



THE ONE BIG BEAUTIFUL BILL ACT
WHAT'S IN IT AND WHY SHOULD
SMALL BUSINESS OWNERS CARE

JULY 10, 2025

What's in the Bill and How did Small Business Do?

NFIB's Achieves #1 Federal Legislative Priority

The 20% Small Business Tax Deduction is Made Permanent

- Was scheduled to expire at the end of 2025 if this bill didn't pass
- The technical term is the section 199(A) deduction.
- Available to most pass-through businesses
- 9 in 10 Small Businesses Benefit from it – 25.9 million in 2021
- \$750 billion in economic impact and 1.2 million jobs
- Line 13 on your tax return (1040)

Avoids Rate Increases on Individuals and Small Businesses

This Includes

- Permanently extends the current federal marginal rates, which were scheduled to expire and increase at the end of the year.
- Current federal marginal rates are: **10%, 12%, 22%, 24%, 32%, 35%, 37%**
- If allowed to expire, they would have increased to: **10%, 15%, 25%, 28%, 33%, 35%, 39.6%.**
- By permanently extending the lower marginal rates enacted in 2017 Congress is preventing a tax increase on about 33 million pass-through businesses subject to marginal rate taxes.

The Estate Tax

Helps to Keep Small Businesses Small

Makes the Estate Tax Exemption Permanent

- Permanently enshrines the Estate Tax exemption and increases the exemption levels of \$15 million individually and \$30 million jointly, and is indexed for increases with inflation.
- The estate tax is a tax on the transfer of an estate and or property upon the death of the owner.
- By making this provision permanent, it allows small business owners to maintain their business and property without having to sell or liquidate to pay the tax.

Section 179 Expensing

Threshold is Doubled

Makes the Estate Tax Exemption Permanent

- Increases Section 179 expensing cap from \$1.25 million to \$2.5 million and allows for increases with inflation.
- Section 179 allows businesses to deduct the full purchase price of qualifying equipment in the year it is acquired.
- The higher maximum deduction and permanency allow small business owners to significantly reduce taxable income and plan for future investments.

1099k Reporting

The Paypal and Venmo Reporting Issue

A Permanent Fix

- This legislation increases the threshold requiring Form 1099-K from \$600 to \$20,000.
- Section 1099-K is an IRS report that businesses must file for any third-party payment transactions above a certain threshold during the year.
- The higher threshold minimizes burdensome IRS paperwork that small businesses must comply with while using third-party payments such as Venmo or PayPal.

1099NEC Reporting

Less Paperwork

A Much Needed Inflationary Adjustment

- This legislation increases the information-reporting threshold from \$600 to \$2,000 in a calendar year and indexed annually for inflation after 2026.
- Form 1099-NEC is used by businesses to report payments made to non-employees, such as independent contractors, for services rendered during the calendar year.
- The higher threshold minimizes burdensome IRS paperwork for small businesses.

1099 Miscellaneous

Even Less Paperwork

A Much Needed Inflationary Adjustment

- This legislation increases the information-reporting threshold from \$600 to \$2,000 in a calendar year and indexed annually for inflation after 2026.
- Form 1099-MISC is used to report various payments not classified as nonemployee compensation.
- The higher threshold minimizes burdensome IRS paperwork for small businesses.

Bonus Depreciation

100% Expensing

Allows Businesses to Immediately Expense Equipment

- This legislation permanently restores 100% immediate expensing for eligible assets.
- 100% expensing had been available from 2018-2022 under TCJA.
- Section 168(k), bonus depreciation, allows businesses to take an additional first-year deduction for qualified property in the year it is placed in service.
- Without Congressional action, businesses would have to amortize these expenses over a number of years, with an eventual full expiration in 2027.
- The increased expensing threshold allows businesses to fully eligible deduct property or equipment acquired and placed in service after January 19 2025

New American Manufacturing Incentives

100% Bonus Depreciation for American Factories

Promotes New American Factories

- 100% Depreciation Deduction for “Qualified Production Property”
- Provides a special depreciation deduction specifically for nonresidential real property used in domestic production or manufacturing activities, the construction, reconstruction or erection of which by the taxpayer begins after January 19, 2025, and before January 1, 2029, and is placed in service after the date of enactment of the OBBB and before January 1, 2031.
- Provides an incentive to build new American manufacturing facilities.

Research and Development Full Expensing

R&D

Allows Businesses to Immediately Deduct R&D

- This legislation allows all research and development costs to be immediately deducted.
- Research and development allows taxpayers to immediately deduct domestic research or experimental expenditures paid or incurred in the tax years beginning after December 31, 2024.
- Being able to deduct research and development costs immediately allows businesses to improve, upgrade, and innovate new products and services.
- *Full R&D expensing had been available from 2018-2021. From 2021-2025 it was required to be amortized over 5 years.*

C-Corporation Rate

The Corporate Rate

The Permanent C-Corporation Rate remains unchanged

- The C-Corp rate permanently remains at 21%

State and Local Tax Deduction

The SALT Cap

A Temporary Increase in the Cap for Many Filers

- This legislation increases the limit on the federal deduction for state and local taxes to \$40,000 and adjusts for inflation. After 2029, this increase will expire.
- This deduction begins to phase out at \$500,000 of adjusted gross income. Once fully phased out, taxpayers revert to receiving a maximum of \$10,000 in SALT deduction.
- The SALT deduction allows taxpayers to deduct certain state and local taxes from their federal taxable income.
- Nothing changes for pass-through businesses in the 36 states with workaround laws.

The Alternative Minimum Tax

The AMT

A Permanent Extension

- This legislation permanently extends the increased individual alternative minimum tax exemption amounts and reverts the exemption phaseout thresholds to \$500,000 for individual filers and \$1 million for married filers.
- In 2027 the AMT had been scheduled to decrease to \$120,700 for single filers and \$160,900 for joint filers which would hit over 7 million filers according to the Joint Committee on Taxation.
- Minimum effective rate of 26-28% depending on a few factors.

No Tax on Tips

Tips

A Temporary deduction worth up to \$25,000

- This legislation creates a temporary deduction, for tax years 2025 through 2028, of up to \$25,000 for qualified tips received by an individual who regularly receives tips.

No Tax on Overtime

Overtime

A New Temporary deduction

- This legislation creates a temporary deduction, for tax years 2025 through 2028, of up to \$12,500 individually, and \$25,000 jointly, for qualified overtime compensation received each year.

Methane Tax Repeal

Methane

Less taxes on energy

- This legislation prevents a tax on methane emissions from oil and gas production that was included in the Inflation Reduction Act (IRA).

Car Loan Interest

A New Write Off

A Temporary Increase in the Cap for Many Filers

- Up to a \$10,000 deduction on interest on new car loans purchased between 2025 and 2028.
- Must be US assembled vehicles with the vehicle serving as a collateral for the loan.

Employer Provided Child Care Credit

Expanded

Higher percentage reimbursement and a higher maximum

- Increases the credit from 25% up to \$150,000 to 50% (40% for small businesses) with a maximum of \$500,000

New HSA Expansion

Direct Primary Care

HSA Expansion

- Allows the use of HSA's for Direct Primary Care.
- Direct Primary Care (DPC) is a healthcare model where patients pay a recurring membership fee directly to their primary care physician or practice, instead of relying on insurance for primary care services.



Q & A

