

A photograph of two hands, one from the left and one from the right, reaching towards each other. Their fingers are positioned to frame a bright sun, which is visible through the gap between the hands. The sun's rays are prominent, creating a starburst effect. The background is a clear, light blue sky with a hint of a horizon line at the bottom.

# **The OBBBA Toolkit**

## **Your Resource for Success in 2026 and Beyond**



**BARNES DENNIG**  
CPAs and Advisors



## The OBBBA Toolkit | Your Resource for Success in 2026 and Beyond

The passage of the One Big Beautiful Bill Act (also known as H.R. 1) in July 2025 brought sweeping changes for businesses, non-profits, and individuals alike – and our best-in-class team of tax pros dove in to understand what was changing and what the impact would be on you, your business, and your future.

For the first time, we're assembling our coverage into this easy-to-use guide to help you successfully navigate the changes and build a better, brighter future.

### The Big Picture

#### [An OBBBA Overview for Businesses](#)

The One Big Beautiful Bill Act (OBBBA) delivers broad, long-term tax relief for small and mid-size businesses, combining permanent incentives with new planning considerations. From expanded deductions and full expensing to enhanced credits and reporting relief, the legislation creates meaningful opportunities to improve cash flow and support growth. At the same time, changes to SALT rules and passthrough taxation add complexity—making strategic guidance essential to fully capitalize on what the OBBBA offers.

#### [An OBBBA Overview for Individuals](#)

The OBBBA brings sweeping and largely permanent changes to the individual tax landscape, reshaping deductions, credits, and tax rates for years to come. From an enhanced standard deduction and expanded child tax benefits to new temporary deductions for tips, overtime, and car loan interest, the law creates both opportunities and planning considerations for taxpayers. Understanding how these provisions apply to your personal situation is key to maximizing benefits and avoiding surprises under the new rules.



## Deductions & Exemptions

### Bonus Depreciation

The OBBBA permanently restores 100% bonus depreciation, allowing businesses to immediately expense the full cost of qualifying property without future phase-downs. This change creates powerful planning opportunities for companies investing in equipment, technology, or facility improvements—while still offering flexibility for those who prefer to spread deductions over time. With the right strategy, businesses can use permanent full expensing to improve cash flow and maximize long-term tax savings.

### Car Loan Interest Deductions

The law introduces a new, temporary deduction for car loan interest, offering individual taxpayers added relief from 2025 through 2028. Interest paid on qualifying loans for new, U.S.-assembled passenger vehicles purchased for personal use may now be deductible, provided certain requirements are met. This provision creates a timely opportunity for taxpayers planning a vehicle purchase to potentially reduce their taxable income.

### Casualty Loss Deductions

Starting in 2026, the One Big Beautiful Bill Act (OBBBA) expands casualty loss deductions, giving more taxpayers access to disaster-related tax relief. Under the new rules, losses from state-declared disasters—previously excluded—now qualify alongside federally declared disasters. This broader definition means individuals affected by a wider range of natural catastrophes may be able to claim deductions and better recover financially after a disaster.

### Deductions for Tips and Overtime

The OBBBA introduces new above-the-line deductions for qualified tips and overtime pay, offering temporary tax relief from 2025 through 2028 for workers in tip-heavy and overtime-intensive industries. While these deductions can provide meaningful savings, they come with specific eligibility rules, income phaseouts, and reporting requirements for both employees and employers. Understanding how these provisions apply—and preparing payroll systems accordingly—can help taxpayers and businesses make the most of this short-term opportunity.







## Deductions & Exemptions Continued

### [IRS Guidance on Tips and Overtime Deductions](#)

New IRS guidance helps individual taxpayers determine their deductions for qualified tips and overtime wages under the One Big Beautiful Bill Act (OBBBA) for 2025. Because Forms W-2 and 1099 won't reflect these deductions, taxpayers may need to rely on other records to accurately estimate eligible amounts. This guidance provides much-needed clarity and helps ensure individuals don't miss out on valuable, though temporary, above-the-line tax benefits available through 2028.

### [Gambling Loss Deductions](#)

Beginning in 2026, the OBBBA changes how gambling losses are deducted for tax purposes, potentially increasing taxable income for many taxpayers. While gambling losses were previously deductible up to the full amount of winnings, the new law limits deductions to 90% of losses or gains, whichever is less. As a result, even taxpayers who break even at the tables may owe tax on a portion of their gambling winnings, making proactive planning more important than ever.

### [Itemized Deductions](#)

The new law reshapes how individuals benefit from itemized deductions, with permanent changes that will influence tax planning for years to come. From a higher standard deduction and an expanded SALT cap to new limits on itemized deductions and revised charitable giving rules, the law creates both opportunities and tradeoffs for taxpayers. Understanding how these provisions interact is essential to determining whether itemizing still makes sense—and to building a smarter, forward-looking tax strategy.

### [Qualified Business Income \(QBI\) Deductions](#)

The OBBBA delivers a major win for passthrough business owners by making the Qualified Business Income (QBI) deduction permanent and expanding who can benefit. Higher phase-in thresholds and a new minimum deduction for active businesses mean more entrepreneurs can claim meaningful tax savings with greater certainty in their long-term planning. With the core structure of the deduction intact, these updates strengthen one of the most valuable tax incentives available to small and mid-size businesses.

### [Gift and Estate Tax Exemptions](#)

The new law permanently increases the federal gift and estate tax exemption, providing long-awaited certainty for individuals and families focused on long-term wealth and legacy planning. Beginning in 2026, the exemption rises to \$15 million per individual (indexed for inflation), creating new opportunities to transfer wealth more efficiently during life or at death. With higher thresholds now locked in, proactive estate planning can help families align their strategies with the law's expanded benefits while remaining flexible for future change.



## Compliance & Relief Provisions

### Excess Business Losses

The One Big Beautiful Bill Act (OBBBA) has brought about a variety of changes to the tax landscape, including a key change pertaining to the excess business loss (EBL) limitation. This provision, initially a part of the Tax Cuts and Jobs Act of 2017, has been made permanent by the OBBBA. Aimed at non-corporate taxpayers, including individuals, trusts, and estates, this rule aims to limit the extent to which business losses can be used to offset other forms of income.

### Form 1099 Reporting Relief

The One Big Beautiful Bill Act (OBBBA) relieves the filing requirements for certain 1099 forms used to report various types of income, including Form 1099-MISC, Form 1099-NEC, and Form 1099-K. These changes overturn the provisions for Form 1099s laid out in The American Rescue Plan Act (ARP) of 2021, increasing the reporting thresholds and/or adjusting requirements for the three categories.

### Qualified Overtime Reporting

Building on prior IRS guidance, employers must now prepare for new OBBBA overtime reporting requirements taking effect with the 2026 Form W-2. Only the “premium” portion of overtime—the extra half-time above an employee’s regular rate, including required non-discretionary bonuses—qualifies for the deduction and must be tracked accurately. With Box 12, Code TT being added in 2026, updating payroll systems and recordkeeping processes now is essential to ensure compliance, preserve deductions, and avoid penalties.

### R&D Expenditure Relief

One of the significant tax law changes with the One Big Beautiful Bill Act (OBBBA) is related to the timing of tax deductions for research and experimental expenditures under Section 174. OBBBA Section 174(a) restores the immediate deduction of domestic R&D expenses incurred after December 31, 2024. The requirement to amortize expenditures related to foreign R&D expenses over 15 years remains unchanged.

### Revenue Procedures: R&E Tax Updates

Recent IRS guidance under Revenue Procedure 2025-28 clarifies how businesses should treat research and experimental (R&E) expenses under the One Big Beautiful Bill Act (OBBBA). Beginning in 2025, companies can once again immediately deduct domestic R&E costs or elect to amortize them over time, offering greater flexibility and potential tax savings. While foreign R&E expenses remain subject to longer amortization, these changes create new planning opportunities for businesses investing in innovation.

### 530A Accounts (Trump Accounts) for Minors

The new law introduces a new tax-advantaged savings vehicle for children under 18: 530A accounts, also known as Trump Accounts. Designed to encourage early investing, these accounts offer tax-deferred growth, defined contribution limits, and a government-funded pilot contribution for eligible newborns. For families focused on long-term financial planning, 530A accounts create a new way to start building wealth early and strategically.

### Section 163(j) – Interest Limitations

The OBBBA makes significant, permanent changes to business interest deduction limits under Section 163(j), restoring a more favorable calculation for many companies. By returning to an EBITDA-based approach and tightening certain international and capitalization rules, the law reshapes how much interest businesses can deduct each year. These updates create meaningful opportunities for capital-intensive and global businesses—but also make strategic planning essential to fully benefit from the changes.



## Industry-Specific Impacts

### International Tax Impact of the OBBBA

The new tax law ushers in a major shift in international tax planning, replacing GILTI with Net CFC Tested Income (NCTI) and reshaping FDII into FDDEI, both with new permanent rates effective in 2026. While the changes bring greater rate predictability and improved foreign tax credit access, they also introduce higher inclusions, tighter deduction limits, and increased documentation demands. Multinational businesses should begin modeling impacts now, reassessing global structures, and strengthening compliance processes to stay ahead of the new rules.

### Tax Savings for Manufacturers

The One Big Beautiful Bill Act (OBBBA) ushers in a new opportunity for manufacturers and producers: the ability to immediately deduct 100% of the cost of qualifying production facilities. This provision, known as Section 168(n), goes beyond the traditional scope of bonus depreciation. For the first time, not only equipment and machinery but also the buildings where products are made may qualify for immediate expensing. For manufacturers planning new facilities or expansions, this change could transform capital investment strategies and free up significant cash flow.

### What the OBBBA Means for Non-Profits

The One Big Beautiful Bill Act (OBBBA), enacted on July 4, 2025, introduces substantial changes to the tax code, many of which directly impact non-profit organizations and the broader philanthropic ecosystem. For non-profit leaders, understanding the nuances of these changes is essential, not only for regulatory compliance but also for sustaining strategic direction and long-term financial success.





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## Wrapping Up

The One Big Beautiful Bill Act is a sweeping, multi-layered piece of legislation that reshapes key areas of the tax landscape for businesses, non-profits, and individuals alike. While this Success Guide doesn't capture every nuance of the OBBBA, it covers the highlights of the provisions most likely to impact planning, compliance, and reporting in the years ahead. Understanding these core changes is an important first step in navigating this significant tax policy shift.

Because the OBBBA is broad, technical, and still evolving through IRS guidance, thoughtful planning is essential. To discuss your questions and understand how the OBBBA affects your unique situation, [contact our team of top tax professionals](#). As always, we're here to help.

