



# 2025 Year-End Tax Planning for Individuals and Businesses

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# HBK LEGISLATIVE IMPACT ASSESSMENT

## INTRODUCTION

This year has been a full one, with new tax legislation, a record-breaking government shut-down, and an Internal Revenue Service that has dealt with significant budgetary cuts. The One Big Beautiful Bill (OB BB) Act, which was signed into law on July 4, 2025, made many of the tax provisions from the expiring Tax Cuts and Jobs Act (TCJA) of 2017 permanent. It also introduced some tax law changes, and planning tools that individuals and businesses may be able to take advantage of.

This planning letter contains information and planning strategies based on federal laws, regulations, court cases, and policies that are in effect as of the publication date. The planning strategies and recommendations discussed generally focus on federal tax laws, so if you live in a state that does not typically follow the federal tax rules additional nuances may need to be considered before implementing a strategy. Our state and local tax (SALT) experts provide some insights in this letter, and are also available to provide additional planning strategies that may be more beneficial at the state level.

In addition, international tax issues continue to be a focus, and compliance costs continue to rise as reporting becomes more complex and penalties increase. Individuals and businesses that engage in foreign activities need to be more vigilant in documenting and reporting all of their foreign activities and ensuring that all income is reported appropriately. Our international tax experts are available to talk through potential issues and identify planning opportunities that could help minimize foreign reporting requirements.

We hope you find the information in this letter helpful, and we encourage you to reach out to your HBK tax advisor to discuss these planning opportunities prior to implementing any changes. We look forward to working with you this coming year.



## INDIVIDUAL PLANNING

### Key tax figures & filing deadlines at a glance

| <b>HSA CONTRIBUTION LIMITS 2025 »</b><br>(Employer & Employee) |         |
|--|---------|
| Self Only  | \$4,300 |
| Family   | \$8,550 |
| 55+ Additional   | \$1,000 |

| <b>HSA CONTRIBUTION LIMITS 2026 »</b><br>(Employer & Employee) |         |
|--|---------|
| Self Only  | \$4,400 |
| Family   | \$8,750 |
| 55+ Additional   | \$1,000 |

| <b>STANDARD DEDUCTION 2025 »</b> |          |
|----------------------------------|----------|
| Married Filing Jointly           | \$31,500 |
| Single                           | \$15,750 |
| Head of Household                | \$23,625 |
| Married Filing Separately        | \$15,750 |

| <b>STANDARD DEDUCTION 2026 »</b> |          |
|----------------------------------|----------|
| Married Filing Jointly           | \$32,200 |
| Single                           | \$16,100 |
| Head of Household                | \$24,150 |
| Married Filing Separately        | \$16,100 |

| <b>IRA CONTRIBUTION 2025 »</b><br>(Traditional & Roth) |  |
|--|--|
| \$7,000<br>with additional \$1,000 catchup over age 50 |  |

| <b>ESTATE &amp; GIFT TAX LIMITATIONS »</b> |              |
|--|--------------|
| 2025 Annual Exclusion                      | \$19,000     |
| 2025 Unified Exemption                     | \$13,990,000 |
| 2026 Annual Exclusion                      | \$19,000     |
| 2026 Unified Exemption                     | \$15,000,000 |

| <b>401(k)/403(b) CONTRIBUTION »</b>                     |  |
|---|--|
| \$23,500<br>with additional \$7,500 catchup over age 50 |  |

| <b>TAX YEAR 2025 FILING DEADLINES INDIVIDUAL &amp; BUSINESS TAX FILINGS »</b>   |  |
|---|--|
| TAX TYPE  | DUE DATE<br>(For calendar year entities)                           |
| Partnerships (Form 1065) & S Corporations (Form 1120S)  | March 16, 2026   |
| Individuals (Form 1040), C Corporations (Form 1120), Foreign Bank and Financial Reporting Form (FBAR) FinCEN Report 114 Trusts and Estates (Form 1041) and Gift Tax Return (Form 709) | April 15, 2026   |
| Tax-Exempt Nonprofit Organizations (Form 990)   | May 15, 2026   |
| Filing extensions for Partnerships & S Corporations   | September 15, 2026   |
| Filing extensions for Trusts & Estates (Form 1041)  | September 30, 2026   |
| Filing extensions for Individuals, Gift Tax Return, Foreign Financial Reporting & C Corporations  | October 15, 2026   |
| Filing extensions for Tax-Exempt Nonprofit Organizations  | November 15, 2026  |
| Estate Tax (Form 706)   | 9 months after the date of death, a 6-month extension is available |



### 2025 FEDERAL INDIVIDUAL INCOME TAX RATES

| TAX RATE | SINGLE                 | MARRIED FILING JOINTLY/<br>SURVIVING SPOUSE | MARRIED, FILING<br>SEPARATELY | HEAD OF<br>HOUSEHOLD   | ESTATE &<br>TRUSTS   |
|----------|------------------------|---|-------------------------------|------------------------|----------------------|
| 10%      | \$0 to \$11,925        | \$0 to \$23,850                             | \$0 to \$11,925               | \$0 to \$17,000        | \$0 to 3,150         |
| 12%      | \$11,926 to \$48,475   | \$23,851 to \$96,950                        | \$11,926 to \$48,475          | \$17,001 to \$64,850   | —                    |
| 22%      | \$48,476 to \$103,350  | \$96,951 to \$206,700                       | \$48,476 to \$103,350         | \$64,851 to \$103,350  | —                    |
| 24%      | \$103,351 to \$197,300 | \$206,701 to \$394,600                      | \$103,351 to \$197,300        | \$103,351 to \$197,300 | \$3,151 to \$11,450  |
| 32%      | \$197,301 to \$250,525 | \$394,601 to \$501,050                      | \$197,301 to \$250,525        | \$197,301 to \$250,500 | —                    |
| 35%      | \$250,526 to \$626,350 | \$501,051 to \$751,600                      | \$250,526 to \$375,800        | \$250,501 to \$626,350 | \$11,451 to \$15,650 |
| 37%      | More than \$626,350    | More than \$751,600                         | More than \$375,800           | More than \$626,350    | More than \$15,650   |

### 2026 FEDERAL INDIVIDUAL INCOME TAX RATES

| TAX RATE | SINGLE                 | MARRIED FILING JOINTLY/<br>SURVIVING SPOUSE | MARRIED, FILING<br>SEPARATELY | HEAD OF<br>HOUSEHOLD   | ESTATE &<br>TRUSTS   |
|----------|------------------------|---|-------------------------------|------------------------|----------------------|
| 10%      | \$0 to \$12,400        | \$0 to \$24,800                             | \$0 to \$12,400               | \$0 to \$17,700        | \$0 to 3,330         |
| 12%      | \$12,401 to \$50,400   | \$24,801 to \$100,800                       | \$12,401 to \$50,400          | \$17,701 to \$67,450   | —                    |
| 22%      | \$50,401 to \$105,700  | \$100,801 to \$211,400                      | \$50,401 to \$105,700         | \$67,451 to \$105,700  | —                    |
| 24%      | \$105,701 to \$201,775 | \$211,401 to \$403,550                      | \$105,701 to \$201,775        | \$105,701 to \$201,750 | \$3,331 to \$11,700  |
| 32%      | \$201,776 to \$256,225 | \$403,551 to \$512,450                      | \$201,776 to \$256,225        | \$201,751 to \$256,200 | —                    |
| 35%      | \$256,226 to \$640,600 | \$512,451 to \$768,700                      | \$256,226 to \$384,350        | \$256,201 to \$640,600 | \$11,701 to \$16,000 |
| 37%      | More than \$640,600    | More than \$768,700                         | More than \$384,350           | More than \$640,600    | More than \$16,000   |

### CAPITAL GAIN & QUALIFIED DIVIDEND TAX RATES

The income limits for the long-term capital gain and qualified dividend tax brackets have again been adjusted for the 2025 tax year. The brackets, however, remain unchanged at 0%, 15%, and 20%. Short-term capital gains are still taxed at ordinary income tax rates.

Consider analyzing your portfolio to determine whether there are any investment losses that can be harvested prior to year-end. This may help offset some large capital gains that were recognized during the year. You may also consider adjusting your portfolio to reduce your annual taxable income, as many of the changes introduced by the new tax legislation phase out for high-income earners. We recommend you consult with your tax and investment advisors prior to selling or repositioning any investments to ensure that the changes are in line with your overall financial goals.

| <b>2025 LONG-TERM CAPITAL GAINS TAX RATES</b> |                 |                        |                        |
|---|-----------------|------------------------|------------------------|
| <b>FILING STATUS</b>                          | <b>0%</b>       | <b>15% min. income</b> | <b>20% min. income</b> |
| Single  | \$0 to \$48,350 | \$48,351 to \$533,400  | Over \$533,400         |
| Married Filing Jointly                        | \$0 to \$96,700 | \$96,701 to \$600,050  | Over \$600,050         |
| Head of Household                             | \$0 to \$64,750 | \$64,751 to \$566,700  | Over \$566,700         |
| Married Filing Separately                     | \$0 to \$48,350 | \$48,351 to \$300,000  | Over \$300,000         |

| <b>2026 LONG-TERM CAPITAL GAINS TAX RATES</b> |                 |                        |                        |
|---|-----------------|------------------------|------------------------|
| <b>FILING STATUS</b>                          | <b>0%</b>       | <b>15% min. income</b> | <b>20% min. income</b> |
| Single  | \$0 to \$49,450 | \$49,451 to \$545,500  | Over \$545,500         |
| Married Filing Jointly                        | \$0 to \$98,900 | \$98,901 to \$613,700  | Over \$613,700         |
| Head of Household                             | \$0 to \$66,200 | \$66,201 to \$579,600  | Over \$579,600         |
| Married Filing Separately                     | \$0 to \$49,450 | \$49,451 to \$306,850  | Over \$306,850         |

### ALTERNATIVE MINIMUM TAX

| <b>2025 EXEMPTION AMOUNTS</b>               |           |
|---|-----------|
| Single (Other than Surviving Spouses)       | \$88,100  |
| Married Filing Jointly or Surviving Spouses | \$137,000 |
| Married Filing Separately                   | \$68,500  |
| Estates and Trusts                          | \$30,700  |

| <b>2025 PHASE-OUT EXEMPTION AMOUNTS</b>     |                                  |                                 |
|---|----------------------------------|---------------------------------|
|   | <b>Threshold Phaseout Amount</b> | <b>Complete Phaseout Amount</b> |
| Single                                      | \$626,350                        | \$978,750                       |
| Married Filing Jointly or Surviving Spouses | \$1,252,700                      | \$1,800,700                     |
| Married Filing Separately                   | \$626,350                        | \$900,350                       |
| Estates and Trusts                          | \$102,500                        | \$225,300                       |

| 2026 EXEMPTION AMOUNTS                      |           |
|---|-----------|
| Single (Other than Surviving Spouses)       | \$90,100  |
| Married Filing Jointly or Surviving Spouses | \$140,200 |
| Married Filing Separately                   | \$70,100  |
| Estates and Trusts                          | \$31,400  |

| 2026 PHASE-OUT EXEMPTION AMOUNTS            |                           |                          |
|---|---------------------------|--------------------------|
|   | Threshold Phaseout Amount | Complete Phaseout Amount |
| Single                                      | \$500,000                 | \$680,200                |
| Married Filing Jointly or Surviving Spouses | \$1,000,000               | \$1,280,400              |
| Married Filing Separately                   | \$500,000                 | \$640,200                |
| Estates and Trusts                          | \$104,800                 | \$167,600                |

## DEDUCTIONS

The standard deduction increased for the 2025 tax year, and has again increased for 2026. Since the Tax Cuts & Jobs Act of 2017 was passed, many individuals have been claiming the standard deduction instead of itemizing their deductions. However, itemizing deductions still makes sense for individuals with significant interest expense, large medical bills, or where large charitable contributions were made during the year.

### STATE AND LOCAL TAX (SALT) DEDUCTION

The TCJA made significant changes to the SALT deduction in 2017, imposing a \$10,000 overall limitation on the deduction that was set to expire in 2026. The OBBB has made this limitation permanent, with a temporary increase in the limit to \$40,000 for 2025 all taxpayers with an adjusted gross income of less than \$500,000. This limit then phases back down to \$10,000 for adjusted gross income between \$500,000 and \$600,000. These amounts are indexed for inflation, and the deduction reverts back to the \$10,000 limitation after 2029. This means that taxpayers with an adjusted gross income between \$500,000 and \$600,000 will see a significantly higher increase in taxes if they have \$40,000 or more in SALT deductions. Planning should generally focus on reducing adjusted gross income through income deferral or loss / deduction acceleration techniques.

### MORTGAGE INTEREST DEDUCTION

The OBBB made the \$750,000 acquisition indebtedness cap for mortgages incurred after December 15, 2017 permanent. Mortgages obtained prior to December 15, 2017 are still subject to the original \$1,000,000 acquisition indebtedness cap, which also applies for refinances of debt obtained prior to that date as long as the refinance does not increase the principal balance beyond the original debt. Any increase as part of a refinance would be subject to the \$750,000 cap.

### CHARITABLE CONTRIBUTIONS

Many of our clients take advantage of charitable giving to help offset large tax bills. For 2025, the deduction for cash contributions made to qualifying charitable organizations, including donor advised funds, is limited to 60% of an individual's adjusted gross income. This limitation can be avoided for individuals that are over age 70½ if a cash contribution



is made directly to a qualifying charity from their individual retirement account, subject to an overall qualified charitable distribution limitation of \$108,000 for 2025.

Individuals age 70½ or older who are charitably inclined may also consider exercising a once-only option to roll over up to \$54,000 (for 2025) from their IRA into a charitable gift annuity. This rollover is in addition to the qualified charitable distribution, and the entire amount received by the individual from the annuity is subject to income tax.

If you are charitably inclined and wish to make a larger charitable commitment, consider establishing a donor advised fund, private foundation, or a charitable trust. You may also wish to consider donating highly appreciated publicly traded stock to a public charity or donor advised fund, thus avoiding recognizing the gain on a future sale, but still getting the benefit of a deduction equal to the fair market value of the stock donated.

Be aware of charitable contribution changes coming in 2026 under OBBB. Under the changes introduced by the OBBB, a new 0.5% floor has been added for charitable contributions made by individuals who itemize their deductions, starting in tax year 2026. A new deduction for charitable contributions made by individuals who take the standard deduction has also been introduced by OBBB for 2026, equal to \$1,000 for single filers and \$2,000 for married filing joint.

### OVERALL ITEMIZED DEDUCTION LIMITATION

Under prior law (pre-TCJA), high-income taxpayers who itemized their deductions were subject to an overall limitation on their itemized deductions known as the “Pease Limitation.” The TCJA temporarily eliminated this limitation, and the OBBB permanently eliminated it. The OBBB created a new limitation, set to begin in 2026, for taxpayers in the top federal tax bracket (37%). If a taxpayer is in the top tax bracket, itemized deductions will be reduced by 2/37ths (approximately 5.4%) of the lesser of total itemized deductions or the amount which the taxpayer’s income exceeds the amount at which the 37% tax bracket begins.

### RETIREMENT PLAN CONTRIBUTIONS

Contributions made to a traditional individual retirement plan (IRA) may qualify for a deduction in the year the contribution is made. The contribution limit for 2025 is \$7,000, or \$8,000 if an individual is age 50 or older. If an individual is also covered by a workplace retirement plan, the allowable deduction is subject to income limitations. For the 2025 tax year, the income phase-out range for single filers is between \$79,000 and \$89,000. For married filing jointly, the range is between \$126,000 and \$146,000.

Consider making a deductible contribution prior to year end in order to get the benefit of the deduction. Alternatively, if your income tax rate is significantly lower in 2025, consider treating the contribution as nondeductible, thus providing basis in your IRA that can be used in the future to offset taxable distributions. Nondeductible contributions may also be rolled over into a tax-advantaged Roth IRA, resulting in a “backdoor” Roth IRA contribution. Future distributions from a Roth IRA are not subject to income tax, unlike a traditional IRA.

Direct contributions to a Roth IRA are also possible for some individuals, though direct contributions are not allowed if an individual’s income exceeds the phase-out range. For 2025, the income phase-out range for single filers is between \$150,000 and \$165,000,

and between \$236,000 and \$246,000 for married filing joint. If your income exceeds these ranges, the “backdoor” contribution is generally recommended.

Finally, self-employed individuals may benefit from establishing a retirement plan that will allow for higher contribution and deduction limits. For example, an individual that establishes a Simplified Employee Pension (SEP) IRA may be able to contribute up to \$70,000 for the 2025 tax year, and increasing to \$72,000 for the 2026 tax year.

## PLANNING FOR FAMILIES WITH CHILDREN

There are a number of tax benefits available for families with dependent children, including the Child Tax Credit and the credit for child and dependent care expenses. There are also some important items to be mindful of when shifting income to children, or paying for a child’s educational costs. The following items are some things to keep and mind and consider for 2025 and going into 2026.

### CHILD TAX CREDIT

The OBBB permanently increased the Child Tax Credit to \$2,200 for the 2025 tax year, with a refundable portion up to \$1,700. These amounts are now increased annually for inflation, with the credit remaining the same at \$2,200 for the 2026 tax year with the same refundable portion.

The ability to receive the refundable portion phases out when earned income exceeds \$2,500 and the total Child Tax Credit phases out when income exceeds \$200,000 for single filers or \$400,000 for married filing jointly. These amounts were originally put in place by the TCJA in 2017, and have been made permanent under the OBBB.

### CREDIT FOR OTHER DEPENDENTS

For individuals that are able to claim adult children or other qualifying relatives as dependents, a credit of up to \$500 may be available. This credit may apply where a child has phased out of the Child Tax Credit due to age limitations, or where an individual is taking care of elderly and/or disabled parents. The same income phase-outs for the Child Tax Credit also apply for the Credit for Other Dependents. This credit amount has been made permanent by the OBBB.

### CREDIT FOR ADOPTION EXPENSES

Families who choose to adopt a child may be able to claim a credit of up to \$17,280 in 2025 (or \$17,670 in 2026) for qualifying adoption expenses. If the child adopted has special needs then the full credit may be available regardless of whether any expenses were paid. To claim the credit in 2025 the adoption must be finalized in 2025. The credit phases out for taxpayers whose income is between \$259,190 and \$299,190 for 2025, and between \$265,080 and \$305,080 for 2026.

The OBBB made a portion of the adoption credit refundable, with up to \$5,000 refundable for 2025 and up to \$5,120 for 2026. This amount will continue to increase with inflation. If any portion of the credit is carried forward, the carryforward portion cannot be refunded.

### CHILD AND DEPENDENT CARE CREDIT

Individuals who work or who are actively looking for work and pay expenses for the care of a qualifying individual may qualify for the child and dependent care credit. In general,



expenses paid for day care, nursery school, before and after-school care, and summer camp may qualify if paid for a qualifying child under the age of 13. The allowable credit is a percentage of the work-related expenses paid, subject to an overall limitation of \$3,000 for one person or \$6,000 for two or more people. The allowable credit percentage is between 20% and 35%, thus the maximum credit for 2025 is \$1,050 (35% of \$3,000) for one person, or \$2,100 (35% of \$6,000) for two or more people.

The OBBB made changes to this credit, starting in the 2026 tax year, by increasing the highest allowable credit percentage to 50% and allowing for a maximum credit of \$1,500 for one person, or \$3,000 for two or more people. The minimum remains at 20%.

### THE KIDDIE TAX

Where a child has unearned income (e.g. investment income and capital gains), the amount realized in excess of \$2,700 is taxable at the parent's marginal tax rate. For this rule to apply, the child must be: (1) under the age of 18 and not filing a joint return; (2) age 18 but with earned income that does not exceed one-half of the amount of the child's support and not filing a joint return; or (3) between the ages of 19 and 23 if, in addition to the above, are full-time students.

If the child only has unearned income, and gross income is less than \$13,500 for 2025, a parent may elect to include the child's gross income in their own gross income, assuming other requirements are met. While this would avoid the necessity of filing a separate return for a child, it may also result in an increase to the parents' adjusted gross income, thus potentially resulting in an overall higher tax rate.

## TAX BENEFITS FOR EDUCATIONAL EXPENSES

Tax credits or deductions may apply for amounts paid for educational expenses, including interest paid on student loans. The following is a breakdown of some of the planning opportunities that may be available to you or your qualifying dependent.

### AMERICAN OPPORTUNITY TAX CREDIT

The American Opportunity Tax Credit (AOTC) is generally available for qualified tuition and related expenses that are paid on behalf of a student (you, your spouse, or your dependent) who is enrolled at least half-time at an eligible educational institution. The maximum credit available is \$2,500, and is only available for the first four years of a student's post-secondary education. The credit is subject to income phase-out limitations. For 2025, the phase-out range, based on modified adjusted gross income, is between \$169,000 and \$189,000 for married filing joint, or between \$84,000 and \$104,000 for all other filers. If a taxpayer qualifies for all or a portion of the credit, 40% of the allowable credit is refundable.

### LIFETIME LEARNING CREDIT

Where a student does not qualify for the AOTC, the Lifetime Learning Credit (LLC) may apply. The LLC is available for qualified tuition and related expenses that are paid for eligible students enrolled in an eligible educational institution. The credit is generally available for undergraduate, graduate, and professional degree courses, including additional courses need to acquire or improve job skills. Unlike the AOTC, there is no limit on the number of years that a taxpayer can claim the LLC. The maximum credit for 2025



is \$2,000 (20% of qualifying expenses up to \$10,000), and is phased out when modified adjusted gross income is between \$169,000 and \$189,000 for married filing joint, or between \$84,000 and \$104,000 for all other filers. No portion of this credit is refundable.

### **STUDENT LOAN INTEREST DEDUCTION**

Federal student loan interest deduction may provide a tax benefit for the 2025 tax year. In general, an above-the-line deduction is allowed for student loan interest that is paid on a qualifying educational loan. The maximum deduction is \$2,500, which phases out when modified adjusted gross income is between \$170,000 and \$200,000 for married filing jointly, or between \$85,000 and \$100,000 for all other filers.

### **EXPENSES OF ELEMENTARY AND SECONDARY SCHOOL TEACHERS**

For 2025, the amount of expenses paid or incurred by an eligible school teacher / educator in connection with books, supplies, computer equipment, and supplementary materials in the classroom is \$300. This increases to \$350 for 2026.

## **ESTATE PLANNING CONSIDERATIONS**

For 2025, the unified estate and gift tax exemption is \$13,990,000 per individual. This means that an individual is able to gift up to this amount during life, and any unused amount at death can be used to offset the value of a person's estate that is subject to estate tax. In addition, individuals may gift up to \$19,000 per person during tax year 2025 (i.e. the "annual exclusion") without dipping into the unified exemption amount. For 2026, the OBBB permanently increased the exemption to \$15,000,000 per individual, indexed for inflation. The annual exclusion for 2026 remains at \$19,000 per person.

The generation-skipping transfer (GST) tax exemption is also \$13,990,000 for 2025, and permanently increased to \$15,000,000 plus inflation for 2026 and after under the changes made by the OBBB. The GST tax applies whenever there is a transfer made to a "skip" person, i.e. an individual that is two generations below, so a grandchild or great-grandchild. If there is no relation to the person receiving the gift, then the recipient will be considered a "skip" person if they are 37.5 years younger than the person giving the gift.

### **SECTION 529 QUALIFIED TUITION PLANS**

Establishing a Section 529 plan for children or grandchildren provides a tax-advantaged method for paying for future educational expenses. Contributions to a Section 529 plan qualify for the annual exclusion from gift tax, and an election can be made to treat large contributions as if they were made ratably over a five year period, thus allowing the application of the annual exclusion for each year covered by the election. Many states also provide for income tax credits or deductions if contributions are made to 529 plans during the year.

Distributions from a Section 529 plan are tax free as long as they are used to cover qualifying educational expenses. Distributions may also be used to cover up to \$10,000 per year, per student, for tuition of elementary and secondary schools. The OBBB broadened the definition of "qualified expenses" to include, among other expenses: curriculum materials, fees for nationally standardized tests, online educational programs, and specialized educational services for students with disabilities.

The OBBB also made tax-free rollovers from Section 529 plans to an ABLE account permanent, allowing for greater planning options for families with special needs.

### **CHARITABLE GIVING**

There are many charitable strategies that may provide greater flexibility for charitable giving, and provide an overall benefit to an individual's estate plan. Charitable trusts may be used to either spread the recognition of gain on the sale of appreciated assets over multiple years, or to reduce annual income that is not needed while preserving the assets generating the income for future generations. The use of Donor Advised Funds or Private Foundations can provide both an income tax benefit and an estate planning benefit, if properly incorporated as part of an individual's overall estate plan.

### **ESTATE PLANNING THOUGHTS**

Now that the OBBB has permanently increased the unified gift and estate tax exemption to \$15,000,000 plus inflation, planning has generally shifted to income tax planning for many individuals who do not have a gross estate in excess of \$15 million (or \$30 million, if married). Structures that were put in place to address the potential decrease in exemption should be evaluated to ensure they are meeting a family's changing needs. In some situations, the use of non-grantor trusts may be beneficial to help spread income across multiple taxpayers.

For high-net-worth individuals with taxable estates, the increased exemption provides renewed planning opportunities for gifting – both outright and in trust. Estate “freeze” techniques should also be reviewed to determine if implementation would be beneficial.

Our estate planning experts are able to help analyze your estate plan to ensure it meets your specific needs, working closely with your estate planning attorney to achieve the best income and estate tax results possible.

### **BUSINESS PLANNING**

The OBBBA delivered significant tax changes designed to strengthen business investment and growth. This legislation permanently extends several pro-business provisions from the Tax Cuts and Jobs Act (TCJA) and introduces new opportunities. For business owners, CFOs, and decision-makers, understanding these updates is critical to leveraging opportunities for 2026 and beyond.

### **SECTION 179 & BONUS DEPRECIATION EXPENSE**

Section 179 expensing has been significantly enhanced, with the deduction limit increased to \$2.5 million and a phase-out beginning at \$4 million in qualifying purchases. These changes apply to property placed in service in taxable years beginning after December 31, 2024, providing businesses with greater flexibility in managing capital investments. In addition, the Act restores and makes permanent 100% bonus depreciation for qualified property placed in service after January 19, 2025. This provision allows businesses to immediately deduct the full cost of eligible assets, such as equipment, furniture, and technology, accelerating tax savings and improving cash flow for companies investing in growth.





## QUALIFIED PRODUCTION PROPERTY DEDUCTION

The Qualified Production Property Deduction, introduced by the OBBBA, provides a substantial tax benefit for businesses engaged in domestic manufacturing. This provision allows companies to deduct 100% of the cost of qualified production property in the year the property is placed in service, rather than depreciating it over several years. Qualified Production Property is defined as nonresidential real property located in the United States or its possessions that is used as an integral part of a qualified production activity. A qualified production activity generally includes the manufacturing, production, refining, agricultural production, or chemical processing of tangible personal property, provided the activity results in a substantial transformation of the product. QPP typically covers factory buildings, production floors, and infrastructure directly tied to the manufacturing process. Excluded from the deduction are areas not directly involved in production, such as offices, administrative spaces, parking lots, sales departments, lodging, and research or engineering facilities.

To qualify, construction must begin after January 19, 2025, and before January 1, 2029, and the property must be placed in service before January 1, 2031. The original use of the property must commence with the taxpayer, although there is an exception for previously unused property acquired during the qualifying period, provided it was not used in a production activity since January 1, 2021.

## BUSINESS INTEREST LIMITATION

The business interest limitation applies to businesses with 3-year average gross receipts over \$31 million for 2025. The deduction for net business interest expense is limited to 30 percent of the adjusted taxable income. Section 163(j) remains in effect, but OBBBA allows depreciation, amortization, and depletion to be added back into adjusted taxable income for purposes of calculating the limitation. This change benefits larger businesses by increasing deductible interest. If the interest deduction is limited, the excess interest expense will carry forward to future years.

The business interest deduction limitation does not apply to interest paid by vehicle dealers on carried inventory. In addition, some real estate businesses are able to opt out of the interest limitation by making an election to forgo accelerated depreciation methods. We encourage you to reach out to your tax advisor to determine whether your business is impacted by the business interest limitation, and whether planning opportunities exist to help minimize the impact.

## MEALS & ENTERTAINMENT

There was no change for 2025, and a 50 percent deduction for most business meals remains the same. The following chart provides a brief overview of some of the current meal and entertainment limitations.

Under the OBBBA, starting January 1, 2026, employer-provided meals, such as those offered on business premises for the employer's convenience, including cafeteria lunches, snacks, coffee, and meals during meetings, are no longer deductible. Previously, these expenses were 50% deductible, but they will now be completely nondeductible, unless certain exceptions are met.

| EXPENSE  | DEDUCTION    |
|--|--------------|
| Business meals with clients, prospects, and referral sources | 50%          |
| Events/meals at for social or golf clubs                     | 100%         |
| Membership dues for social clubs                             | No deduction |
| Event tickets (sporting, theater, etc.)                      | No deduction |
| Business gifts   | \$25/person  |

### QUALIFIED BUSINESS INCOME DEDUCTION

The qualified business income deduction (QBI) is a deduction for individual taxpayers, including trusts and estates, who operate a qualified trade or business as a sole proprietorship, partnership, or S corporation. The amount of the deduction is up to 20 percent of the income and gain, reduced by deductions and losses, of a qualified trade or business that is effectively connected with the conduct of a trade or business in the United States. The deduction is subject to phase-out limitations if the trade or business is considered a specified service business. For 2025, the phase-out begins when taxable income reaches \$394,600 for married taxpayers filing jointly, or \$197,300 for single taxpayers or heads of households. This deduction, which was scheduled to expire after 2025, is made permanent under the OBBBA.

### RESEARCH & DEVELOPMENT EXPENDITURES

Under the OBBBA, a major change was enacted for businesses engaged in research and development activities. The Act repeals the mandatory capitalization requirement for domestic research and experimental (R&E) expenses, which had been imposed by the Tax Cuts and Jobs Act (TCJA). Previously, businesses were required to capitalize these costs and amortize them over a five-year period, creating a delay in tax benefits and impacting cash flow. Beginning in 2025, these expenses are now fully and immediately deductible in the year they are incurred, restoring a more favorable tax treatment for companies investing domestically in innovation.

In addition to permitting immediate expensing of new domestic research and experimental (R&E) costs, the OBBBA provides relief for amounts previously capitalized under the TCJA rules for tax years 2022 through 2024. Taxpayers may elect to deduct the entire remaining balance in 2025 or spread the deduction evenly across 2025 and 2026. Furthermore, eligible small taxpayers have an additional option to amend prior-year returns to claim deductions for those previously capitalized expenses, potentially unlocking refunds and improving cash flow.

### QUALIFIED OPPORTUNITY ZONES

The OBBBA permanently extended the Qualified Opportunity Zone (QOZ) program and introduces significant changes. While the original program allowed deferral of capital gains until December 31, 2026, OBBBA creates a rolling system for new investments made on or after January 1, 2027. Under these new rules, gains invested in a Qualified Opportunity Fund (QOF) will be deferred until the earlier of the investment's disposition or the fifth anniversary of the investment date, rather than a fixed sunset date. Additionally, OBBBA makes permanent a 10% basis step-up for investments held at least five years. If a taxpayer invests eligible capital gains into a Qualified Opportunity Fund (QOF) and holds that investment for at least 10 years, any appreciation on the QOF investment itself, meaning the growth beyond the original deferred gain, is completely excluded from federal income tax.

## SECTION 1031 LIKE-KIND EXCHANGES

The like-kind exchange rules provide taxpayers with the benefit of deferring tax on gains from the disposal of investment or business real property, allowing taxpayers to roll the basis of the real property over into like-kind property. While prior law allowed like-kind exchange benefits for other types of investment or business property, current law has limited like-kind exchange treatment to real property only.

To qualify for like-kind exchange treatment, a taxpayer must identify both the relinquished property that is exchanged as well as the replacement property acquired in the exchange. The rules for like-kind exchanges have specific timing requirements to ensure all aspects of the exchange have been carried out within the prescribed timeline. Additionally, these exchanges must be done properly and with the correct property types to receive tax benefits. If you are interested in taking advantage of the benefits available under the like-kind exchange provisions, please reach out to your HBK tax advisor.

## INTERNATIONAL TAX CONSIDERATIONS

The IRS continues to focus its efforts on the reporting of foreign assets and the taxation of foreign income earned by U.S. citizens and residents. Significant penalties may apply if a taxpayer does not comply with the foreign reporting rules.

### KEY U.S. CHANGES

The One Big Beautiful Bill Act (OBBBA), enacted on July 3, 2025, introduces several modifications to U.S. international tax provisions, generally effective for taxable years beginning after December 31, 2025. These reforms primarily build upon the framework established by the Tax Cuts and Jobs Act of 2017, with adjustments aimed at enhancing U.S. competitiveness. These changes aim to refine the taxation of foreign income for U.S. entities, enhancing deductions, credits, and sourcing rules while promoting compliance and efficiency.

In alignment with OBBBA reforms, the Net CFC Tested Income (NCTI) regime replaces the Global Intangible Low-Taxed Income (GILTI) framework, offering a 40% deduction under Section 250 and permitting 90% utilization of foreign tax credits (FTCs) to mitigate double taxation on controlled foreign corporation (CFC) earnings.

Additionally, the Foreign-Derived Deduction Eligible Income (FDDEI) supplants the Foreign-Derived Intangible Income (FDII) deduction, providing a 33.34% deduction for qualifying foreign-derived income; however, gains from intellectual property (IP) sales are excluded from this benefit after June 16, 2025.

OBBBA establishes a permanent look-through rule for payments between related CFCs, ensuring consistent treatment of subpart F income and tested income categories.

For FTC purposes, simplified expense allocation rules exclude interest and research and experimentation (R&E) expenses, streamlining computations and reducing administrative burdens.

New sourcing provisions under OBBBA address U.S.-produced inventory sold through foreign branches, clarifying income attribution to better align with economic activity.



Finally, updated regulations classify cloud transactions as services, impacting income characterization and potential withholding tax implications for cross-border digital operations.

The following provides an overview of some of the foreign reporting considerations and changes that apply for the 2025 / 2026 tax year, including those changes from the OBBBA.

### **FOREIGN TAX CREDIT DEVELOPMENT**

In 2022, the IRS and Treasury Department issued final regulations and proposed regulations relating to the ability to claim certain foreign income taxes for purposes of the Foreign Tax Credit (FTC). In July 2023, the IRS issued additional guidance and temporary relief from applying the revised rules, allowing taxpayers to utilize pre-2022 foreign tax credit regulations for taxable years beginning on or after December 28, 2021, and ending before the date that guidance withdrawing or modifying the relief is issued. This relief was extended and clarified in Notice 2023-80, issued in December 2023, with no subsequent withdrawal or modification as of December 2025. Additionally, in November 2025, the IRS issued Notice 2025-72, which provides rules for allocating foreign taxes between tax years for foreign tax credit purposes following the repeal of the one-month deferral under section 898(c)(2) for certain specified foreign corporations that change their taxable year after November 30, 2025. If you claim the FTC for taxes paid on foreign income, we encourage you to reach out to your HBK tax advisor to determine how these changes may impact the calculation of the credit on your return.

### **FOREIGN EARNED INCOME EXCLUSION & HOUSING COSTS**

A qualifying individual may elect to exclude foreign-earned income from their U.S. gross income up to the exclusion amount. For 2025, the exclusion amount is \$130,000, up from \$126,500 in 2024. A taxpayer cannot claim a foreign tax credit or deduction for foreign taxes paid on any amount excluded from U.S. gross income. In addition, a qualifying individual may also elect to exclude housing costs up to \$20,800 (16 percent of \$130,000) for 2025.

### **GIFT TAX MARITAL DEDUCTION FOR NON-U.S. SPOUSES**

In general, a marital deduction is not allowed for gifts made to a spouse who is not a U.S. citizen. However, if the gift is of a “present interest” in property, it will qualify for an increased annual exclusion of up to \$190,000 for 2025. Alternatively, the U.S. citizen or resident spouse may establish a qualified domestic trust (QDOT) for the benefit of the non-U.S. spouse, which will allow transfers to the trust to qualify for the marital deduction. The U.S. does not allow a foreign gift tax credit for taxes paid to a foreign country on gifts received by a non-U.S. spouse.

### **SECTION 987 REGULATIONS**

The Treasury Department and IRS have announced plans to finalize the 2023 proposed regulations under Internal Revenue Code Section 987 by the end of 2024. These regulations impact taxpayers with a qualified business unit (QBU) that uses a functional currency different from its owner. Key aspects of the 2023 proposed regulations include three elections: treating all items of a Section 987 QBU as marked items, recognizing all foreign currency gain or loss annually, and recognizing pre-transition Section 987 gain or loss over 10 years.

The effective date for terminations after November 9, 2023, will be accelerated, with gains recognized immediately and losses potentially deferred or lost. The proposed regulations also require all QBUs to be deemed terminated as of December 31, 2024, for calendar year taxpayers. Taxpayers must calculate the pre-transition Section 987 gain or loss based on eligible pre-transition methods or use a simplified method if no eligible method has been applied. The FEED approach requires balance sheet information for each QBU, which may involve leveraging multiple accounting systems. Taxpayers should begin these calculations and preparations soon, even before the final regulations are effective.

#### **40 PERCENT SECTION 250 DEDUCTION AND 90 PERCENT FTC UTILIZATION**

The Global Intangible Low-Taxed Income (GILTI) regime has been rebranded as Net CFC Tested Income (NCTI), shifting its emphasis from intangible assets to a broader assessment of controlled foreign corporation (CFC) earnings. This OBBBA aims to capture a wider range of foreign earnings subject to U.S. taxation. For taxable years beginning after December 31, 2025, under Section 250, the deduction for NCTI is set at 40%, resulting in an effective U.S. tax rate of approximately 12.6% on such income before accounting for foreign tax credits (FTCs). This effective rate is derived from the standard corporate tax rate of 21% applied to the remaining 60% of NCTI after the deduction (i.e.,  $21\% \times 60\% = 12.6\%$ ). Additionally, the utilization of FTCs for foreign taxes paid on NCTI has been enhanced to 90%, up from the prior 80%, allowing for more efficient crediting against U.S. tax obligations. This adjustment reduces the previous 20% haircut on deemed paid credits to a 10% disallowance, potentially lowering the overall tax burden on multinational enterprises by enabling greater offset of U.S. liabilities with foreign taxes. However, 10% of deemed paid FTCs are disallowed for distributions of previously taxed NCTI, which could impact repatriation planning by increasing the effective cost of bringing earnings back to the U.S. and necessitating careful timing of dividends. Entities should review CFC structures to evaluate compliance with the new calculations for 2026 and later tax years, including assessing the impact on high-taxed foreign jurisdictions where the effective foreign rate exceeds the U.S. effective rate, as this may result in excess credits that can be carried forward for up to 10 years under Section 904. Furthermore, businesses with significant foreign operations should model scenarios incorporating potential state tax implications, as some states may not conform to these federal changes, leading to variances in combined effective rates.

#### **FDDEI REPLACES FDII: 33.34 PERCENT DEDUCTION FOR FOREIGN-DERIVED INCOME; IP SALES EXCLUDED AFTER JUNE 16, 2025**

The FDII deduction has been renamed Foreign-Derived Deduction Eligible Income (FDDEI), with the elimination of the qualified business asset investment (QBAI) reduction to streamline computations. This modification removes the prior 10% QBAI exemption, which had previously reduced the deduction base by tangible asset returns, thereby simplifying the formula and focusing solely on income derived from foreign markets. For taxable years beginning after December 31, 2025, the deduction rate under Section 250 is established at 33.34%, yielding an effective tax rate of about 14% on eligible foreign-derived income (calculated as  $21\% \times (1 - 33.34\%) \approx 14\%$ ). This provision continues to incentivize U.S.-based exports and services provided to foreign markets by lowering the tax on income from sales of property or provision of services to unrelated foreign persons, but gains from the sale of intellectual property (IP) will be excluded from FDDEI eligibility after June 16, 2025. For businesses engaged in international sales, this may influence pricing and supply chain decisions to maximize the deduction in 2026 and subsequent years, such as by





emphasizing U.S.-based production for export. Companies should also consider the interplay with transfer pricing regulations under Section 482 to ensure arm's-length pricing for cross-border transactions, as misalignments could trigger audits. Additionally, the streamlined computation may benefit smaller exporters by reducing administrative burdens.

### **PERMANENT LOOK-THROUGH RULE FOR RELATED CFC PAYMENTS**

The OBBBA permanently extends the look-through rule under Section 954(c)(6), effective for taxable years beginning after December 31, 2025, which excludes certain dividends, interest, rents, and royalties paid between related CFCs from subpart F income, provided they are attributable to active income of the payor CFC that is neither subpart F nor effectively connected income. This permanence eliminates the uncertainty of prior temporary extensions, which had required periodic congressional renewals and created planning challenges for long-term structures. By treating such payments as non-subpart F, the rule facilitates more efficient intra-group transactions without triggering immediate U.S. taxation, allowing funds to flow between foreign subsidiaries for operational purposes like financing or IP licensing. Multinational groups should assess their intercompany payment flows to leverage this rule effectively in 2026 and beyond, including evaluating hybrid entity classifications or check-the-box elections to optimize the attribution of active income. This provision is particularly beneficial for industries with complex supply chains, such as manufacturing or technology, where intercompany royalties for IP use can now be deferred from U.S. inclusion. However, taxpayers must ensure documentation substantiates the active income attribution, as IRS scrutiny may increase under enhanced reporting requirements in Form 5471. Long-term, this could encourage consolidation of foreign operations under fewer CFCs to maximize the rule's application while minimizing compliance costs.

### **SIMPLIFIED EXPENSE ALLOCATION FOR FTC PURPOSES (INTEREST AND RESEARCH & EXPERIMENTATION EXPENSES EXCLUDED)**

To enhance FTC utilization, the OBBBA introduces simplified allocation rules for taxable years beginning after December 31, 2025, excluding interest expense and research and experimental (R&E) expenses from apportionment to NCTI. Deductions are now limited to those directly allocable to NCTI, reducing the complexity of calculations and potentially increasing available FTCs by preserving more U.S.-source income deductions. Previously, under the worldwide apportionment method, these expenses were allocated based on gross income ratios, often diluting FTC baskets by shifting deductions to foreign-source income. By excluding interest (governed by Section 861) and R&E (under Section 864(f)), the new rules prevent such apportionment, allowing full deduction against U.S.-source income and thereby expanding the FTC limitation under Section 904. This change is particularly advantageous for research-intensive industries, as it minimizes the dilution of FTC limitations in future tax years and could reduce effective tax rates on foreign earnings by 2-5% depending on expense profiles. Entities should implement updated allocation methodologies and review global financing structures to segregate interest expenses. Additionally, this may interact with the Section 174 capitalization requirements for R&E, necessitating integrated planning to optimize deductions while avoiding mismatches in FTC carryforwards or carrybacks.

## **NEW SOURCING RULES FOR U.S.-PRODUCED INVENTORY SOLD VIA FOREIGN BRANCHES**

Under updated Section 863(b) rules, effective for taxable years beginning after December 31, 2025, up to 50% of taxable income from U.S.-produced inventory sold through foreign branches or offices may be treated as foreign-sourced for FTC limitation purposes. This provision acts as an export incentive by improving FTC carryover potential and reducing overall U.S. tax on such sales, as foreign-sourced income can absorb higher foreign taxes without hitting the Section 904 limitation as quickly. The 50% sourcing cap applies to income after direct costs, determined by title passage or similar factors, and replaces prior rules that often sourced such income predominantly to the U.S. based on production location. Companies with foreign sales operations should consider restructuring to qualify for this sourcing benefit in 2026 and later, such as establishing dedicated foreign branches under Section 987 or partnering with unrelated distributors to meet the “sold through” criteria. This is especially relevant for manufacturers where export volumes are high, potentially unlocking additional FTCs equivalent to 10-20% of related foreign taxes. Taxpayers must maintain detailed records of production and sales chains to substantiate the sourcing claim, as audits may focus on economic substance. Furthermore, this rule complements FDDEI by enhancing incentives for U.S.-based production destined for foreign markets, though it does not apply to intangibles or services.

## **CLOUD TRANSACTIONS TREATED AS SERVICES UNDER UPDATED REGULATIONS**

Recent updates to Treasury regulations, applicable for taxable years beginning after December 31, 2025, classify cloud transactions, such as software-as-a-service (SaaS) and infrastructure-as-a-service (IaaS) arrangements, as services rather than leases or sales of property. This treatment aligns with international norms and shifts away from prior characterizations that could treat them as rentals under Section 861 or property transfers. As services, income from cloud arrangements may be sourced based on the location of the customer or performance, affecting withholding taxes under treaties and eligibility for FDDEI deductions if provided to foreign users. Entities should evaluate digital service contracts to ensure proper characterization and compliance in upcoming tax years, including reviewing master service agreements for bifurcation of elements like data storage versus access. This reclassification could reduce withholding obligations in non-treaty jurisdictions by avoiding 30% rates on royalties or rents, but it may increase scrutiny under permanent establishment rules in foreign countries. For U.S. providers, it enhances FDDEI potential by qualifying more revenue as foreign-derived services.

## **STATE AND LOCAL TAX PLANNING**

### **SALES TAX**

Taxpayers with multistate sales should continue to evaluate their sales tax nexus footprint, at least annually, to determine where they are required by law to collect sales tax and file returns. All states that impose a sales tax have economic nexus thresholds based on gross receipts, retail sales, or taxable sales and/or transaction counts. The sales tax economic thresholds vary by state but are never less than \$100,000 in gross receipts and/or 200 transactions.

Taxpayers should review their sales tax process, including the application of sales tax rates and product/service taxability determinations. This is especially important if sales tax rates are manually maintained. The business should also evaluate the taxability of its products and services in each state where it has established sales tax nexus. States

are continually changing tax rules and subjecting more services to tax. In addition, the application of sales tax to software and digital products continues to evolve with more states issuing guidance in this area each year. A comprehensive review of the sales and use tax functions, along with improving or automating processes, will allow businesses to minimize potential liability and risk from state and local sales taxes.

We encourage business taxpayers to reach out to the HBK SALT Advisory Group to address sales tax issues including the evaluation of compliance obligations and potential sales tax exposure.

### **INCOME TAX ECONOMIC NEXUS**

The South Dakota v. Wayfair, Inc. decision has also led to many states looking to expand state income tax nexus. With Wayfair erasing the physical presence line for sales tax nexus, some states have expanded, or may expand, their imposition of income tax without a physical presence required. State income tax economic nexus thresholds are never less than \$100,000 of sales annually.

A business should also consider if they qualify for P.L. 86-272 protection with respect to its activities in a state. On August 4, 2021, the Multistate Tax Commission (MTC) made a unanimous decision to approve a revised edition of its PL 86-272 guidance, with a particular focus on internet-related operations. This updated guidance essentially stipulates that when a business engages with its customers through its website or mobile applications, such interactions will be considered business activities within the customer's state for the application of PL 86-272. These interactions will be subject to the same level of scrutiny as if they were conducted in person, potentially exceeding the boundaries of protected activities under PL 86-272. For businesses selling remotely and that have claimed P.L. 86-272 protection from state income taxes in the past, how is the business responding to changing state interpretations of those protections with respect to businesses engaged in internet-based activities?

If you are concerned about the state income tax nexus and would like additional guidance on specific situations, please reach out to the HBK SALT team.

### **REMOTE WORKFORCE IMPLICATIONS**

The COVID-19 pandemic had a significant impact on the way employers conduct business with many employers expanding their reach to include a mobile workforce. The presence of remote employees may create sales tax nexus, income tax nexus, or may create various state and local withholding requirements. It is, therefore, vital that any employer with remote employees consider the state and local tax impacts of those remote employees going forward.

### **STATE CONSIDERATIONS FOR PASS-THROUGH ENTITIES**

The revised \$40,000 SALT deduction limitation applies to individual taxpayers who itemize deductions, as well as estates and trusts. In response, at least 36 states and one locality have enacted pass-through entity tax (PTET) regimes that may serve as potential workarounds to this limitation. These provisions generally allow owners of pass-through entities to make a PTET election, shifting the state tax burden from the individual level to the entity level.

By imposing the tax at the entity level, the pass-through entity is typically able to deduct 100% of the state tax paid, thereby mitigating the impact of the federal SALT cap on its owners. Each state's PTET regime is unique, with varying eligibility rules, election deadlines, and credit/refund mechanics.

Given the complexity and state-specific differences, we encourage you to contact your tax advisor to evaluate whether a PTET election could be a beneficial planning opportunity for your situation.

### **STATE CONFORMITY TO THE OBBA**

States do not automatically adopt changes to the federal Internal Revenue Code. Each state independently determines whether to conform to federal tax law, partially conform, or decouple from specific provisions. Conformity may be rolling (automatically updating to federal changes), static (tied to a fixed IRC date), or selective. As federal tax legislation evolves, these conformity decisions can create meaningful differences between federal and state tax treatment.

Several states have recently taken legislative or regulatory action in response to the federal OBBA provisions enacted as part of the July federal tax legislation. A number of states have now moved to decouple from portions of the new OBBA framework due to revenue considerations or policy differences. These late-year conformity changes add additional complexity to year-end. Given the state-specific variations and the potential impact on multistate reporting, we encourage you to consult with your tax advisor to evaluate how these differences may affect your situation.





## ABOUT

Established in 1949, HBK CPAs and Consultants (HBK) offers the collective intelligence of professionals in a wide range of tax, accounting, audit, business advisory, financial planning, and other business operational and support services from offices in four states.

HBK professionals deliver industry-specific expertise in manufacturing; healthcare, including long-term care; real estate and construction; automotive dealerships and not-for-profit organizations.

HBK combines the technical resources and expertise of a large national accounting and professional consulting firm with the personalized attention of a local company.

The firm is ranked in both *Accounting Today* and *Inside Public Accounting* magazines' Top 100, and supports clients globally as a member of BDO Alliance USA. HBK maintains locations in Columbus and Youngstown in Ohio; Erie, Hermitage, King of Prussia, Meadville, and Pittsburgh in Pennsylvania; Cherry Hill and Holmdel in New Jersey; Long Island in New York; and Boca Raton, Fort Myers, Naples, Sarasota, and Stuart in Florida.

To learn more about HBK, call 800.733.8613 or visit us at [www.hbkcpa.com](http://www.hbkcpa.com)