

One Big Beautiful Bill Provisions

Permanent 100% Bonus Depreciation

- Fully deduct the cost of qualified property placed in service after January 19, 2025
- Projectors, sound equipment, recliner seats, etc.

Expanded Section 179 Expensing

- Businesses can now deduct up to \$2.5 million in purchases (with a \$4 million phase-out threshold).

R&D Expensing Reinstated

- The bill once again allows for full and immediate expensing of research and development costs, including investments in operational technology, customer experience innovations, and sustainability improvements.

199-A Deduction

- Permanent 20% deduction for qualified pass-through income for eligible S corporations, partnerships, and sole proprietors.

Estate & Gift Tax Exemption

- Makes permanent the higher estate and gift tax exemption levels to \$15m per individual and \$30m for couples

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To Tax on Tips and Overtime:

- **Separate Tracking:** Employers must track FLSA overtime premiums and qualified tip income; many payroll systems don't currently break these out.
- **Effective Date:** Retroactive to Jan. 1, 2025; employers must provide reasonable documented estimates in 2025.
- **W-2 Reporting:** IRS expected to issue new codes/boxes by 2026; accurate tracking required starting that year.
- **Withholding Rules:** Do not stop or reduce federal withholding in 2025; changes apply in 2026; FICA withholding continues. Projectors, sound equipment, recliner seats, etc.
- **Overtime Limits:** Only federally mandated overtime premiums qualify; extra pay (e.g., double time) is not exempt.
- **Tipped Employees:** Only IRS-recognized tipped roles (servers, bartenders, etc.) are eligible.
- **Exclusions:** Tips for non-tipped staff (e.g., dishwashers, cooks) generally do not qualify, except in limited cases.
- **State Rules:** States have not adopted the federal exemption; overtime and tips remain taxable at the state level.
- **Withholding & Reporting:** Employers must continue to withhold and report this income under current state law.
- **Communication:** Businesses should prepare guidance for employees as rules may vary or change by state.