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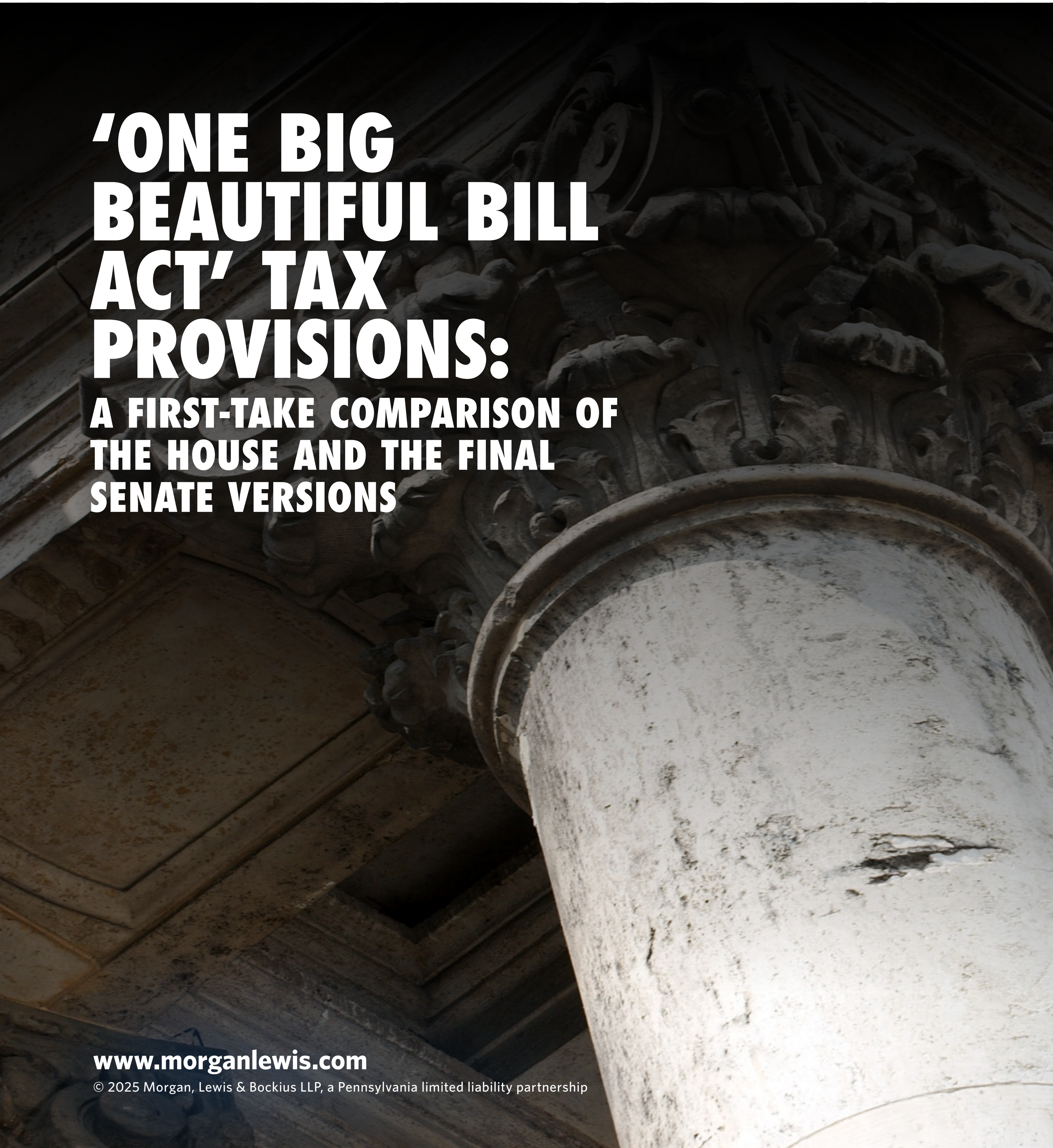

'ONE BIG BEAUTIFUL BILL ACT' TAX PROVISIONS:

A FIRST-TAKE COMPARISON OF THE HOUSE AND THE FINAL SENATE VERSIONS

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ENERGY INDUSTRY

Act Provision	House Version	Enacted Version
Consumer Energy and Energy Conservation Tax Benefits (§§ 25C, 25D, 25E, 30D, 45L, 45W)	Would cause most consumer tax credits to expire at the end of 2025. • For clean vehicle credits, additional year would be allowed for credits relating to new electric vehicles and new-build energy efficient homes, sunsetting at the end of 2026, subject to certain limitations. • An exception would be allowed for commercial electric vehicles placed in service before 2033 if acquired pursuant to a binding written contract entered into before May 12, 2025.	Would cause most consumer tax credits to expire within 3-6 months of the bill's enactment, with some exceptions. • Tax benefits would extend until June 30, 2026 for certain energy efficient homes and commercial buildings.
Alternative Fuel Vehicle Refueling Property Credit (e.g., EV Charging Station) (§ 30C)	Would expire for property placed in service after 2025.	Would expire for property placed in service after June 30, 2026.
Technology Neutral Production Tax Credit (PTC) and Investment Tax Credit (ITC) (§§ 45Y, 48E)	Would significantly accelerate phase-out of tech-neutral PTC and ITC and subject the credits to extensive foreign entity of concern (FEOC) type limitations. • Eligibility for all technologies other than nuclear generation requires the facility to begin construction within 60 days of	Would accelerate phase-out of tech-neutral PTC and ITC for solar and wind generation only, while removing the potential permanent tax credit survival aspects of current law for other technologies. Significantly revised FEOC-type limitations (compared to House Version) would also apply. • For wind/solar PTC/ITC, facility must be placed in service before 2028. However, this limitation only applies to a facility that

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	enactment and be placed in service before 2029. • Eligibility for nuclear generation requires that the facility begin construction before 2029. • “Specified foreign entity” (SFE) ownership restriction begins applying for any taxable year beginning after enactment. • “Foreign-influenced entity” (FIE) ownership restriction begins applying for any taxable year beginning after the second anniversary of enactment. • Supply chain-based material assistance limitation applies to any facility beginning construction after 2025. • Limitation based on the magnitude of FDAP (e.g., services, interest, dividend, royalties) payments to SFEs or FIEs begins applying for any taxable year beginning after the second anniversary of enactment. • For the Section 48E ITC, for any facility placed in service in a taxable year beginning after the second anniversary of enactment, any taxpayer violating the foregoing FDAP payment limitation during the 10-year period after the facility is placed in service results in full credit recapture.	begins construction after the date that is 12 months following enactment. • PTC/ITC for other technologies begins sunsetting for facilities that begin construction after 2033. • Same. • FIE ownership restriction begins applying for taxable year beginning after enactment. • Same. • No FDAP payment type credit eligibility limitation. • For the Section 48E ITC, for any facility placed in service in a taxable year beginning after the second anniversary of enactment, any taxpayer violating the FIE Effective Control standard listed below during the 10-year period after the facility is placed in service results in full credit recapture.

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Transfer of Credits (§ 6418)	Would introduce separate phase-out limitations for transferring energy tax credits. • No credit transfer for credits generated after 2027 for 45Z (clean fuels), 45U (zero-emission nuclear), and 45X (advanced manufacturing). • No credit transfer for 45Q (carbon capture and storage) facility beginning construction after the second anniversary of enactment.	Would prohibit transfer of credits to an SFE. No other separate transferability phase-outs are included. Would permit so much of the biodiesel fuel tax credit determined under Section 40A which consists of the small agri-biodiesel producer credit for fuel sold or used after June 30, 2025 as eligible to be transferred.
Carbon Capture and Storage Credits (§ 45Q)	• Would prohibit credit allowance to an SFE for any taxable year beginning after the date of enactment. • Would prohibit credit allowance to an FIE for any taxable year beginning two years after date of enactment. • Repeals transfer of credits for facilities that begin construction two years after enactment.	• Would prohibit credit allowance to an SFE and certain FIEs for any taxable year beginning after the date of enactment. • Would provide for revised credit amounts for certain technology used in facilities or equipment placed in service after 2022.
Zero-Emission Nuclear Power Production Credit (§ 45U)	• Sunset of credit accelerated one year to 12/31/2031. • Would prohibit credit allowance to an SFE for any taxable year beginning after the date of enactment and certain FIEs for any taxable year beginning two years after the date of enactment.	With certain exceptions, would disallow credits for nuclear generating facility that uses fuel produced or otherwise sourced to a "covered nation." Restrictions relating to use of imported nuclear fuel apply to taxable years beginning after 12/31/27. • Same.

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Clean Hydrogen Production Credit (§ 45V)	PTC expiration date accelerated such that PTC is only available for facilities that begin construction on or prior to 12/31/25.	PTC expiration date accelerated such that PTC is only available for facilities that begin construction on or prior to 12/31/28.
Advanced Manufacturing Credit (§ 45X)	Would generally terminate the advanced manufacturing credit for the production of clean technology equipment one year earlier than under current law (expiration after 2031 instead of 2032), but would subject wind energy components to an earlier expiration for components produced and sold after 2027. Would also subject the credit for the production of critical minerals to this general sunset provision instead of the current permanent credit. Would subject the credits to extensive FEOC-type limitations. • SFE ownership restriction begins applying for any taxable year beginning after enactment. • FIE ownership restriction begins applying for any taxable year beginning after the second anniversary of enactment. • Supply chain–based material assistance limitation applies for any taxable year beginning after the second anniversary of enactment. • Limitation based on the magnitude of FDAP (e.g., services, interest, dividend, royalties) payments to SFEs or FIEs begins applying for any taxable year beginning after the second anniversary of enactment.	Would retain current law phase-out schedule for the advanced manufacturing credit for the production of clean technology equipment, but would subject wind energy components to an earlier expiration for components produced and sold after 2027. Would include certain metallurgical coal as a critical mineral. Would also subject the credit for the production of critical minerals (other than metallurgical coal) after 12/31/2030 to a separate credit sunset schedule instead of the current permanent credit. Credit would expire with respect to any production of metallurgical coal after 12/31/2029. Would subject the credits to extensive FEOC-type limitations. • Same. • FIE ownership restriction begins applying for any taxable year beginning after enactment. • Supply chain–based material assistance limitation applies for any taxable year beginning after enactment. • No FDAP payment type credit eligibility limitation.

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	• "Licensing agreement limitation" would apply for any property that is produced subject to a licensing agreement with an SFE or FIE where the agreement has a value in excess of $1 million. • N/A	• No "licensing agreement limitation." • Would revise integrated component provision of current Section 45X(d)(4) by requiring the secondary eligible component to be sold to an unrelated person, and provided that the total direct material costs paid or incurred to produce such secondary component are attributable to primary components mined, produced, or manufactured in the United States. Would apply to components sold after 12/31/26.
Clean Fuel Production Credit (§ 45Z)	• Would extend the credit through 2031. • Requires use of feedstock produced or grown in the United States, Canada, or Mexico for fuel sold after 2025. • SFE and FIE restrictions added.	• Would extend the credit through 2029. • Same. • Same. • Would provide conventions for determining greenhouse gas emissions rate for calculating PTC amount (generally for fuel produced after 12/31/25). • Would prevent double counting of 45Z credits and/or Section 6426(k) blenders tax credits for multiple producers/processors with respect to transportation fuel produced under rules to be developed by the IRS (including rules on sales through intermediaries).

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		• Section 6426(k) blenders credit would be repealed for any fuel sale after 9/30/25. • Would disallow credit for taxpayer that is an SFE for any taxable year beginning after the date of enactment or certain FIE for a taxable year beginning two years after enactment. • Would extend and increase amount of small agri-biodiesel producer credit under Section 40A with respect to any sale or use of agri-biodiesel before 01/01/27.
Qualifying Advanced Energy Project Credit (§ 48C)	N/A	Would prohibit taxpayers from reclaiming credits attributable to projects that received a certification that such taxpayer did not place in service within two years.
New Foreign Entity of Concern (FEOC) Type Definitions (§ 7701)	Would include definitions of Specified Foreign Entity (SFE), Foreign-Influenced Entity (FIE), and Material Assistance. • SFE includes foreign country of concern government- and military-aligned entities as well as "foreign controlled entities" (e.g., an entity organized under the laws of a foreign country of concern or any subsidiary entity that it controls) • FIE status based on SFE ability to control appointment of a covered officer, satisfaction of an FDAP payment to SFE standard, or satisfaction of the following equity or debt ownership by SFE tests: ○ A single SFE owns at least 10% of equity	Would include definitions of Specified Foreign Entity (SFE), Foreign-Influenced Entity (FIE), and Material Assistance. • Same. • FIE status based on satisfying either (1) an authority (ability to control appointment of covered officer), ownership, or debt standard or (2) an "effective control" standard. No FDAP payment to SFE standard is included. • Ownership and debt standards:

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	○ One or more SFEs own in the aggregate at least 25% of equity ○ One or more SFEs own at least 25% of debt	○ a single SFE entity owns at least 25% of equity ○ one or more SFEs own in the aggregate at least 40% of equity ○ at least 15% of debt of the entity has been issued to one or more SFEs • Publicly Traded Entity Exception: Entities whose securities are regularly traded on certain public exchanges (other than public exchanges of "covered nations"), unless: ○ such entity is "controlled" by one or more SFEs that is required to report their beneficial ownership in such exchanges ○ a single SFE owns 25% or more of such entity, ○ one or more SFEs own, in the aggregate, 40% or more of such entity, or ○ such entity has, as part of an original issuance, issued debt in excess of 15% of its publicly-traded debt to one or more SFEs. ○ These exclusions are generally available to any 80% subsidiaries of public companies as well. • "Effective control" standard: Test for any contractual relationship with an SFE (or a related person) that provides the SFE (or related person) with specific authority over key aspects of property or a facility that are not included in the measures of authority, ownership, and debt standards above. Applicable relationships can be for contractual rights to direct the operation of the

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		project, to restrict access to certain data, to exclusively maintain, operate or repair the project, to limit the use of IP, to receive royalties, to receive services, or to require use of a particular supply (among others). There is an exception for a bona fide purchase or sale of IP other than if the agreement provides that ownership of the IP reverts to the contractual counterparty after a period of time.
	• Material assistance limitation means (1) no component, subcomponent, or applicable critical mineral of any applicable property may be extracted, processed, recycled, manufactured, or assembled by an SFE or FIE and (2) no design of any applicable property may be based on any copyright or patent held by an SFE or FIE or any know-how or trade secret provided by an SFE or FIE. Exclusions from material assistance limitation for certain "assembly parts" and "constituent materials."	• Material assistance limitation means a "material assistance cost ratio" of certain threshold amounts established for Sections 45Y/48E and for Section 45X. The material assistance cost ratio is the quotient of a fraction, the numerator of which is total costs minus total costs attributable to an SFE or FIE, and the denominator of which is total costs. The provision has numerous rules to calculate material assistance from an SFE or FIE, including domestic content guidance–based "safe harbor" tables to rely on in determining the total costs attributable to an SFE or FIE. Also contemplates the potential need for manufacturer and supplier certifications of the SFE/FIE sourcing profile of their materials and their own cost of such materials.
Publicly Traded Partnership Qualifying Income (§ 7704)	Would expand publicly traded partnership Section 7704(d) qualifying income to include additional energy generation, transportation, and storage activities.	Same.

TAX-EXEMPT ORGANIZATION SECTOR AND CHARITABLE GIVING

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Executive Compensation Excise Tax (§ 4960)	The House bill would expand the coverage of the Section 4960 excise tax on compensation in excess of $1 million paid to employees (including former employees) of an applicable tax-exempt organization (ATEO) by removing the current cap that limits Section 4960's application to an ATEO's five highest compensated employees.	The Senate bill provision is similar to the House bill provision, but it would also cover predecessor organizations of an ATEO and would limit "former employees" to those employed during any taxable year beginning after December 31, 2016.
Private Foundation Net Investment Income Excise Tax (§ 4940)	The House bill would increase the excise tax rate on net investment income of certain private foundations under Section 4940. This proposal would replace the current flat excise tax rate of 1.39% with a tiered rate structure on a graduated basis. For purposes of determining the applicable excise tax rate, the assets and net investment income of certain related organizations would be treated as the assets and net investment income of the foundation. Foundation Assets – Excise Tax Rate Below $50 million – 1.39% $50 million– $250 million – 2.78% $250 million–$5 billion – 5% $5 billion+ – 10%	This provision has been removed. This includes both the proposed new tiered rate structure and the proposal to include related/controlled organizations in the calculation of the asset base.
Private Foundation Excess Business Holdings Tax (§ 4943)	The House bill would provide that repurchases of stock from a retiring employee who participated in the employee stock ownership plan would be treated as outstanding for purposes of the foundation tax on excess business holdings.	This provision has been removed.
College Endowment Excise Tax (§ 4968)	The House bill would increase the excise tax on net investment income of certain private colleges and universities under Section 4968 by creating a tiered rate structure based on "student-adjusted endowment" size, which is effectively the institution's endowment assets per eligible student (as described in Section	The Senate bill provision significantly reduces the endowment excise tax rates on colleges and universities proposed in the House, and the tax would only apply to institutions with more than 3,000 students. The bill removed the definition of "eligible student" found in the House bill for purposes of calculating the

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	484(a)(5) of the Higher Education Act of 1965). The bill would apply to certain institutions with at least 500 tuition-paying students and includes an exemption for qualified religious institutions. Student-Adjusted Endowment / Excise Tax Rate $500,000–$750,000: 1.4% $750,000–$1,250,000: 7% $1,250,000–$2,000,000: 14% $2,000,000+: 21%	student-adjusted endowment and it removes the exemption for qualified religious institutions. Student-Adjusted Endowment / Excise Tax Rate $500,000–$750,000: 1.4% $750,000– $2,000,000: 4% $2,000,000+: 8%
Transportation Fringe Benefits Tax (§§ 512(a) and 132(f))	The House bill would increase the UBTI of a tax-exempt organization by including the amount paid or incurred for any qualified transportation fringe benefit or any parking facility used in connection with qualified parking. This provision would bring back the "parking tax" that was enacted in 2017 and subsequently repealed in 2019.	This provision has been removed. Additionally, the Senate bill removes the qualified bicycle commuting reimbursement exclusion and adds an additional year of inflation adjustment.
UBTI from Certain Research Income (§ 512(b)(9))	The House bill would narrow the Section 512(b)(9) research exclusion from UBTI available to fundamental research institutions to income from research that is publicly available.	This provision has been removed.
Floor on Corporate Charitable Contributions (§ 170(b)(2)(A))	The House bill would establish a 1% floor for the deductibility of corporate charitable contributions. This section would modify Section 170(b)(2)(A) to provide that any charitable contribution made by a corporation is deductible only if the contribution exceeds 1% and is not greater than 10% of the corporation's taxable income.	The Senate bill provision is the same.
Floor on Individual Charitable Contributions (§ 170(b))	The House bill did not reference this provision.	The Senate bill would create a 0.5% floor for the deductibility of charitable contributions by individuals who elect to itemize. This section would modify

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		Section 170(b) to provide that any charitable contribution made by an itemizer is deductible only if the contribution exceeds 0.5% of the individual's contribution base for the taxable year.
Charitable Deduction for Nonitemizers (§ 170(p))	The House bill would amend Section 170(p) to provide an above-the-line charitable contribution deduction for individuals who do not elect to itemize deductions (up to $150 for single filers and $300 for married joint filers).	The Senate bill provision increases the charitable deduction for individuals who do not elect to itemize to $1,000 for single filers and $2,000 for married joint filers.

STATE AND LOCAL TAX

Act Provision	House Version	Enacted Version
State and Local Tax Deduction Cap	The House-passed version of the Act raises the federal cap on the state and local tax (SALT) deduction to $40,000 for joint filers (and $20,000 for single filers) starting in 2025, an increase from the current $10,000 cap. The deduction would be gradually reduced for single taxpayers with modified adjusted gross income (MAGI) of over $250,000 and for married taxpayers with MAGI of $500,000, with a floor of $5,000 and $10,000, respectively. For tax years between 2026 and 2033, the limits would be increased by 1% per year, and the cap would remain at the 2033 amount for subsequent tax years.	The Senate-passed version of the Act would temporarily raise the federal cap on SALT deduction to $40,000 for individuals and married couples filing jointly (and $20,000 for married couples filing separately) for taxable years beginning in 2025. The increased SALT cap would be phased out for households with modified adjusted gross income (MAGI) above $500,000. The cap and the $500,000 income threshold would grow by 1% each year through 2029, then the cap would revert to $10,000 in 2030.
State and Local Tax Deduction Pass-Through Workaround	The House-passed version of the Act eliminates the pass-through entity tax (PTET) workaround for businesses that are ineligible for the Section 199A deduction, which permitted owners of pass-through businesses (e.g., partnerships, S corporations) to bypass the SALT cap by paying state income tax at the entity level and claiming a federal deduction. That workaround, created by Notice 2020-75, would not be available to any pass-through business that	The Senate-passed version of the Act does not limit the current PTET workaround, which should effectively continue to allow pass-through entities the ability to claim the SALT deduction at the entity level without any limitations.

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	performs services in any trade or business where the principal asset of such trade or business is the reputation or skill of one or more of its employees (e.g., health, law, accounting, consulting, financial services).	
Expansion of Public Law 86-272 Protection	The House version of the Act expands the protection by amending Public Law 86-272 to define "solicitation or orders," which is currently not defined, to include "any business activity that facilitates the solicitation of orders even if that activity may also serve some independently valuable business function apart from solicitation." The resulting expansion of protections could invalidate decades of state guidance and rulings on this issue.	The Senate version of the Act does not address Public Law 86-272.

INTERNATIONAL TAX

Act Provision	House Version	Enacted Version
Adjustment to § 59A BEAT Rate	Introduced a slight increase to the current Section 59A BEAT rate from 10% to 10.1%. Further, the House-passed version of the Act would repeal the Section 59A changes scheduled to take effect for taxable years beginning after December 31, 2025, including (1) an increase in the BEAT rate from 10% to 12.5% and (2) modifications to the use of credits when calculating a taxpayer's regular tax liability.	The Senate-passed version of the Act increases the BEAT rate to 10.5% and modifies the use of credits when calculating a taxpayer's regular tax liability. The amendments to Section 59A would apply to taxable years beginning after December 31, 2025.
Modification to § 250 Deduction for Foreign Derived Intangible Income and Global Intangible Low-Taxed Income	Eligible US corporations are currently entitled to deduct 37.5% of FDII inclusions and 50% of GILTI inclusions. The FDII and GILTI deduction rates are currently scheduled to be reduced to 21.875% and 37.5%, respectively, for taxable years beginning after December 31, 2025. The Act would permanently set the FDII deduction at 36.5% and the GILTI deduction at 49.2%, which	The Senate version of the Act renames FDII as "Foreign Derived Deduction Eligible Income" (FDDEI) and permanently sets the deduction at 33.34%. It also renames GILTI as "Net CFC Tested Income" and permanently sets the deduction applicable to such income at 40%. The changes to the deduction rates would apply to taxable

Act Provision	House Version	Enacted Version
	represent minor reductions to the current rates.	years beginning after December 31, 2025. The Senate version of the Act also introduces a limitation on the application of FDII to dispositions of certain intangible property (including pursuant to a transaction subject to Section 367(d)) and property that is subject to depreciation, amortization, or depletion by the seller. This limitation on FDII would apply to sales or other dispositions occurring after June 16, 2025. The Senate version would eliminate the qualified business asset investment (QBAI) calculations applicable to both GILTI and FDII. Under GILTI, the QBAI calculation is based on a CFC's assets and has the effect of creating a 10% yearly exemption from the GILTI inclusion rules. Whereas for FDII, the QBAI amount is the amount of income of a US corporation that does not qualify for the FDII benefit. The application of QBAI has been criticized from a tax policy standpoint; it is argued that the application of the QBAI rules has the effect of incentivizing taxpayers to make investments outside the United States (to increase the amount of GILTI exemption) and effectively punishes US investments (due to the reduction in FDII benefit). The proposed QBAI changes to Section 250 seek to eliminate the exemption benefit for CFC income under GILTI, while also allowing more "domestic" income of a US corporation to qualify for the FDII benefit. The proposed modifications to the QBAI rules would apply to taxable years beginning after December 31, 2025.
Repeal of One-Month Deferral for CFC Taxable Year (§ 898)	The House version of the Act does not address Section 898.	The Senate version of the Act repeals the Section 898 one-month deferral election, which currently permits a CFC to elect a taxable year beginning one

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		month earlier than its majority US shareholder. The amendment would apply to taxable years of specified foreign corporations beginning after November 30, 2025.
Unfair Foreign Taxes (§ 899)	The House version of the Act included Section 899, which would have created a new mechanism to penalize foreign taxpayers from countries that are deemed to impose "unfair" taxes by increasing US tax rates on certain types of income paid to those taxpayers. The tax increases (up to 20% above existing rates) would have applied to specified types of income, including FDAP, FIRPTA gain, ECI, and investment income of certain foreign private foundations. Those increases would have overridden reduced treaty rates. The House version of the Act excluded certain types of income, such as "portfolio interest" from the proposed tax increases.	The Senate version of the Act does not include Section 899. The Senate dropped its Section 899 proposal after the United States reached agreement with its G7 counterparts to apply a "side-by-side" system that would fully exempt US parented groups from the Income Inclusion Rule (IRR) and the Undertaxed Profits Rule (UTPR) under the Pillar 2 rules agreed to in the OECD/G20 Inclusive Framework on BEPS. The following is a link to the G7 joint statement released on June 28, 2025: G7 Statement on Global Minimum Tax | U.S. Department of the Treasury
Modification of § 904 Foreign Tax Credit Limitation for GILTI	The House version of the Act does not address Section 904.	The Senate version of the Act modifies Section 904 to change the expense allocation rules to allow for greater foreign tax credit utilization by CFCs subject to higher taxes under GILTI. The proposed amendment is applicable to taxable years beginning after December 31, 2025.
Modification of § 904 Sourcing for Income from the Sale of Inventory Property Produced in the United States	The House version of the Act does not address Section 904.	The Senate version of the Act modifies the Section 904 sourcing for certain inventory goods produced inside the United States and sold for use outside the United States. The proposed amendment is applicable to taxable years beginning after December 31, 2025.
Modifications to Pro Rata Share Rules of § 951	The House version of the Act does not address Section 951.	The Senate version of the Act would modify the Section 951 pro rata inclusion rule in three material ways. The Act would amend Section 951(a)(1) to require a US shareholder to include in

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		gross income its pro rata share of the CFC's subpart F income if the shareholder owns stock on any day during the CFC's taxable year. The current law limits the inclusion requirement to US shareholders that own stock in the subject CFC on the last day of the CFC's taxable year. The pro rata share calculation would also be changed from a test based on a deemed distribution on the last day of the year (subject to adjustments) to one that measures the income attributable to the foreign corporation's stock when the shareholder qualified as a US shareholder and the foreign corporation was a CFC. Further, the proposed amendment directs the Secretary to issue regulations that would, among other things, allow taxpayers to elect (or require taxpayers) to close the taxable year of a CFC on a direct or indirect disposition of stock of such corporation. The Senate version of the Act would make similar changes to the GILTI inclusion rule. The proposed amendments would apply to taxable years of foreign corporations beginning after December 31, 2025. Transition rules are provided for certain dividend payments made by a CFC.
§ 951A GILTI Exclusion for Certain US Virgin Islands Income	The House version of the Act would modify the Section 951A GILTI definition to exclude certain service income arising from labor or personal services performed within the US Virgin Islands.	The Senate version of the Act does not contain the GILTI modification for labor or personal services performed in the US Virgin Islands.
Permanent Extension of § 954(c)(6) "Look Through" for	The House version of the Act does not address Section 954(c)(6).	The Section 954(c)(6) "look through" rule that exempts certain payments between CFCs from characterization as foreign personal holding company

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Certain CFC Payments		income (FPHCI) is scheduled to expire December 31, 2025. The Senate version of the ACT makes Section 954(c)(6) permanent.
Restoration of Limitation on § 958(b) Downward Attribution of Stock Ownership	The House version of the Act does not address Section 958(b).	Section 958(b)(4) was repealed by the Tax Cuts and Jobs Act of 2017 (TCJA), effective for a CFC's last tax year beginning before January 1, 2018. Prior to its repeal, Section 958(b)(4) prevented downward attribution of stock ownership from a foreign person to a US person. The repeal of Section 958(b)(4) resulted in numerous foreign corporations triggering CFC status, without any change in ownership. The Senate version of the Act reinstates Section 958(b)(4), restoring the limitation on downward attribution in effect prior to the TCJA. The Senate's version of the Act would also introduce new Section 951B, which would apply the subpart F and GILTI inclusion rules to any "foreign controlled US shareholder" (FCUSS) of a "foreign controlled foreign corporation" (FCFC). Section 951B, like the repeal of Section 958(b)(4), will trigger subpart F and GILTI inclusions for certain US taxpayers that hold ownership interests in a foreign corporation that would not otherwise rise to the level of triggering CFC status. The restoration of Section 958(b)(4) and the introduction of Section 951B would apply to taxable years of foreign corporations beginning after December 31, 2025.
Modification of § 960 Deemed Paid Credit	The House version of the Act does not address Section 960.	The Senate version of the Act introduces modifications to Section 960 designed to reduce the foreign tax credit "haircut" for GILTI inclusions from 20% to 10%, which is applicable to taxable years beginning after December 31, 2025.

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		The Senate version also introduces a new foreign tax credit disallowance provision for distributions of certain previously taxed income attributable to an inclusion under Section 951A(a). The exclusion would apply to foreign income taxes paid or accrued (or deemed paid) with respect to any amount excluded from gross income under Section 959 by reason of an inclusion in gross income under Section 951A after June 28, 2025.

ADDITIONAL BUSINESS AND COMPLIANCE TAX PROVISIONS

Act Provision	House Version	Enacted Version
Bonus Depreciation (§ 168(k), (n))	• Would reinstate Section 168(k) bonus depreciation, returning it to 100% through the end of 2029. • Would add a new category of 100% expensing depreciation for certain "qualified production property" beginning construction before 2029 and placed in service before 2033. Applicable property includes nonresidential real property used as an integral part of qualified manufacturing, agricultural or chemical production, or refining of a qualified product. Ten-year recapture rules would apply for any nonpermitted use.	• Would reinstate Section 168(k) bonus depreciation but make permanent. • Largely similar to the House bill but would apply to "qualified production property" placed in service before 2031 (subject to potential extension due to an "act of God").
Business Interest Deduction Limitation (§ 163(j))	Would modify the Section 163(j) business interest deduction limitation by determining adjusted taxable income with reference to EBITDA (rather than EBIT) from 2025–2029.	Same as House bill but would make EBITDA-based adjusted taxable income determination permanent.
Deduction of Domestic Research and Experimental Expenditures (§§ 41, 174, and 280C)	• New Section 174A allows taxpayers to currently deduct domestic research and experimentation (R&E) expenditures, largely restoring prior Section 174 as it operated before	• Identical language under Section 174A(a) permitting the deduction of R&E expenditures.

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	TCJA changes that required capitalization and amortization. • Previously capitalized research expenditures under Section 174 are recovered according to their existing five-year amortization schedule. Related accounting method changes are made on a cut-off basis with no Section 481(a) adjustment. • Modifies Section 280C to reduce Section 174A expenditures by the amount of any research tax credit under Section 41(a), similar to the pre-TCJA version. • Changes apply to taxable years beginning after December 31, 2024 and before January 1, 2030.	• All taxpayers may elect, in the first taxable year beginning after 12/31/24, to deduct previously capitalized R&E amounts immediately or over two years. • Taxpayers meeting the gross receipts test of Section 448(c) – average annual gross receipts of less than $25 million – may, within one year of enactment, file amended returns to deduct previously capitalized R&E expenditures. • Modifies Section 280C to reduce Section 174A expenditures by the amount of any research tax credit under Section 41, similar to the pre-TCJA version. • Changes apply to all taxable years beginning after December 31, 2024.
§ 199A Deduction for "Qualified Business Income"	The House version of the Act makes the Section 199A deduction for "qualified business income" permanent and increases the deduction from 20% to 23%. The House version of the Act expands the Section 199A deduction to cover "qualified BDC interest dividends."	The Senate version of the Act makes the Section 199A deduction for "qualified business income" permanent and maintains the deduction at 20%. The Senate version also increases the taxable income limitation phase-in amounts and creates a minimum deduction amount.
Carried Interest	The House version of the Act does not contain any proposed changes to the taxation of carried interests.	The Senate version of the Act does not contain any proposed changes to the taxation of carried interests.
§ 4475 Excise Tax on Certain Remittance Transfers	The House version of the Act would introduce new Section 4475, which would impose a 3.5% excise tax on any "remittance transfer." The excise tax targets certain transfers of funds from	The Senate version of the Act reduces the excise tax to 1% of the amount of the transfer. The Senate version of the legislation limits the application of the excise tax to cash, money orders,

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	the United States to foreign recipients. The tax would be paid by the sender with respect to the transfer and obligate the "remittance transfer provider" to collect the tax, with liability for failure to collect the tax placed on the remittance transfer provider. The excise tax is not applicable to transfers executed through qualified remittance transfer providers by any citizen or national of the United States. The anti-conduit provisions of Section 7701(l) combat attempts to avoid the excise tax.	cashier's checks, and similar physical instruments. Transfers from qualified financial institutions and transfers funded with a debit card or credit card issued in the United States are also exempted. The anti-conduit provisions of Section 7701(l) combat attempts to avoid the excise tax.
Expansion of § 1202 Qualified Small Business Stock Exemption	The House version of the Act does not address Section 1202.	The Senate version of the Act would expand the application of the qualified small business stock (QSBS) exemption for stock issued after the enactment of the final legislation. The legislation would introduce four key changes to the QSBS rules: (1) reduce the required holding period from more than five years to at least three years; (2) introduce three tiers of exemption based on holding period (50% for stock held for three years, 75% for stock held for four years, and 100% for stock held for five years or more); (3) increase the cap on a taxpayer's per-year exclusion amount from the greater of $10 million or 10 times the taxpayer's tax basis in the QSBS (determined for QSBS purposes) to the greater of $15 million or 10 times the taxpayer's basis in the QSBS; and (5) increase the issuing corporation's gross asset limit from $50 million to $75 million. Both the $15 million and $75 million limitations will be indexed for inflation. The proposed legislation does not change other existing Section 1202 requirements, such as the issuing corporation must be a domestic C corporation that is actively engaged in a "qualified trade or business."

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§ 5000F-1 Third-Party Litigation Funding Tax	Not included in House version of the Act.	An early Senate draft proposed a new excise tax of 31.8% on any "qualified litigation proceeds" received by a "covered party." In the case of pass-through entities, the excise tax would have been applied at the entity level. The provision was not adopted in the final Senate bill.
Partnership Reporting: SALT Mismatch Penalty	The House proposal added a new penalty provision for individuals who receive a mismatched SALT benefit from pass-through entities, including partnerships, that pay state and local taxes. This rule targeted mismatches between the state or local tax claimed at the entity level and the allocation of income or loss to partners for state tax purposes.	This provision was not included in the bill passed by the Senate.
Information Return de minimis Threshold	Raises the de minimis threshold for issuing information returns, such as 1099-MISC, from $600 to $2,000 (indexed for inflation). Applies to nonemployee compensation, rents, royalties, prizes, and other reportable payments under Section 6041 and Section 6041A.	Same.
Employee Retention Credit (ERC) Claims		The Senate's proposal contains the following enforcement enhancements: • Extends the statute of limitations for ERC assessments to six years (from the normal three years), giving the IRS more time to audit and challenge questionable claims. • Allows the IRS to summarily assess and claw back ERC claims before an audit is completed. • Bars taxpayers from receiving a refund or credit for ERC claims filed after January 31, 2024 unless already submitted. • Introduces elevated penalties for tax return preparers, promoters,

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		and businesses engaged in ERC schemes or misrepresentations. The Senate bill's ERC enforcement provisions are substantially the same as what was originally included in the House's proposal, before being removed through the Chairman's Amendment during the House markup process. The Senate effectively restored these provisions in its version, signaling continued bipartisan concern about ERC fraud and improper claims. While arguably businesses that claimed valid ERC refunds should not be impacted, the enhancements to enforcement may lead to further audits and scrutiny, which will continue the ongoing delay many taxpayers are already facing in obtaining their validly claimed refunds. Further, the extension of the statute of limitation for this credit would apply regardless of the meritorious nature of the claim. Businesses that claimed the ERC and financial institutions and lenders that relied on ERC refund expectations in underwriting should be aware of these new enhancements and the continued impact these provisions will have on all ERC refunds.

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