
TABLE OF CONTENTS

Introduction	v
Chapter 1: Individual Taxpayers Provisions – 2025 Effective Date	1
Introduction	1
Standard Deduction Increased and Made Permanent	1
Deduction for State and Local Taxes Temporarily Increased (SALT Deduction)	3
Most Personal Exemptions Permanently Eliminated; Senior Exemption Authorized	4
Child Tax Credit Increased	4
Adoption Credit Now Partially Refundable	7
The Adoption Credit and Exclusion Benefit	10
Recognizing Indian Tribal Governments for Purposes of Determining Whether a Child Has Special Needs for Purposes of The Adoption Credit	12
Tax on Tips Reduced	12
Tax on Overtime Reduced	13
Car Loan Interest Deduction	14
Tax Credits for Purchase of Electric Vehicles Terminated	15
Postsecondary Credentialing Expenses Now Qualified Higher Education Expenses	15
Extension of Rules for Treatment of Certain Disaster-Related Personal Casualty Losses	17
Summary	18
Chapter 1: Test Your Knowledge	19
Chapter 1: Solutions and Suggested Responses	21
Chapter 2: Business Taxpayers Provisions – 2025 Effective Date	23
Introduction	23
Third-Party Network Reporting	23
Bonus Depreciation	24
Increased Dollar Limitations Apply to Expensing Depreciable Assets	25
The OBBBA Permits Special Depreciation Allowance for Qualified Production Property	26
Research and Experimentation Expenditures	27
The OBBBA Allows Immediate Expensing of Domestic Research and Experimentation Expenses	27
Limitation of Business Interest Allows Increased Deduction	28
Spaceports Treated Like Airports for Tax-Exempt Financing	29
Credit for Foreign Taxes Paid Modified	29
Repeal of Deferral in Taxable Year Determination of Specified Foreign Corporations	30
Nonprofit Community Development Activities in Remote Native Villages	30
Residential Construction Contracts Exception to PCM	31
Expansion of Qualified Small Business Stock Gain Exclusion	31
Treatment of Certain Qualified Sound Recording Productions	32
Treatment of Capital Gains From Sale of Certain Farmland Property	35
Cost Recovery for Energy Property	37
Treatment of Payments from Partnerships to Partners for Property or Services.	38
Enforcement Provisions Concerning COVID-Related Employee Retention Credits	38

Summary	41
Chapter 2: Test Your Knowledge	43
Chapter 2: Solutions and Suggested Responses	45
Chapter 3: Business Taxpayers Energy-Related Changes – 2025 Effective Date	47
Introduction	47
Modification of Tax Credit for Nuclear Power Production	47
Qualified Commercial Clean Vehicle Credit Terminated	48
Sustainable Aviation Fuel Credit Eliminated	48
Advanced Manufacturing Production Credit Modified	49
Termination Of Alternative Fuel Vehicle Refueling Property Credit	50
Termination of Energy Efficient Commercial Buildings Deduction	51
Termination of Clean Hydrogen Production Credit	51
Termination of and Restrictions on Clean Electricity Production Credit	52
Termination and Restrictions on Clean Electricity Investment Credit	53
Restriction on Extension of Advanced Energy Project Credit Program	54
Extension and Modification of Clean Fuel Production Credit	54
Restrictions on Carbon Oxide Sequestration Credit	56
Intangible Drilling and Development Costs Taken into Account for Purposes of Computing Adjusted Financial Statement Income	57
Income from Hydrogen Storage, Carbon Capture, Advanced Nuclear, Hydropower, and Geothermal Energy Added to Qualifying Income of Certain Publicly Traded Partnerships	58
Allow for Payments to Certain Individuals Who Dye Fuel	58
Determination of Deduction Eligible Income	59
The New Energy Efficient Home Improvement Credit (Prior Law)	60
The OBBBA Terminates New Energy Efficient Home Improvement Credit 6½ Years Early	60
Summary	60
Chapter 3: Test Your Knowledge	63
Chapter 3: Solutions and Suggested Responses	65
Chapter 4: Individual Taxpayers Provisions – 2026 and Later Effective Date	67
Introduction	67
Extension and Enhancement of Increased Estate And Gift Tax Exemption Amounts	68
Extension of Increased AMT Exemption Amounts and Modification of Phaseout Thresholds	68
Extension and Modification of Qualified Residence Interest Limitation Deduction	69
Casualty Loss Deduction Limitation Extension and Modification	69
The OBBBA Makes Provisions Permanent and Eliminates Need to Itemize	70
Termination of Miscellaneous Itemized Deductions Other Than Educator Expenses	70
Limitation on Tax Benefit of Itemized Deductions	71
Extension and Modification of Qualified Transportation Fringe Benefits	72
Extension and Modification of Moving Expenses Treatment	72
Extension and Modification of Limitation on Wagering Losses	73
ABLE Account Extension and Enhancement of Increased Contribution Limitation	74
Extension and Enhancement of Savers Credit Allowed for ABLE Contributions	75

Extension of Rollovers from Qualified Tuition Programs to ABLE Accounts	76
Treatment for Service in the Sinai Peninsula and Additional Areas	76
Extension and Modification of Exclusion from Gross Income of Student Loans Discharged on Account of Death or Disability	77
Trump Accounts and Contribution Pilot Program	77
Enhancement of Child and Dependent Care Tax Credit	79
Enhancement of the Dependent Care Assistance Program	80
Tax Credit for Contributions of Individuals to Scholarship Granting Organizations	81
Exclusion for Employer Payments of Student Loans	82
Additional Qualified Higher Education Expenses for §529 Accounts	83
Charitable Deduction for Non-itemizers Authorized	85
0.5 Percent Floor on Deduction of Contributions	85
Excise Tax on Certain Remittance Transfers	86
Termination of Energy Efficient Home Improvement Credit	87
Termination of Residential Clean Energy Credit	88
Social Security Number Requirement for American Opportunity and Lifetime Learning Credits	89
Summary	89
Chapter 4: Test Your Knowledge	91
Chapter 4: Solutions and Suggested Responses	93
Chapter 5: Business Taxpayers Provisions – 2026 and Later Effective Date	95
Introduction	95
Credit for Foreign Taxes Paid Modified	95
Extension And Enhancement of Deduction for Qualified Business Income	96
Extension and Enhancement of Paid Family and Medical Leave Credit	97
Exceptions from Limitations on Deduction for Business Meals	99
Enhancement of Advanced Manufacturing Investment Credit	99
Sourcing Certain Income from the Sale of Inventory Produced in the United States	100
Modifications Related to Foreign Tax Credit Limitation	101
Modification of Deduction for Foreign-Derived Deduction Eligible Income and Net CFC Tested Income	101
Rules Related to Deemed Intangible Income	102
Extension and Modification of Base Erosion Minimum Tax Amount	102
Coordination of Business Interest Limitation with Interest Capitalization Provisions	103
Definition of Adjusted Taxable Income for Business Interest Limitation	103
Permanent Extension of Look-Thru Rule for Related Controlled Foreign Corporations	104
Enhancement of Employer-Provided Child Care Credit	105
Enhancement of the Dependent Care Assistance Program	105
Modification of Tax on Investment Income of Private Colleges and Universities	106
Expanding Application of Tax on Excess Compensation within Tax-Exempt Organizations	107
Permanent Renewal and Enhancement of Opportunity Zones	107
Permanent Enhancement of Low-Income Housing Tax Credit	109
Permanent Extension of New Markets Tax Credit	110
1-Percent Floor on Deduction of Charitable Contributions Made by Corporations	111

Permanent Increase in Limitation on Cover Over of Tax on Distilled Spirits	112
Adjustment of Charitable Deduction for Certain Expenses Incurred in Support of Native Alaskan Subsistence Whaling	112
Increase in Threshold for Requiring Information Reporting with Respect to Certain Payees	112
Reduction of Transfer and Manufacturing Taxes for Certain Devices	113
Restoration of Taxable REIT Subsidiary Asset Test	113
Modifications to <i>De Minimis</i> Entry Privilege for Commercial Shipments	113
Modification and Extension of Limitation on Excess Business Losses of Noncorporate Taxpayers	114
Excessive Employee Remuneration from Controlled Group Members and Allocation of Deduction	115
Extension and Modification of Qualified Transportation Fringe Benefits	116
Summary	117
Chapter 5: Test Your Knowledge	119
Chapter 5: Solutions and Suggested Responses	121
Glossary	123
Index	127
Final Exam Copy	128