBBBA	New Law Under OBBBA	Act Section	IRC Section(s)	OSCPA Recomm.
Businesses					
Amended					
Advanced Manufacturing Production Credit (cont'd from previous page)	See previous page.	(iii) no material assistance from a prohibited foreign entity is included. Effective Date: Applies to taxable years beginning after July 4, 2025, except as provided above.	§70514	\$45X \$6418	
Clean Electricity Production Credit	Allowed a credit for the production and sale to an unrelated person of zero-emissions electricity at a qualified facility placed in service after Dec. 31, 2024. Credit phased out one year after the later of the following years: (1) 2032, or (2) the year in which the annual greenhouse gas emissions from U.S. electricity production are 25% or less than the amount in 2022.	Eliminates credit for wind and solar facilities placed in service after Dec. 31, 2027, if construction begins more than 1 year after July 4, 2025. Starts phase-down and termination of credit after Dec. 31, 2032, for non-wind/solar facilities without regard to GHG emissions from U.S. electricity production. Denies credit for facilities that begin construction after Dec. 31, 2025, and are constructed with material assistance from China or another prohibited foreign entity (specified foreign entity or foreign influenced entity). Makes prohibited foreign entities ineligible to claim credit. Denies transfer of credit to specified foreign entities. Denies credit for wind and solar leasing arrangements. Expands energy community definition to include nuclear energy communities. Imposes penalty for substantial misstatements on supplier certifications after Dec. 31, 2025. Effective Date: Applies to taxable years beginning after July 4, 2025, except as provided above.	§70512	\$45Y	C

Topic	Law Prior OBBBA	New Law Under OBBBA	Act Section	IRC Section(s)	OSCPA Recomm.
Businesses					
Amended					
Investment Credit for Certain Energy Property	Microturbine energy property and interconnection property are credit-eligible energy property. Energy percentage may be increased by satisfying certain conditions.	Eliminates credit for microturbine energy property and interconnection property. Effective Date: Applies to property the construction of which begins on or after June 16, 2025.	§70513	§48(a)(2)	C
Restriction on Advanced Energy Project Credit Program	Revoked certificate for qualifying advanced energy project not placed in service within 2 years of certificate issuance, returning the credit allocation and increasing the available limitation.	Bars any returned credit allocation from increasing overall available limitation. Effective Date: Applies July 4, 2025.	§70515	§48C(e)(3)(C)	C
Advanced Manufacturing Investment Credit	Allowed a credit of 25% of the qualified investment for a taxable year of an advanced manufacturing facility, whose primary purpose is manufacturing semiconductors or equipment for manufacturing semiconductors, of an eligible taxpayer. Required construction of the property to begin before Dec. 31, 2026.	Increases the credit from 25% to 35%. Effective Date: Applies to property placed in service after Dec. 31, 2025.	§70308	§48D(a)	C

Topic	Law Prior OBBBA	New Law Under OBBBA	Act Section	IRC Section(s)	OSCPA Recomm.
Businesses					
Amended					
Clean Electricity Investment Credit	Allowed a credit for investments in zero-emissions electricity generation facilities, interconnection property, and energy storage technology. Credit phased out one year after the later of the following years: (1) 2032, or (2) the year in which the annual greenhouse gas emissions from U.S. electricity production are 25% or less than the amount in 2022.	Eliminates credit for wind and solar facilities placed in service after Dec. 31, 2027, if construction begins more than one year after July 4, 2025. Credit termination does not apply to energy storage technology placed in service at wind and solar facilities. Starts phase-down and termination of credit after Dec. 31, 2032, for non- wind/solar facilities without regard to greenhouse gas emissions from U.S. electricity production. Denies credit for facilities, interconnection property, and energy storage technology that begin construction, reconstruction, or erection after Dec. 31, 2025, and are constructed, reconstructed, or erected with material assistance from China or another prohibited foreign entity (PFE) (i.e., specified foreign entity or foreign influenced entity). Makes PFEs ineligible for credit and imposes tax on payments to PFEs within 10 years after placing credit-eligible property in service. Denies a credit for wind and solar leasing arrangements.	§70513	\$48E	C

Topic	Law Prior OBBBA	New Law Under OBBBA	Act Section	IRC Section(s)	OSCPA Recomm.
Businesses					
Amended					
Clean Electricity Investment Credit (cont'd from previous page)	See previous page.	<p>Determines ownership of geothermal heat pump property without regard to whether it is readily usable by a person other than the lessee or service recipient. Eliminates zero-emissions requirement for qualified fuel cell property if construction begins after Dec. 31, 2025. Increases minimum percentage of domestic content for manufactured products that are components of a credit-eligible facility:</p> <p>to 45% (27.5% for offshore wind facilities) if construction begins from June 16, 2025, through Dec. 31, 2025, « to 50% (35% for offshore wind facilities) if construction begins in 2026, and « to 55% if construction begins after Dec. 31, 2026.</p> <p>Effective Date: Applies to taxable years beginning after July 4, 2025, except as provided above.</p>	§70513	\$48E	

Topic	Law Prior OBBBA	New Law Under OBBBA	Act Section	IRC Section(s)	OSCPA Recomm.
Businesses					
Amended					
Intangible Drilling & Development Costs Taken into Account for AFSI	For corporate alternative minimum tax (CAMT) purposes only, provided an adjustment to AFSI for depreciation deductions under §167 with respect to property to which §168 applies.	Permits AFSI to be: (i) reduced by deductions allowed for expenses under §263(c), §59(e), or §291(b)(2) for intangible drilling and development costs for oil, gas, and geothermal wells; and (ii) adjusted to disregard depletion expense taken into account on the taxpayer's applicable financial statement with respect to the intangible drilling and development costs of such property. Effective Date: Applies to taxable years beginning after Dec. 31, 2025.	§70523	§56A(c)(13)	C
Spaceports Under Exempt Facility Bond Rules	Spaceports were not addressed under the exempt facility bond rules.	Treats spaceports like airports for under the exempt facility bond rules. Defines spaceport, adds special rule for the ground leases on land leased by a governmental unit, and excepts spaceports from federally guaranteed bond prohibition. Effective Date: Applies to obligations issued after July 4, 2025.	§70309	§142	D

Topic	Law Prior OBBBA	New Law Under OBBBA	Act Section	IRC Section(s)	OSCPA Recomm.
Businesses					
Amended					
1% Floor on Corporate Charitable Deduction	Limited the total charitable contribution deduction for corporations to 10% of taxable income, with no floor. Exceptions were available for certain farmers, ranchers, and Native corporations.	Limits the total charitable contribution deduction for corporations to a minimum of 1% and maximum of 10% of taxable income. Allows excess contributions to be carried forward up to 5 years on a first-in-first-out basis, reduced to the extent they reduce taxable income and increase net operating loss (NOL) carryovers. Applies exceptions to certain farmers, ranchers, and Native corporations. Effective Date: Applies to taxable years beginning after Dec. 31, 2025.	§70426	§170(b)(2) §170(d)(2)	A
Asset Expensing	Set maximum amount of §179 property that a taxpayer can expense at \$1M reduced by the amount by which the cost of exceeds \$2.5M.	Increases maximum amount of §179 property that a taxpayer can expense to \$2.5M reduced by the amount by which the cost of exceeds \$4M. Effective Date: Applies to property placed in service in taxable years beginning after Dec. 31, 2024.	§70306	§179(b)	A

Topic	Law Prior OBBBA	New Law Under OBBBA	Act Section	IRC Section(s)	OSCPA Recomm.
Businesses					
Amended					
Percentage of Completion Method of Accounting Exception for Residential Construction Contracts	Limited general exception from percentage of completion method of accounting to "home" construction contracts. Imposed a special rule for residential construction contracts that were not home construction contracts.	Changes general exception for "home construction contracts" to exception for "residential construction contracts." Requires substitution of 3 years for the 2-year completion period used in determining whether a residential construction contract that is not a home construction contract has been met for purposes of the exception when determining if §263A applies. Repeals the existing special rule for residential contracts that are not home contracts. Effective Date: Applies to contracts entered into in taxable years beginning after July 4, 2025.	§70430	\$460(e)	A
Payments from Partnerships to Partners for Property or Services	Provided that under regulations issued by the Secretary, certain transactions were treated as payment for property or services or a sale or exchange of property between the partnership and a non-partner, rather than as allocations and distributions from a partnership to a partner.	Removes language requiring regulations to be issued. Thus, allocations and distributions that are in substance payments for property or services are treated as payments for property or services (disguised sales) rather than allocations and distributions from a partnership to a partner. Effective Date: Applies to services performed and property transferred after July 4, 2025.	§70602	\$707(a)(2)	A

Topic	Law Prior OBBBA	New Law Under OBBBA	Act Section	IRC Section(s)	OSCPA Recomm.
Businesses					
Amended					
Small Business Stock Gain Exclusion	Provided an exclusion for gain from the sale or exchange of qualified small business stock (QSBS) held for more than 5 years. For QSBS acquired after Sept. 27, 2010, the exclusion was 100%. For QSBS acquired before Sept. 27, 2010, the exclusion was between 50% and 75%. The per-issuer limitation was \$10M.	Provides an exclusion from gross income of 50% of gain from the sale or exchange of qualified small business stock (QSBS) held for at least 5 years and acquired before Feb. 17, 2009, 75% when acquired between Feb. 17, 2009, and Sept. 27, 2010, and 100% when acquired after Sept. 27, 2010, and on or before July 4, 2025. For QSBS acquired after July 4, 2025, the exclusion is 50% when held for at least 3 years, 75% for at least 4 years, and 100% for at least 5 years. The exclusion is subject to a per-issuer limitation of \$10M for QSBS acquired on or before July 4, 2025, and \$15M for QSBS stock acquired after July 4, 2025. Limits the qualified small business gross asset to \$50M for stock issued on or before July 4, 2025, and \$75M for stock issued after July 4, 2025. Adjusts the \$15M per-issuer limitation figure and \$75M gross asset limit annually for inflation in taxable years beginning after 2026. Effective Date: See above.	§70431	\$1202	A

Topic	Law Prior OBBBA	New Law Under OBBBA	Act Section	IRC Section(s)	OSCPA Recomm.
Businesses					
Amended					
Hydrogen Storage & Carbon Capture Income for Publicly Traded Partnerships	Included in the definition of “qualifying income” of certain publicly traded partnerships (PTPs) treated as corporations, with respect to natural resources, income and gains derived from: (1) exploration, development, mining or production, processing, refining, transportation, or marketing of: (i) any mineral or natural resource (including fertilizer, geothermal energy, and timber), or (ii) industrial source carbon dioxide; and (2) transportation or storage of any: (i) alcohol fuel or alcohol fuel mixture, (ii) biodiesel fuel or biodiesel mixture, or (iii) alternative fuel or alternative fuel mixture.	With respect to natural resources, adds to definition of “qualifying income” income and gains derived from: (3) transportation or storage of sustainable aviation fuel, liquified hydrogen, or compressed hydrogen; (4) electricity generation, electricity storage, or carbon dioxide capture at a qualified carbon capture facility; (5) electricity production from an advanced nuclear facility; (6) electricity or thermal energy production using a geothermal or hydropower energy resource; and (7) the operation of geothermal or ground water energy property. Effective Date: Applies to taxable years beginning after Dec. 31, 2025.	§70524	§7704(d)(1)(E)	B
Information Reporting Threshold for Certain Payees	Required information returns for payments of \$600 or more in a tax year.	Raises the threshold from \$600 to \$2,000 for information reporting for many reportable payments, as well as for backup withholding, indexed annually for inflation. Effective Date: Applies to payments made after Dec. 31, 2025.	§70433	§6041(a) §6041(h) §6041A(a)(2) §3406(b)(6)	A

Topic	Law Prior OBBBA	New Law Under OBBBA	Act Section	IRC Section(s)	OSCPA Recomm.
Businesses					
Extended with Changes					
New Markets Tax Credit	Temporarily extended program through Dec. 31, 2025, as part of the Taxpayer Certainty and Disaster Tax Relief Act of 2020. Did not allow the carryover of any unused limitation for calendar years after Dec. 31, 2030.	Permanently extends the New Markets Tax Credit and allows for a five-year carryover of unused limitation. Effective Date: Applies to calendar years beginning after Dec. 31, 2025.	§70423	\$45D(f)	C
Clean Fuel Production Credit	Allowed a clean fuel production credit to taxpayers producing and selling qualifying transportation fuel between Jan. 1, 2025, and Dec. 31, 2027. Allowed use of foreign/imported feedstocks and for credit to be transferred under §6418.	Extends the credit for fuel produced through Dec. 31, 2029. Requires that credit-eligible feedstocks be produced or grown in the United States, Mexico, or Canada. Prohibits negative emissions rates and eliminates: (i) the special credit rate currently available for sustainable aviation fuel (SAF), and (ii) the SAF excise tax credit under §6426(k) for fuel sold or used after Sept. 30, 2025. Bars double dipping and retains transferability rules. Prevents: (i) a “specified foreign entity” from claiming the credit in taxable years beginning after July 4, 2025; and (ii) a “foreign-influenced entity” from claiming the credit in taxable years beginning after July 4, 2027.	§70521	\$45Z \$40A \$6418(f)(1)(A)	C

Topic	Law Prior OBBBA	New Law Under OBBBA	Act Section	IRC Section(s)	OSCPA Recomm.
Businesses					
Extended with Changes					
Clean Fuel Production Credit (cont'd from previous page)	See previous page.	<p>Increases the amount of the small agri-biodiesel credit under §40A from \$0.10 to \$0.20 per gallon and allows credit to be transferred.</p> <p>Effective Date: Applies to transportation fuel produced after Dec. 31, 2025 (feedstock, emissions rates, special rate for SAF).</p>	§70521	\$45Z \$40A §6418(f)(1)(A))	
Modified Adjusted Taxable Income Calculation for Business Interest Deduction	Limited deduction for net business interest expense to a percentage of a taxpayer's adjusted taxable income (ATI), which, for taxable years beginning in 2021 or earlier, was computed without regard to depreciation, amortization, or depletion.	<p>Makes permanent the modified calculation of ATI without regard to deductions allowable for depreciation, amortization, or depletion. Expands the definition of floor plan financing to include certain trailers and campers.</p> <p>Effective Date: Applies to taxable years beginning after Dec. 31, 2024.</p>	§70303	§163(j)(8)(A)(v) §163(j)(9)(C)	A

Topic	Law Prior OBBBA	New Law Under OBBBA	Act Section	IRC Section(s)	OSCPA Recomm.
Businesses					
Extended with Changes					
Qualified Business Income Deduction	For taxable years beginning in 2018 through 2025, allowed noncorporate taxpayers with pass-through business income a deduction from taxable ordinary income of the lesser of: (i) 20% of QBI earned in a qualified trade or business, plus 20% of qualified real estate investment trust dividends and qualified publicly traded partnership income); or (ii) 20% of the taxpayer's taxable income minus net capital gain. Subjected QBI earned in a qualified trade or business to certain phase-in limitations, depending on the amount of W-2 wages paid by the qualified trade or business and whether the taxpayer's QBI was earned in a specified service trade or business.	Permanently extends 20% deduction for QBI, increases phase-in income limitations, and adds inflation-adjusted minimum deduction of \$400 for taxpayers with at least \$1,000 of qualifying income from active qualified trades or businesses. Effective Date: Applies to taxable years beginning after Dec. 31, 2025.	§70105	\$199A	B

Topic	Law Prior OBBBA	New Law Under OBBBA	Act Section	IRC Section(s)	OSCPA Recomm.
Businesses					
Extended with Changes					
Limitation on Excess Business Losses of Noncorporate Taxpayers	Temporarily disallowed a deduction for “excess business losses” of noncorporate taxpayers for taxable years 2021 through 2028, defined as the excess of: (i) aggregate business deductions, over (ii) aggregate business income plus \$250,000 (doubled for a joint return). Required amount disallowed to be carried forward and treated as part of NOL carryovers in succeeding years.	Permanently extends the disallowance of a deduction for excess business losses. Indexes the \$250,000 threshold for inflation. Retains treatment of carryover as an NOL carryover. Effective Date: Loss disallowance applies to taxable years beginning after Dec. 31, 2026. Inflation adjustment applies to taxable years beginning after Dec. 31, 2025.	§70601	\$461(I)	A
Qualified Opportunity Zones (QOZs)	Temporarily provided for designation of QOZs and related tax benefits through 2025.	Creates new OZ investment opportunities for capital gains invested after Dec. 31, 2026. Allows gain to be recognized in earlier of year of disposition or 5 years after investment in the qualified opportunity fund (QOF). Increases investment basis by 10% (30% for qualified rural opportunity funds (QROFs)) of deferred gain when held for 5 years. Increases basis to fair market value on date investment is sold or exchanged for QOF investment held for at least 10 years (thus, no gain recognition).	§70421	\$1400Z-1 \$1400Z-2 \$6039K \$6039L \$6726	A

Topic	Law Prior OBBBA	New Law Under OBBBA	Act Section	IRC Section(s)	OSCPA Recomm.
Businesses					
Extended with Changes					
Qualified Opportunity Zones (QOZs) (cont'd from previous page)	See previous page.	<p>Provides increased basis for improvements of existing structures in rural areas. Requires annual information reporting by QOFs and QROFs. Required disclosures include aggregate value of assets held and value of QOZ property held; detailed information about investments in QOZ stock or QOZ partnership interests, including number of residential units for real property holdings; and average monthly number of full-time equivalent employees for QOF trades or businesses in which QOZ business property is held.</p> <p>Provides increased basis for improvements of existing structures in rural areas. Requires annual information reporting by QOFs and QROFs. Required disclosures include aggregate value of assets held and value of QOZ property held; detailed information about investments in QOZ stock or QOZ partnership interests, including number of residential units for real property holdings; and average monthly number of full-time equivalent employees for QOF trades or businesses in which QOZ business property is held.</p>	§70421	\$1400Z-1 \$1400Z-2 \$6039K \$6039L \$6726	

Topic	Law Prior OBBBA	New Law Under OBBBA	Act Section	IRC Section(s)	OSCPA Recomm.
Businesses					
Extended with Changes					
Qualified Opportunity Zones (QOZs) (cont'd from previous page)	See previous page.	<p>Requires disclosures to QOFs from specified QOZ and qualified rural opportunity zone businesses: (i) those that are a trade or business of the QOF; (ii) those in which the QOF holds QOZ stock, or (iii) those in which the QOF holds a QOZ partnership interest.</p> <p>Imposes \$500 daily penalty for failures to comply with new information reporting requirements for QOFs and qualified rural opportunity funds. Limits aggregate penalty for 1 QOF return to \$10,000 (\$50,000 for 1 large QOF return).</p> <p>Provides enhanced penalties for failures due to intentional disregard (\$2,500 daily, \$50,000 for 1 QOF return, \$250,000 for 1 large QOF return).</p> <p>Adjusts penalties for inflation after 2025.</p> <p>Effective Date: Amendments to §1400Z-1 apply to areas designated after July 4, 2025. Other amendments, except those made by (4)(A) and (B), apply to amounts invested in QOFs after Dec. 31, 2026.</p>	§70421	\$1400Z-1 \$1400Z-2 \$6039K \$6039L \$6726	

Topic	Law Prior OBBBA	New Law Under OBBBA	Act Section	IRC Section(s)	OSCPA Recomm.
Businesses					
Extended with Changes					
Qualified Opportunity Zones (QOZs) (cont'd from previous page)	See previous page.	Amendments made by (4)(A) and (B) apply to property acquired after Dec. 31, 2026. Special rule for improvement of existing structures in rural areas in (4)(C) applies July 4, 2025. Reporting requirements and penalties apply to taxable years beginning after July 4, 2025.	§70421	\$1400Z-1 \$1400Z-2 \$6039K \$6039L \$6726	
New					
Definition of Adjusted Taxable Income for Business Interest Limitation	§163(j)(8)(A)(vi) is a new subsection of §163.	In calculation of ATI, disregards: (i) amounts included in income under §951(a) (subpart F income), §951A(a), and any associated gross-up under §78, and (ii) the portion of deductions allowed by reason of the above inclusions under §245A(a) (certain foreign-sourced dividends) and §250(a)(1)(B). Effective Date: Applies to taxable years beginning after Dec. 31, 2025.	§70342	\$163(j)(8)(A)(vi)	A

Topic	Law Prior OBBBA	New Law Under OBBBA	Act Section	IRC Section(s)	OSCPA Recomm.
Businesses					
New					
Business Interest Limitation & Interest Capitalization	§163(j)(10) is a new subsection of §163.	Requires calculation of limitation on the business interest deduction before applying any provisions that require interest to be capitalized – except for interest capitalized under §263(g) (regarding interest allocable to personal property that is part of a straddle) and §263A(f) (regarding interest allocated to property produced by the taxpayer) – which is excluded from the definition of business interest. Then applies the limitation first to the aggregate amount of capitalized interest and second to the aggregate amount of interest to be deducted. Effective Date: Applies to taxable years beginning after Dec. 31, 2025.	§70341	§163(j)(10)	A
Depreciation for Qualified Production Property	§168(n) is a new subsection of §168.	Provides an elective 100% bonus depreciation deduction for qualified production property placed in service before Jan. 1, 2031, with extension possible due to acts of God. Defines “qualified production property” to include any portion of nonresidential real property used as an integral part of qualified manufacturing, agricultural or chemical production, or refining of a “qualified product” that results in substantial transformation of the product. Excludes from “qualified production property” nonresidential real property used for functions unrelated to	§70307	§168(n) §1245(a)(3)(G)	A

Topic	Law Prior OBBBA	New Law Under OBBBA	Act Section	IRC Section(s)	OSCPA Recomm.
Businesses					
New					
Depreciation for Qualified Production Property (cont'd from previous page)	See previous page.	<p>production, or refining of qualified products. Excludes from "qualified product" any food or beverage prepared in the same building as a retail establishment in which it is sold. Property used by a lessee is not considered used by the lessor as part of a qualified production activity. Additional requirements for acquired property not previously used in qualified production activities.</p> <p>Effective Date: Applies to property placed in service after July 4, 2025, but before Jan. 1, 2031, construction of which begins after Jan. 19, 2025, but before Jan. 1, 2029.</p>	§70307	§168(n) §1245(a)(3)(G)	
Qualified Sound Recording Productions	§181(a)(2)(C) and §181(f) are new subsections of §181.	<p>Expands elective expense deduction to aggregate qualified sound recording production costs up to \$150,000 per taxable year to be included in the deduction of up to \$15M for production costs of qualified film, television, or live theatrical productions (\$20M in low-income community or distressed county) produced and recorded in the U.S.</p> <p>Effective Date: Applies to qualified sound recordings commencing in taxable years ending after July 4, 2025.</p>	§70434	§181(a)(2)(C) §181(f) §168(k)(2)	A

Topic	Law Prior OBBBA	New Law Under OBBBA	Act Section	IRC Section(s)	OSCPA Recomm.
Businesses					
New					
COVID-Related Employee Retention Credits (ERCs)	Imposed traditional penalties and interest for ineligible COVID-related employee retention tax credit claims. Did not treat COVID-related employee retention tax credits as listed and reportable transactions.	Creates due diligence requirements similar to §6695(g) for COVID-ERC promoters to determine §3134 taxpayer eligibility or ERC amount. Imposes \$1,000 penalty for each failure to comply. Effective Date: Applies after July 4, 2025.	§70605	N/A	C
Reinstated					
Bonus Depreciation	Made bonus depreciation temporarily available for qualified property placed in service and specified plants planted or grafted: – after Sept. 27, 2017, but before Jan. 1, 2023 – 100% – in 2023 – 80% – in 2024 – 60% – in 2025 – 40% – in 2026 – 20% – after 2026 – 0% For long production period property and noncommercial aircraft, the years above were shifted by 1 year (later), with 100% bonus depreciation ending Dec. 31, 2023, and 0% bonus depreciation taking effect after 2027.	Permanently reinstates 100% bonus depreciation. Allows taxpayers to elect 40% bonus depreciation (60% for long production period property and qualified aircraft) for qualified property placed in service, and specified plants planted or grafted, during first taxable year ending after Jan. 19, 2025. Effective Date: Applies to property acquired, and specified plants planted or grafted, after Jan. 19, 2025. Does not treat property as acquired after the date on which a written binding contract for its acquisition is entered into.	§70301	§168(k) §460(c)(6)(B)	A

Topic	Law Prior OBBBA	New Law Under OBBBA	Act Section	IRC Section(s)	OSCPA Recomm.
Businesses					
Reinstated					
Deduction for Research & Experimental Expenditures (R&E)	Required amortization and capitalization over 5 years for specified research expenditures (SREs) (15 years for research performed outside the U.S.).	Permanently reinstates immediate expensing of domestic research and experimental expenditures, with an election to amortize certain expenditures. Any amount paid or incurred in connection with the development of any software is treated as an R&D expenditure. Does not apply to certain expenditures for the acquisition or improvement of land or property, or exploration expenditures. Effective Date: Applies to amounts paid or incurred in taxable years beginning after Dec. 31, 2024.	§70302	§174(d) §174A	A
Taxable REIT Subsidiary Asset Test	Limited the value of the entity's total assets represented by one or more taxable real estate investment trust (REIT) subsidiaries at the close of each quarter of the taxable year to 20%.	Increases the limitation from 20% to 25%. Effective Date: Applies to taxable years beginning after Dec. 31, 2025.	§70439	§856(c)(4)(B)(ii)	A

Topic	Law Prior OBBBA	New Law Under OBBBA	Act Section	IRC Section(s)	OSCPA Recomm.
Businesses					
Terminated					
Alternative Fuel Vehicle Refueling Property Credit	Allowed a transferable tax credit for certain qualified alternative fuel vehicle refueling property placed in service before Jan. 1, 2033, located in either a low-income community or a non-urban census tract.	Eliminates the alternative vehicle refueling property credit. Effective Date: Applies to property placed in service after June 30, 2026.	§70504	§30C(i)	E
Clean Hydrogen Production Credit	Allowed a credit for clean hydrogen production at a qualified production facility for any taxable year. Defined a qualified facility as one owned by the taxpayer, which produced qualified clean hydrogen and began construction before Jan. 1, 2033.	Eliminates the clean hydrogen production credit. Effective Date: Applies to facilities beginning construction after Dec. 31, 2027.	§70511	§45V(c)(3)(C)	E
Commercial Clean Vehicle Credit	Allowed a credit for qualified commercial clean vehicles meeting certain emissions standards, and used predominantly in the U.S., placed in service after Dec. 31, 2022, and before Jan. 1, 2033.	Eliminates the commercial clean vehicle credit. Effective Date: Applies to vehicles acquired after Sept. 30, 2025.	§70503	§45W(g)	E
Cost Recovery for Qualified Clean Energy Property	Included “solar or wind energy” property in 5-year property.	Removes solar or wind energy property from the definition of five-year property. Effective Date: Applies to property beginning construction after Dec. 31, 2024.	§70509	§168(e)(3)(B)	E

Topic	Law Prior OBBBA	New Law Under OBBBA	Act Section	IRC Section(s)	OSCPA Recomm.
Businesses					
Terminated					
Energy Efficient Commercial Buildings Deduction	Allowed a deduction equal to the cost of energy efficient commercial building property placed in service during the taxable year.	Eliminates the deduction for new energy efficient commercial buildings. Effective Date: Applies to property beginning construction after June 30, 2026.	§70507	\$179D(i)	E
Compensation, Employee Benefits, & Healthcare					
Amended					
Limitation on Premium Tax Credit	In calculating the premium subsidy that could be claimed, disallowed the portion of premiums attributable to an individual for whom the personal exemption was claimed but who was not lawfully present in the U.S.	Limits premium tax credit for individuals lawfully present to those who are also eligible aliens. Defines eligible aliens as individuals who are, and are reasonably expected to be for the full enrollment period, lawfully admitted for permanent residence under the Immigration & Nationality Act, Cuban & Haitian entrants under the Refugee Education Assistance Act of 1980, or lawfully residing in the U.S. under a Compact of Free Association. Effective Date: Applies to taxable years beginning after Dec. 31, 2026.	§71301	§36B(e) §5000A(d)(3)	C
Employer-Provided Childcare Credit	Allowed an employer-provided childcare credit of 25% of qualified child care facility costs and 10% of qualified child care resource and referral expenses, with a max credit of \$150,000 per year.	Increases employer-provided childcare credit from 25% to 40% (50% for eligible small businesses) and yearly cap from \$150,000 to \$500,000 (\$600,000 for eligible small businesses), both indexed for inflation. Effective Date: Applies to taxable years beginning after Dec. 31, 2025.	§70401	\$45F	C

Topic	Law Prior OBBBA	New Law Under OBBBA	Act Section	IRC Section(s)	OSCPA Recomm.
Compensation, Employee Benefits, & Healthcare					
Amended					
Paid Family Medical Leave Credit	Allowed an employer credit of between 12.5% and 25% of wages paid to employees on family and medical leave (FML) through 2025.	Makes permanent the employer credit for wages paid to qualifying employees on FML. Allows employer to elect a credit amount of either: (i) the percentage of wages paid to qualifying employees on FML; or (ii) the percentage of premiums paid or incurred for FML insurance. Effective Date: Applies to taxable years beginning after Dec. 31, 2025.	§70304	§45S §280C(a)	C
Dependent Care Assistance Program	Limited the dependent care exclusion for dependent care services to \$5,000 (\$2,500 for married filing separate).	Increases the dependent care service exclusion to from \$5,000 to \$7,500 (\$3,750 for married filing separate) for expenses paid or incurred by an employer under a qualified program. Effective Date: Applies to taxable years beginning after Dec. 31, 2025.	§70404	§129(a)(2)(A)	A
Business Meals Deduction Exception	Disallowing all expenses paid or incurred after 2025 for an employer-operated eating facility, including the cost of the food and beverages. Disallowed the cost of providing meals excluded from an employee's income under §119(a).	Provides exception from disallowance of expenses of employer-operated eating facilities for meals provided at employer's convenience or expenses for goods or services (including use of facilities) sold by the taxpayer in a bona fide transaction for adequate and full consideration. Excludes meals provided on certain fishing boats and at certain fish processing facilities from the 50% deduction limitation. Effective Date: Applies to amounts paid or incurred after Dec. 31, 2025.	§70305	§274(o)	A

Topic	Law Prior OBBBA	New Law Under OBBBA	Act Section	IRC Section(s)	OSCPA Recomm.
Compensation, Employee Benefits, & Healthcare					
Amended					
Employer Payments of Student Loans	Provided a temporary exclusion from gross income for certain employer payments of student loans under educational assistance programs through 2025.	Creates permanent \$5,250 exclusion for employer-provided student loan payments, indexed annually for inflation for taxable years beginning after 2026. Effective Date: Applies to payments made after Dec. 31, 2025.	§70412	§127(c)(1)(B) §127(d)	A
Extended					
Safe Harbor for Absence of Deductible for Telehealth Services	Allowed a temporary safe harbor for high-deductible health plans to cover telehealth and remote care services before the deductible was met, without disqualifying individuals from contributing to an HSA.	Permanently extends the safe harbor, allowing high-deductible health plans to cover telehealth and other remote care services without a deductible and still qualify as HSA-compatible. Effective Date: Applies to plan years beginning after Dec. 31, 2024.	§71306	§223(c)(2)(E)	A
New					
Disallowance of Premium Credit During SEP	§36B(c)(3)(A)(iii) is a new subsection of §36B.	Disallow qualified health plan status, and thus premium assistance, for plans enrolled in during an Exchange-provided special enrollment period (SEP) based on expected household income in relation to poverty line and not in connection with an event or change in circumstances specified by the HHS Secretary. Effective Date: Applies to plan years beginning after Dec. 31, 2025.	§71304	§36B(c)(3)(A)(iii)	C

Topic	Law Prior OBBBA	New Law Under OBBBA	Act Section	IRC Section(s)	OSCPA Recomm.
Compensation, Employee Benefits, & Healthcare					
New					
Exchange Verification of Eligibility for Health Plan	§36B(c)(5) is a new subsection of §36B.	<p>Delays an individual's ability to claim premium tax credit for months of coverage by a qualified health plan through an Exchange until the Exchange verifies, using applicable enrollment information provided or verified by applicant, eligibility to enroll or claim advance payments of the credit.</p> <p>Requires Exchanges to deny advance payments if tax return filing requirements are not met. Permits Exchange use of reliable third-party sources in collecting information. Does not require verification for reduced cost-sharing. Allows the Treasury Secretary to waive the application process for certain special enrollment periods based on family size changes.</p> <p>Effective Date: Applies to taxable years beginning after Dec. 31, 2027.</p>	§71303	§36B(c)(5) §36B(c)(6)	C
Excessive Remuneration from Controlled Group Members	§162(m)(7) is a new subsection of §162.	<p>Imposes an entity aggregation rule on the trade or business expense deduction \$1M limit for an employee's remuneration when a publicly held corporation is a member of a controlled group.</p> <p>Applies to a covered employee who is or acted as the principal executive officer (PEO) or principal financial officer (PFO),</p>	§70603	§162(m)(7)	A

Topic	Law Prior OBBBA	New Law Under OBBBA	Act Section	IRC Section(s)	OSCPA Recomm.
Compensation, Employee Benefits, & Healthcare					
New					
Excessive Remuneration from Controlled Group Members (cont'd from previous page)	See previous page.	<p>whose total compensation for the taxable year must be reported to shareholders under securities law as one of the three highest compensated officers for the year (other than the PEO or PFO), or who was a covered employee under either of these definitions for a preceding taxable year beginning after 2026 is among the five highest compensated employees for the year (other than the PEO, PFO, or Securities & Exchange Commission-reported three other highest paid employees) if taking into account the employees of all controlled group members.</p> <p>Allocates the deduction among each controlled group member that paid remuneration to that specified covered employee for the year.</p> <p>Effective Date: Applies to taxable years beginning after Dec. 31, 2025.</p>	§70603	§162(m)(7)	

Topic	Law Prior OBBBA	New Law Under OBBBA	Act Section	IRC Section(s)	OSCPA Recomm.
Compensation, Employee Benefits, & Healthcare					
New					
Direct Primary Care Service Arrangements	§223(c)(1)(E) is a new subsection of §223.	Expands HSA eligibility by excluding an arrangement where individuals are provided only with primary care services by primary care practitioners for a fixed periodic fee from treatment as a disqualifying health plan. Caps aggregate fees for all direct primary care service arrangements at \$150/mo for an individual, indexed annually for inflation after 2026 (double for multiple individuals). Treats fees as qualified medical expenses excludable from income. Effective Date: Applies to months beginning after Dec. 31, 2025.	§71308	§223(c)(1)(E) §223(d)(2)(C) (v) §223(g)(1)	A
Bronze and Catastrophic Plans for HSAs	§223(c)(2)(H) is a new subsection of §223.	Treats bronze plans and catastrophic plans available through an Exchange under the Affordable Care Act as high-deductible health plans compatible with HSA requirements. Effective Date: Applies to months beginning after Dec. 31, 2025.	§71307	§223(c)(2)(H)	A

Topic	Law Prior OBBBA	New Law Under OBBBA	Act Section	IRC Section(s)	OSCPA Recomm.
Compensation, Employee Benefits, & Healthcare					
Terminated					
Premium Tax Credit During Period of Medicaid Ineligibility Due to Alien Status	Allowed premium tax credit eligibility for individuals lawfully present in the U.S. with household income below the federal poverty line for their family size, who were not Medicaid eligible due to immigration status, by treating household income as 100% of the poverty line.	Removes premium tax credit eligibility for these lawfully present individuals. Effective Date: Applies to taxable years beginning after Dec. 31, 2025.	§71302	§36B(c)(1)(B)	E
Recapture of Advance Payment of Premium Tax Credit	Required taxpayers receiving advance payments of the premium tax credit to reconcile advance payments with actual payments allowed. Capped the additional income tax due from taxpayers who received excess advance payments with household income of no more than 400% of the poverty line.	Removes the cap on the increased income tax owed for excess advance credit payments. Effective Date: Applies to taxable years beginning after Dec. 31, 2025.	§71305	§36B(f)(2)(B) §35(g)(12)(B) (ii)	E

Topic	Law Prior OBBBA	New Law Under OBBBA	Act Section	IRC Section(s)	OSCPA Recomm.
Estates, Gifts, & Trusts					
Extended with Changes					
Estate & Gift Tax Exemption Amount	Temporarily increased the estate and gift tax exclusion amount to \$10M for decedents dying and gifts made after Dec. 31, 2017, and before Jan. 1, 2026, indexed annually for inflation.	Permanently increases estate and gift tax exemption amount to \$15M, indexed annually for inflation. Effective Date: Applies to estates of decedents dying and gifts made after Dec. 31, 2025.	§70106	\$2010(c)(3)	C
Excise Tax					
Amended					
Excise Tax on Firearms Silencers	Imposed a \$200 excise tax on the transfer or making of firearms, silencers, and other items regulated under the National Firearms Act, and a reduced tax of \$5 for the transfer of any other weapon.	Reduces the rate of firearm transfer tax imposed by §5811 on non-machinegun or destructive device firearms to \$0 thereby still qualifying the transfers for the exemption against firearms tax imposed by §4181. Reduces the rate of firearm making tax imposed by §5821 on non-machinegun or destructive device firearms to \$0. Effective Date: Applies to calendar quarters beginning after Oct. 2, 2025.	§70436	\$5811(a) \$5821(a) \$4182(a)	C

Topic	Law Prior OBBBA	New Law Under OBBBA	Act Section	IRC Section(s)	OSCPA Recomm.
Excise Tax					
Amended					
Excise Taxes Covered over into Puerto Rico and the U.S. Virgin Islands	Temporarily increased covered over rate into the treasuries of Puerto Rico and the U.S. Virgin Islands related to taxes imposed on distilled spirits brought into the U.S. from \$10.50 to \$13.25 from July 1, 1999, to Dec. 31, 2021, Rate has been temporarily increased by the \$2.75 over the years.	Permanently increases covered over rate into the treasuries of Puerto Rico and the USVI related to taxes imposed on distilled spirits brought into the U.S. to \$13.25 from \$10.50. Effective Date: Applies after Dec. 31, 2025	§70427	\$7652(f)	C
De Minimis Entry Privilege for Commercial Shipments	Allowed an exemption from taxes or duties for importation into the U.S. of items with a retail value of \$800 or less. Did not contain an explicit penalty provision.	Imposes a penalty on any person who “enters, introduces, facilitates, or attempts to introduce” an article under the de minimis exemption in violation of U.S. law of up to \$5,000 for a first violation and up to \$10,000 for each subsequent offense. Repeals the exemption from taxes or duties allowed for importation of articles with a retail value of \$800 or less into the U.S. by one person on one day. Effective Date: For penalties, applies Aug. 3, 2025. For exemption repeal, applies July 1, 2027.	§70531	Tariff Act, §321	C

Topic	Law Prior OBBBA	New Law Under OBBBA	Act Section	IRC Section(s)	OSCPA Recomm.
Excise Tax					
Amended					
Excise Tax on Remittance Transfers	§4475 is a new code section.	Imposes 1% tax on remittance transfers to be collected by transfer provider and paid quarterly to the Treasury. Applies to transfers where sender provides cash, money order, cashier's check, or similar physical instrument to remittance transfer provider. Excludes transfers made with funds withdrawn from certain listed financial institutions or funded with a U.S.-issued debit or credit card. Effective Date: Applies to transfers made after Dec. 31, 2025.	§70604	§4475	C
New					
Payments for Dyed Fuel	§6435 is a new code section.	Adds a refund, without interest, for dyed diesel or kerosene removed from a terminal where tax had been previously paid and the fuel or kerosene is exempt from taxation. Effective Date: Applies to eligible indelibly dyed diesel fuel or kerosene removed on or after Dec. 31, 2025.	§70525	§6435	C

Topic	Law Prior OBBBA	New Law Under OBBBA	Act Section	IRC Section(s)	OSCPA Recomm.
Exempt Organizations					
Amended					
Excessive Compensation Within Tax Exempt Orgs	Defined “covered employee” to mean any employee (or former employee) who was one of the five highest compensated employees of the organization of the taxable year or was a covered employee of the organization for any preceding taxable year beginning after Dec. 31, 2016.	Expands the definition of “covered employee” to include any employee (or former employee) of the applicable tax-exempt organization who was an employee during any taxable year beginning after Dec. 31, 2016. Effective Date: Applies to taxable years beginning after Dec. 31, 2025.	§70416	§4960(c)(2)	C
Excise Tax on Investment Income of Private Colleges & Universities	Imposed a 1.4% excise tax on net investment income for private colleges and universities.	Increases excise tax on net investment income of private colleges and universities from 1.4% to a tiered rate structure ranging from 1.4% to 8% based on size of the student adjusted endowment. “Applicable educational institution” means an eligible educational institution with at least 3,000 tuition paying students. Effective Date: Applies to taxable years beginning after Dec. 31, 2025.	§70415	§4968	C

Topic	Law Prior OBBBA	New Law Under OBBBA	Act Section	IRC Section(s)	OSCPA Recomm.
Exempt Organizations					
Amended					
Nonprofit Community Development Activities in Remote Native Villages	No special rule.	Considers activities substantially related to participation or investment in fisheries in the Bering Sea or Aleutian Islands carried on by certain entities as activities substantially related to the purpose behind the entity's exemption. Exempts income and does not recognize gain related to asset transfers from a wholly owned subsidiary to its parent described above. Effective Date: Applies on July 4, 2025, and remains in effect during the existence of the western Alaska community development quota program.	§70428	N/A	A
Individuals					
Amended					
Child & Dependent Care Credit	Allowed a credit for child and dependent care expenses, equal to 35% of qualified expenses reduced (not below 20%) by 1% for each \$2,000 (or fraction thereof) by which adjusted gross income (AGI) exceeded \$15,000.	Increases credit amount from 35% to 50% of child and dependent care expenses, reduced (not below 35%) by 1% for each \$2,000 by which AGI exceeds \$15,000, and further reduced (not below 20%) by 1% for each \$2,000 (\$4,000 joint) by which AGI exceeds \$75,000 (\$150,000 joint). Effective Date: Applies to taxable years beginning after Dec. 31, 2025.	§70405	\$21(a)(2)	C

Topic	Law Prior OBBBA	New Law Under OBBBA	Act Section	IRC Section(s)	OSCPA Recomm.
Individuals					
Amended					
Adoption Credit	Allowed a nonrefundable tax credit for qualified adoption expenses on a permanent basis, with credit phaseout for higher income.	Allows a refundable credit of up to \$5,000 for adoption expenses, which cannot be carried forward. Allows Indian tribal governments and states to determine whether a child qualifies as "special needs" for adoption credit purposes. Effective Date: Applies to taxable years beginning after Dec. 31, 2024.	§70402 §70403	§23	C
American Opportunity and Lifetime Learning Credits	Allowed permanent American Opportunity and Lifetime Learning credits, subject to identification requirements.	Requires valid taxpayer, spouse, and student Social Security numbers to claim credits. Requires school EIN to claim American Opportunity Tax Credit. Treats noncompliant returns as having a mathematical error, allowing IRS to automatically remove the credit. Effective Date: Applies to taxable years beginning after Dec. 31, 2025.	§70606	§25A(g) §6213(g)(2)(J)	C
Tax Benefit of Itemized Deductions	Temporarily suspended the Pease limitation for individual taxpayers itemizing deductions through 2025.	Repeals Pease itemized deduction limitation and creates a new calculation. Reduces itemized deductions by 2/37 of the lesser of: (i) itemized deduction amount; or (ii) amount of taxable income exceeding §1(j) threshold for 37% tax bracket. Revised limitation does not apply to §199A qualified business income deduction. Effective Date: Applies to taxable years beginning after Dec. 31, 2025.	§70111	§68	A

Topic	Law Prior OBBBA	New Law Under OBBBA	Act Section	IRC Section(s)	OSCPA Recomm.
Individuals					
Amended					
Charitable Deduction for Native Alaskan Subsistence Whaling	Limited the amount of expenses of a whaling captain recognized by the Alaska Eskimo Whaling Commission that may be treated as a charitable deduction to \$10,000.	Increases allowable charitable deduction for certain expenses incurred in support of Native Alaskan subsistence whaling from \$10,000 to \$50,000. Effective Date: Applies to taxable years beginning after Dec. 31, 2025.	§70429	§170(n)(1)	A
529 Account Disbursements for Schooling Expenses	Treated certain primary and secondary education expenses as qualified higher education expenses.	Amends definition of “qualified higher education expense” to include certain expenses in connection with enrollment in or attendance at an elementary or secondary public, private, or religious school. For tax years beginning after Dec. 31, 2025, increases the annual aggregate per-beneficiary distribution limitation from \$10,000 to \$20,000. Effective Date: Applies to distributions made after July 4, 2025.	§70413	§529(c)(7)	A
Extended					
Individual Income Tax Rates	Temporarily decreased income tax rates and thresholds for individuals, estates, and trusts through 2025.	Makes permanent TCJA income tax rate and threshold decreases for individuals, estates, and trusts. Applies inflation adjustment to 10%, 12%, and 22% brackets. Effective Date: Applies to tax years beginning after Dec. 31, 2025.	§70101	§1(i)	C

Topic	Law Prior OBBBA	New Law Under OBBBA	Act Section	IRC Section(s)	OSCPA Recomm.
Individuals					
Extended					
Savers Credit for ABLE Accounts	Temporarily limited the credit for contributions made to an ABLE account by eligible individuals to \$2,000 for a taxable year before 2026.	Permanently extends the credit for ABLE account contributions by the account's designated beneficiary. Increases credit amount to \$2,100. Effective Date: Extension applies to taxable years ending after Dec. 31, 2025; increase applies to taxable years beginning after Dec. 31, 2026.	§70116	§25B(d)(1)	C
Student Loans Discharged for Death or Disability	Temporarily excluded student loan discharge from gross income for amounts discharged in 2021 through 2025.	Permanently extends exclusion from gross income for student and private education loans discharged on account of death or disability. Effective Date: Applies to discharges after Dec. 31, 2025.	§70119	§108(f)(5) §6213(g)(2)	A
Moving Expenses	Temporarily suspended the qualified moving expense reimbursement exclusion and the deduction for moving expenses (excluding active-duty military who moved pursuant to a military order) through 2025.	Permanently extends the moving expense deduction limitation and employer-reimbursed moving expense exclusion. Creates an exception for intelligence community members similar to existing military exception (§217(g)). Effective Date: Applies to taxable years beginning after Dec. 31, 2025.	§70113	§132(g)(2) §217(k)	A

Topic	Law Prior OBBBA	New Law Under OBBBA	Act Section	IRC Section(s)	OSCPA Recomm.
Individuals					
Extended					
Mortgage Interest Deduction	Temporarily limited the deduction for mortgage interest to interest for acquisition indebtedness to \$750,000 or less (\$375,000 for married individuals filing separately) through 2025.	Permanently disallows mortgage interest deduction for home equity indebtedness and limits mortgage interest deduction for acquisition indebtedness to \$750,000 (\$375,000 for married filing separately). Treats certain mortgage insurance premiums on acquisition indebtedness as qualified residence interest. Effective Date: Applies to taxable years beginning after Dec. 31, 2025.	§70108	§163(h)(3)(F)	A
Casualty Loss Deduction	Temporarily limited personal casualty losses to losses incurred as the result of federally declared disasters (except to the extent of personal casualty gains) through 2025.	Permanently extends casualty loss deduction limitation and expands the limitation to include state-declared disasters. Effective Date: Applies to taxable years beginning after Dec. 31, 2025.	§70109	§165(h)(5)	A
Wagering Losses	Temporarily included actual cost of wagers and deductible expenses incurred with gambling activity in deductible wagering losses through 2025.	Includes otherwise-allowable deductions incurred in carrying on a wagering transaction within “losses from wagering transactions.” Limits deduction to 90% of losses, to the extent of gains. Effective Date: Applies to taxable years beginning after Dec. 31, 2025.	§70114	§165(d)	A

Topic	Law Prior OBBBA	New Law Under OBBBA	Act Section	IRC Section(s)	OSCPA Recomm.
Individuals					
Extended					
Rollovers – Qualified Tuition Accounts to ABLE Accounts	Temporarily allowed taxpayers to rollover §529 plan distributions to ABLE accounts through 2025.	Permanently extends rollovers from qualified tuition accounts to ABLE accounts. Effective Date: Applies to taxable years beginning after Dec. 31, 2025.	§70117	§529(c)(3)(C)(i)(III)	A
Disaster-Related Personal Casualty Losses	Eased qualified disaster related personal casualty loss rules: waived 10% AGI threshold for a net disaster loss, raised per casualty floor to \$500, allowed addition of the loss amount to the standard deduction, and exempted that addition from AMT.	Extends the special rules for qualified disaster-related personal-casualty losses under the Taxpayer Uncertainty and Disaster Relief Act of 2020. Effective Date: Applies July 4, 2025.	§70438	Pub. L. No. 116-260, Div. EE, §304(b)	A
Extended with Changes					
Child Tax Credit	Allowed a child tax credit of \$2,000 per qualifying child (up to \$1,400 refundable per child) and a \$500 credit for other dependents, with a phaseout threshold of \$400,000 for joint filers (\$200,000 for single filers) through 2025.	Increases the child tax credit to \$2,200 per qualifying child, indexed annually for inflation. Makes permanent the refundable portion and higher phaseout thresholds. Tightens SSN reporting rules. Effective Date: Applies to taxable years beginning after Dec. 31, 2024.	§70104	§24(h)	C

Topic	Law Prior OBBBA	New Law Under OBBBA	Act Section	IRC Section(s)	OSCPA Recomm.
Individuals					
Extended with Changes					
Alternative Minimum Tax Exemption and Phaseout	Temporarily increased exemption and phaseout amounts for the alternative minimum (AMT) exemption for noncorporate taxpayers at certain income levels for taxable years 2018 through 2025.	Permanently extends the increased AMT exemption amounts, increases phaseout amount from 25% to 50%, and modifies the inflation adjustment. Effective Date: Applies to taxable years beginning after Dec. 31, 2025.	§70107	§55(d)(4)	C
Standard Deduction	Temporarily increased the standard deduction through 2025.	Permanently increases standard deduction from \$12,000 to \$15,750 for individuals and from \$18,000 to \$23,625 for head of household. Effective Date: Applies to taxable years beginning after Dec. 31, 2024.	§70102	§63(c)(7)	C
State & Local Tax (SALT) Cap	Temporarily limited the deduction for state and local sales, income, and property taxes to \$10,000 through 2025.	Increases limitation on SALT deduction to \$40,000 for 2025 and \$40,400 for 2026, increasing to 101% of previous year's cap for 2027, 2028, and 2029, and reverting to \$10,000 for 2030 and beyond. MAGI phaseout begins at \$500,000 for 2025 and \$505,000 for 2026, increasing to 101% of the previous year's threshold for 2027, 2028, and 2029 (half of those amounts for married filing separately). Phaseout cannot reduce deduction below \$10,000. Effective Date: Applies to taxable years beginning after Dec. 31, 2024.	§70120	§164(b)	A

Topic	Law Prior OBBBA	New Law Under OBBBA	Act Section	IRC Section(s)	OSCPA Recomm.
Individuals					
Extended with Changes					
Limitation on Contributions to ABLE Accounts	Temporarily allowed designated beneficiaries to make ABLE account contributions beyond the annual gift exclusion amount through 2025.	Permanently extends the increased contribution limitation and modifies the inflation adjustment for ABLE accounts. Effective Date: Applies to contributions made after Dec. 31, 2025. Inflation adjustment applies to taxable years beginning after Dec. 31, 2025.	§70115	§529A(b)(2)(B)	A
Treatment of Income from Services Performed in the Sinai Peninsula	Temporarily treated the Sinai Peninsula as a qualified hazardous duty area through 2025.	Permanently treats the Sinai Peninsula of Egypt, Kenya, Mali, Burkina Faso, and Chad, as qualified hazardous duty areas and combat zones, allowing combat pay income exclusions for Armed Forces. Effective Date: Applies Jan. 1, 2026.	§70118	TCJA, §11026	A
New					
Scholarship Granting Organizations	§25F and §139K are new code sections.	Allows a credit of up to \$1,700 for cash contributions to organizations that grant scholarships for qualified elementary or secondary education expenses. Allows carry forward of credit up to five years. Creates income exclusion for qualified elementary and secondary education scholarships from scholarship-granting organizations. Effective Date: Credit applies to taxable years ending after Dec. 31, 2026. Exclusion applies to amounts received after Dec. 31, 2026.	§70411	§25F §139K	A

Topic	Law Prior OBBBA	New Law Under OBBBA	Act Section	IRC Section(s)	OSCPA Recomm.
Individuals					
New					
Interest on Loans for Rural or Agricultural Real Property	§139L is a new code section.	Creates income exclusion for 25% of interest on qualified loans secured by rural or agricultural real estate. Changes §265 coordination from allowing no deduction for interest paid on qualified loans to no deduction for 25% of interest on qualified loans and by treating 25% of adjusted basis as adjusted basis of a tax-exempt obligation. Effective Date: Applies to loans made after July 4, 2025.	§70435	§139L	A
Enhanced Deduction for Seniors	§151(d)(5)(C) is a new subsection of §151.	Creates a deduction for seniors (age 65 before the end of the taxable year) equal to \$6,000 reduced (not below zero) by 6% of AGI exceeding \$75,000 (\$150,000 joint). Requires valid SSN. Requires married taxpayers to file a joint return. Treats incorrect SSNs as mathematical or clerical errors. Effective Date: Applies to taxable years beginning after Dec. 31, 2024, and before Jan. 1, 2029.	§70103	§151(d)(5)(C) §6213(g)(2)	A

Topic	Law Prior OBBBA	New Law Under OBBBA	Act Section	IRC Section(s)	OSCPA Recomm.
Individuals					
New					
Auto Loan Interest Deduction	<p>§163(h)(4) and §62(a)(22) are new subsections of §163 and §62.</p> <p>§6050AA is a new code section.</p>	<p>Excludes from the definition of “personal interest” indebtedness interest incurred to purchase an applicable passenger vehicle (excluding campers and RVs), with final assembly in the U.S. Limits amount of interest taken into account to \$10,000, phased out by \$200 for every \$1,000 of modified AGI in excess of \$100,000 (single) or \$200,000 (joint). VIN required. Allows deduction for non-itemizers. Requires payees to provide information returns to payors and Treasury for certain loans.</p> <p>Effective Date: Applies to indebtedness incurred after Dec. 31, 2024, for taxable years beginning after Dec. 31, 2024, and before Jan. 1, 2029.</p>	§70203	§163(h)(4) §62(a)(22)	A
0.5% Floor on Deduction for Charitable Contributions Itemizers	§170(b)(1)(I) is a new subsection of §170.	Limits itemized charitable contribution deduction by imposing a floor equal to 0.5% of the taxpayer's contribution base for the taxable year.	§70425	§170(b)(1)(I)	A

Topic	Law Prior OBBBA	New Law Under OBBBA	Act Section	IRC Section(s)	OSCPA Recomm.
Individuals					
New					
Deduction for Tip Income	§224 is a new code section.	<p>Creates deduction of up to \$25,000 for qualified tips for individuals in traditionally and customarily tipped industries. Excludes highly compensated employees by phasing out deduction for joint filers with AGI over \$300,000 (\$150,000 for others). Extends FICA tax tip credit to tips received in connection with food service and beauty and barber services. Does not require spouse's Social Security number. Available to itemizers and non-itemizers.</p> <p>Effective Date: Applies to taxable years beginning after Dec. 31, 2024, and before Jan. 1, 2029.</p>	§70201	§224 §63(b)(5)	A
Deduction for Overtime Pay	§225 is a new code section.	<p>Creates deduction for qualified overtime compensation (not including qualified tips) for taxable years 2025 through 2028, excluding highly compensated employees. Limits deduction to \$12,500 of qualified overtime income (\$25,000 for joint returns). Available to itemizers and non-itemizers.</p> <p>Effective Date: Applies to taxable years beginning after Dec. 31. 2024, and before Jan. 1, 2029.</p>	§70202	§225 §63(b)(6)	A

Topic	Law Prior OBBBA	New Law Under OBBBA	Act Section	IRC Section(s)	OSCPA Recomm.
Individuals					
New					
529 Account Disbursements for Postsecondary Credentialing Expenses	§529(e)(3)(C) and §529(f) are new subsections of §529.	Amends definition of "qualified higher education expense" to include qualified postsecondary credentialing expenses and provides definitions related to postsecondary credentialing. Effective Date: Applies to distributions made after July 4, 2025.	§70414	§529(e)(3)(C) §529(f)	A
Trump Accounts	§530A, §139J, §6434, and §6659 are new code sections.	Provides for tax-exempt "Trump accounts" for qualifying children; accounts are treated akin to individual retirement accounts (IRAs) under IRC 408(a). Annual contributions are limited to \$5,000, indexed annually for inflation, with exceptions for certain exempt contributions. Excludes employer contributions to Trump accounts from employee gross income. Excludes qualified contributions to a Trump account from beneficiary's gross income. Credits established accounts for U.S. citizens born after Dec. 31, 2024, but before Jan. 1, 2029, with an initial government contribution of \$1,000. Imposes penalty for improper Trump account credit claims: \$500 for negligently improper claim and \$1000 for fraudulently improper claim. Treats incorrect SSN as mathematical or clerical error. Effective Date: Applies to taxable years beginning after Dec. 31, 2025.	§70204	§530A §139J §6434 §6659	A

Topic	Law Prior OBBBA	New Law Under OBBBA	Act Section	IRC Section(s)	OSCPA Recomm.
Individuals					
New					
Treatment of Capital Gains from Sale of Certain Farmland Property	§1062 is a new code section.	<p>Provides election to pay portion of net income tax from the sale or exchange of qualified farmland property to a qualified farmer in four equal annual installments, beginning on the tax return due date for the taxable year in which the sale or exchange occurs, when gain results from the sale or exchange.</p> <p>Effective Date: Applies to sales or exchanges in taxable years beginning after July 4, 2025.</p>	§70437	\$1062	C
Direct File Termination Task Force	No task force in existence.	Within 90 days of July 4, 2025, Treasury must submit a report to Congress outlining IRS-private sector partnership designed to provide free tax filing services to eligible taxpayers.	§70607	N/A	D
Reinstated					
Charitable Contribution Deduction for Non-Itemizers	Provided a temporary charitable contribution deduction of up to \$300 (\$600 for joint returns) for cash contributions by non-itemizers.	<p>Permanently reinstates the non-itemizer partial charitable contribution deduction and increases it to a maximum of \$1,000 (\$2,000 for joint returns).</p> <p>Effective Date: Applies to tax years beginning after Dec. 31, 2025.</p>	§70424	\$170(p)	A

Topic	Law Prior OBBBA	New Law Under OBBBA	Act Section	IRC Section(s)	OSCPA Recomm.
Individuals					
Reinstated					
De Minimis Rules for Third Party Network Transactions	Provided a \$600 de minimis exception to the threshold for third-party settlement organizations required to issue Form 1099-K.	Reinstates exception for de minimis payments by third-party settlement organizations for aggregate number of transactions not exceeding 200 with an aggregate amount not exceeding \$20,000. Amends backup withholding rules to reflect de minimis rule. Reinstatement of exception for de minimis payments applies as if included in §9674 of the American Rescue Plan Act of 2021. Effective Date: Applies to calendar years beginning after Dec. 31, 2024.	§70432	§6050W(e) §3406(b)	C
Terminated					
Energy Efficient Home Improvement Credit	Allowed a credit for amounts paid or incurred for qualified energy efficiency improvements installed, residential energy property expenditures, or home energy audits, for qualified property placed in service before Jan. 1, 2033.	Eliminates the energy efficient home improvement credit. Effective Date: Applies to property placed in service after Dec. 31, 2025.	§70505	§25C(d)(2)(C) §25C(i)	E
Residential Clean Energy Credit	Allowed a nonrefundable personal residential clean energy credit for qualified clean energy expenditures, set to expire for property placed in service after 2034.	Eliminates the residential clean energy credit. Effective Date: Applies to any expenditures made after Dec. 31, 2025.	§70506	§25D(g) §25D(h)	E

Topic	Law Prior OBBBA	New Law Under OBBBA	Act Section	IRC Section(s)	OSCPA Recomm.
Individuals					
Terminated					
Previously-Owned Clean Vehicle Credit	Allowed a credit for qualified buyers who placed in service a previously-owned clean vehicle acquired before Jan. 1, 2033.	Eliminates previously-owned clean vehicle credit. Effective Date: Applies to vehicles acquired after Sept. 30, 2025.	§70501	\$25E(g)	E
Clean Vehicle Credit	Allowed a credit for new clean (electric) vehicles meeting certain standards, including final assembly in North America, for vehicles placed in service before Jan. 1, 2033.	Eliminates the clean vehicle credit. Effective Date: Applies to vehicles acquired after Sept. 30, 2025.	§70502	\$30D(e) \$30D(h) \$30D(i)	E
New Energy Efficient Home Credit	Allowed a credit for a qualified new energy efficient home acquired before Jan. 1, 2033, for the taxable year in which the home was constructed by an eligible contractor and was acquired by a person from such eligible contractor for use as a residence during the taxable year.	Eliminates the credit for qualified new energy efficient homes. Effective Date: Applies to homes acquired after June 30, 2026.	§70508	\$45L(h)	E
Miscellaneous Itemized Deductions	Temporarily suspended miscellaneous itemized deduction for taxable years through 2025.	Permanently extends suspension of miscellaneous itemized deductions from previous sunset of 2025 but allows an itemized deduction for unreimbursed educator expenses. Effective Date: Applies to taxable years beginning after Dec. 31, 2025.	§70110	\$67(g)	E

Topic	Law Prior OBBBA	New Law Under OBBBA	Act Section	IRC Section(s)	OSCPA Recomm.
Individuals					
Terminated					
Bicycle Commuting Reimbursement	Temporarily suspended the income tax exclusion for qualified bicycle commuting reimbursement through 2025.	Eliminates the qualified bicycle commuting reimbursement exclusion. Effective Date: Applies to taxable years beginning after Dec. 31, 2025.	§70112	§132(f)(8)	E
Personal Exemptions	Temporarily set the amount of the deduction for personal exemptions at zero through 2025.	Eliminates personal exemption deduction. Effective Date: Applies to taxable years beginning after Dec. 31, 2024.	§70103	§151(d)(5)	E
International					
Amended					
Base Erosion & Anti-Abuse Tax (BEAT)	BEAT rate scheduled to increase from core rate of 10% (11% on banks and other financial entities) to 12.5% beginning in 2026. BEAT applied using a gross receipts threshold and a base erosion percentage threshold. Required taxpayers subject to BEAT to: «have average annual gross receipts of at least	Makes 10.5% the new permanent BEAT core rate beginning in 2026 and also retains the current 1% increase for banks and certain financial entities. Makes permanent the 2025 treatment of most credits when calculating any BEAT due. Effective Date: Applies to taxable years beginning after Dec. 31, 2025.	§70331	§59A(b) §59A(e)(1)(C)	C

Topic	Law Prior OBBBA	New Law Under OBBBA	Act Section	IRC Section(s)	OSCPA Recomm.
International					
Amended					
Base Erosion & Anti-Abuse Tax (BEAT) (cont'd from previous page)	<p>\$500M for the prior 3 taxable years,</p> <p>«have a base erosion percentage for the taxable year of 3% or more (2% for some industries), and</p> <p>«not be a regulated investment company (RIC), real estate investment trust (REIT), or S corporation.</p> <p>Calculated base erosion percentage by dividing the aggregate amount of the taxpayer's base erosion tax benefits – or deductions attributable to base erosion payments (including various foreign related party payments such as interest, royalties, and/or services) – by the total amount of the taxpayer's deductions for the year.</p>	See previous page.	§70331	§59A(b) §59A(e)(1)(C)	

Topic	Law Prior OBBBA	New Law Under OBBBA	Act Section	IRC Section(s)	OSCPA Recomm.
International					
Amended					
Base Erosion & Anti-Abuse Tax (BEAT) (cont'd from previous page)	Did not treat certain research and business credits as BEAT-favored tax credits in 2026, with their expiration increasing the tax base for relevant taxpayers.	See previous page.	§70331	§59A(b) §59A(e)(1)(C)	
Foreign-Derived Intangible Income (FDII)	Calculated FDII by multiplying Deemed Intangible Income (DII) by the Foreign Derived Ratio. [FDII = DII * Foreign Derived Ratio]. Foreign Derived Ratio was calculated by dividing Foreign-Derived Deduction Eligible Income (FDDEI) by Total Deduction Eligible Income (DEI). [Foreign Derived Ratio = FDDEI / DEI]. A series of calculations were needed to compute the DEI and FDDEI amounts. Provided a 37.5% deduction for FDII, resulting in an effective tax rate (ETR) of 13.125%. Scheduled to decrease to 21.875% in 2026, resulting in an ETR of 16.406%.	Renames FDII to FDDEI. Streamlines the calculation by, in part, removing the multiplication of DII by the Foreign Derived Ratio. Expands the exceptions to DEI from 6 to 8 categories and reduces the types of expenses considered when calculating DEI. Removes DII, and consequently DTIR, from the FDII calculation. Reduces the deduction rate of FDDEI (f/k/a FDII) to 33.34%, changing the ETR from 13.125% to a rounded 14%. Effective Date: Applies to taxable years beginning after Dec. 31, 2025.	§70321 §70322 §70323	§250(a) §250(b)	A

Topic	Law Prior OBBBA	New Law Under OBBBA	Act Section	IRC Section(s)	OSCPA Recomm.
International					
Amended					
Repeal of Election for SFC Taxable Year	Permitted specified foreign corporations (SFCs) to elect a taxable year that began one month earlier than the taxable year of their majority U.S. shareholder.	Repeals the ability to elect a taxable year that begins a month before the taxable year of the majority U.S. shareholder. Effective Date: Applies to taxable years beginning after Nov. 30, 2025.	§70352	§898(c)	B
Pro Rata Share Rules	Required a U.S shareholder of a foreign corporation that was a controlled foreign corporation (CFC) at any time during any taxable year and who owned stock in the foreign corporation on the last day in such year to recognize their share of the foreign corporation's subpart F income for such year. Required a U.S. shareholder to reduce their subpart F inclusion by: (i) the portion of the year on which the foreign corporation was not a CFC; and (ii) for any dividends paid to any other person on the stock the U.S. shareholder owns, to the extent of the subpart F income allocable to	Provides that if a foreign corporation is a CFC at any time during a taxable year, each U.S. shareholder which owns stock in such corporation during the CFC's year must include in gross income their pro rata share of the CFC's subpart F income. Ensures that a U.S. shareholder of a CFC recognizes their pro rata share of the CFC's subpart F income, irrespective of ownership at the end of the taxable year. Effective Date: Applies to taxable years beginning after Dec. 31, 2025.	§70354	§951(a)	A

Topic	Law Prior OBBBA	New Law Under OBBBA	Act Section	IRC Section(s)	OSCPA Recomm.
International					
Amended					
Pro Rata Share Rules (cont'd from previous page)	those shares, and the portion of the CFC's year during which the U.S shareholder did not own the shares.	See previous page.	§70354	§951(a)	
Global Intangible Low-Taxed Income (GILTI)	The GILTI regime under §951A imposed a minimum U.S. tax on U.S. shareholders of controlled foreign corporations (CFCs), based on foreign earnings above a routine 10% return on the CFC's tangible property. GILTI was calculated as GILTI = Net CFC Tested Income – Net Deemed Tangible Income Return (NDTIR). NDTIR = $(10\% \times \text{Qualified Business Asset Investment}) - \text{Specified Interest Expense}$. Provided a 50% deduction for GILTI, resulting in an ETR of 10.5%. Scheduled to decrease to 37.5% in 2026, resulting in ETR of 13.125%.	Renames the GILTI regime the "Net CFC Tested Income" regime. Removes NDTIR from the calculation (rendering the term "GILTI" superfluous). Reduces the deduction percentage for net CFC tested income (f/k/a GILTI) to 40%, resulting in a 12.6% effective tax rate (ETR). Effective Date: Applies to taxable years beginning after Dec. 31, 2025.	§70321 §70323	§951A(a)	B

Topic	Law Prior OBBBA	New Law Under OBBBA	Act Section	IRC Section(s)	OSCPA Recomm.
International					
Amended					
GILTI – Deemed Paid FTCs	GILTI foreign tax credits (FTCs) were subject to an 80% allowance. Thus, no residual U.S. tax would have been owed on income that was subject to a 13.125% foreign tax rate (10.5% effective tax rate divided by 80%), or beginning in 2026, on income that was subject to a 16.406% foreign tax rate (13.125% effective tax rate divided by 80%).	<p>Increases the net CFC tested income (f/k/a GILTI) allowance to 90%. Thus, no residual U.S. tax would be owed on income subject to a 14% foreign tax rate (12.6% ETR divided by 90%). Disallows 10% of the deemed paid FTC allowed for distributions of previously taxed net CFC tested income.</p> <p>Effective Date: Net CFC tested income allowance increase applies to taxable years of foreign corporations beginning after Dec. 31, 2025. Disallowance of deemed paid FTC applies to foreign income taxes paid or accrued with respect to distributions of previously taxed net CFC tested income made after June 28, 2025.</p>	§70312	§960(d)(1)	C
New					
GILTI – Expense Allocation	§904(b)(5) is a new subsection of §904.	Limits the expenses allocable to foreign-source income in the net CFC tested income (f/k/a GILTI) category to: (i) the §250 deduction for net CFC tested income; and (ii) any other deduction that is “directly allocable” to net CFC tested income. No amount of interest expense or research and experimental expenditures are allocable to foreign-source net CFC tested income.	§70311	§904(b)(5)	A

Topic	Law Prior OBBBA	New Law Under OBBBA	Act Section	IRC Section(s)	OSCPA Recomm.
International					
New					
GILTI – Expense Allocation (cont'd from previous page)	See previous page.	Any deduction that would have otherwise been allocated to the net CFC tested income category but for this rule is allocated instead to U.S.-source income. Effective Date: Applies to taxable years beginning after Dec. 31, 2025.	§70311	§904(b)(5)	
FTC Limitation – Inventory Sale Sourcing	§904(b)(6) is a new subsection of §904.	Modifies inventory sourcing rule solely for purposes of the FTC. Treats certain inventory income that is otherwise subject to allocation on the basis of production activities as foreign-source income if a U.S. person maintains an office or other fixed place of business overseas, and the inventory income is attributable to such office or place of business. Limits the amount treated as foreign-source to 50% of the income from the sale or exchange. Effective Date: Applies to taxable years beginning after Dec. 31, 2025.	§70313	§904(b)(6)	C

Topic	Law Prior OBBBA	New Law Under OBBBA	Act Section	IRC Section(s)	OSCPA Recomm.
International					
New					
GILTI – Expansion of Taxable Entities & Shareholders	§951B is a new code section.	Extends subpart F and NCTI (f/k/a GILTI) rules to ownership structures involving “foreign controlled U.S. shareholders” and “foreign controlled foreign corporations.” Defines foreign controlled U.S. shareholders as U.S. persons that would own more than 50% of a foreign corporation if foreign-to-domestic downward attribution applied. Defines foreign controlled foreign corporations as non-CFCs that would be a CFC if considering foreign controlled U.S. shareholders instead of U.S. shareholders, and by applying foreign-to-domestic attribution. Expressly authorizes Treasury to issue regulations, including expanding compliance reporting.	§70353	§951B	A
Reinstated					
Flow Through Exception	Applied to U.S.-parented corporate groups, and provided that dividends, interest, rents, and royalties received or accrued by Controlled Foreign Corporations (CFC) from another CFC	Permanently reinstates exception. Effective Date: Applies to taxable years beginning after Dec. 31, 2025	§70351	§954(c)(6)(C)	A

Topic	Law Prior OBBBA	New Law Under OBBBA	Act Section	IRC Section(s)	OSCPA Recomm.
International					
Reinstated					
Flow Through Exception (cont'd from previous page)	were not treated as foreign personal holding income (that would otherwise have been immediately taxable under the subpart F rules). Income received by one CFC from another CFC could be "looked-through" under the §954(c)(6) rules, to see if the underlying income of the paying CFC would have been taxable as subpart F income. Prevented the unintended immediate U.S. taxation of the movement of active business foreign earnings among related corporations. Scheduled to expire at the end of 2025.	See previous page.	§70351	§954(c)(6)(C)	

Topic	Law Prior OBBBA	New Law Under OBBBA	Act Section	IRC Section(s)	OSCPA Recomm.
International					
Reinstated					
Constructive Ownership Definition – Downward Attribution Rule	<p>Repealed §958(b)(4), resulting in the expansion of potential CFCs and increased CFC reporting for many corporations that were now considered to be U.S. shareholders of a CFC.</p> <p>Created additional subpart F and GILTI inclusions for U.S. investors indirectly invested in foreign corporations that are now treated as CFCs.</p>	<p>Reinstates §958(b)(4), which prevents the inadvertent downward attribution of stock ownership from foreign persons to U.S. persons in many situations, by providing that section 318(a)(3)(A) through section 318(a)(3)(C) were not to be applied so as to consider a U.S. person as owning stock owned by a foreign person. Therefore, for example, a U.S. corporation wholly owned by a foreign corporation would not necessarily be treated as owning the stock of the foreign parent's wholly owned foreign subsidiary.</p> <p>Effective Date: Applies to taxable years beginning after Dec. 31, 2025.</p>	§70353	§958(b)(4)	A