

The One, Big, Beautiful Bill Act: What Business Owners Need to Know About Its Tax Provisions

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- July 3, 2025 – After early morning remarks and final negotiations, the House passed the One Big Beautiful Bill by a narrow 218-214 vote. President Trump is expected to sign the legislation at a White House ceremony scheduled for July 4 at 5:00 p.m. ET. For the latest developments, see the full article linked below.

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[What Business Owners Should Do Now That the One, Big, Beautiful Bill Has Passed the House](#)

By The Guillen Pujol CPA Group Newsroom

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On May 22, 2025, the U.S. House of Representatives narrowly approved H.R. 1, the “**One Big Beautiful Bill Act**” (OBBBA), with a 215–214 vote. This extensive budget reconciliation bill seeks to extend and modify several tax provisions, particularly those affecting individual filers and business taxpayers — including S-Corps, LLCs, and sole proprietors — who may face adjustments to deductions, credit eligibility, and compliance rules. The Senate approved a significantly amended version of the bill on July 1, 2025, following a record-breaking vote-a-rama. The legislation now returns to the House for final consideration. Here’s an overview of its key tax provisions and potential implications.

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Key Tax Measures in the “One, Big, Beautiful Bill” Act for Business Owners

1. Immediate Expensing of Domestic R&D Expenditures

The requirement to amortize domestic research and experimental (R&E) expenditures would be suspended, allowing businesses to immediately deduct these expenses for tax years beginning after December 31, 2024, and before January 1, 2030. This change aims to incentivize domestic R&D activities by providing immediate tax benefits.

2. Expanded Credit for Employer-Paid Social Security and Medicare Taxes on Employee Tips

Starting in 2025, the “One, Big, Beautiful Bill” Act expands the credit for employer-paid Social Security and Medicare taxes on employee tips to include select additional business sectors, though the Senate narrowed the scope from the original House proposal. The credit would be calculated based on the federal minimum wage, offering targeted relief for certain service industry employers.

Read more: [What Business Owners Should Do Now That the One, Big, Beautiful Bill Has Passed the House](#)

3. Enhanced Employer-Provided Childcare Credit

The “One, Big, Beautiful Bill” Act increases the percentage of qualified childcare expenses covered by the Employer-Provided Childcare Credit from 25% to 40%, with a further increase to 50% for qualified small businesses. Additionally, the maximum annual credit would rise from \$150,000 to \$500,000 (\$600,000 for qualified small businesses) starting in 2026, encouraging employers to invest in childcare support for their employees.

4. Paid Family and Medical Leave Tax Credit – Permanent Extension

The Paid Family and Medical Leave Tax Credit, initially introduced under the Tax Cuts and Jobs Act, would become permanent. Employers providing paid family and medical leave could claim a credit ranging from

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12.5% to 25% of wages paid to qualifying employees. The bill also proposes modifications to calculation methods and eligibility rules, including adjustments for state-mandated leaves and employee definitions.

5. Employee Retention Credit (ERC) – Retroactive Cutoff

The “One, Big, Beautiful Bill” Act proposes a retroactive cutoff date of January 31, 2024, for the Employee Retention Credit. Claims filed after this date would be disallowed, even if they pertain to periods when the credit was originally available. The Senate’s final version maintains an extended IRS assessment period for ERC claims and introduces new penalties targeting promoters of improper filings.

6. Modifications to Inflation Reduction Act (IRA) Energy Credits

Several energy-related tax credits established under the Inflation Reduction Act would be altered or repealed. Notably, the bill proposes the elimination of certain clean energy incentives, such as the Clean Hydrogen Production Tax Credit and various residential energy efficiency credits, after 2025. These changes could impact investments in renewable energy projects.

7. SALT Deduction Cap Increased — and Controversial

Among the most fiercely debated elements of the One Big Beautiful Bill Act is the proposal to raise the SALT deduction cap — the federal limit on how much in state and local taxes filers can deduct from their taxable income — from \$10,000 to \$40,000 for joint filers earning under \$500,000 per year, but only for five years, after which the cap would revert to \$10,000.

This measure is seen as a lifeline for residents in high-tax states like New York, California, New Jersey, and Connecticut, where local tax burdens are substantially higher than the national average. Before the 2017 cap was instituted under the Trump tax reform law, more than a third of taxpayers in these states used the SALT deduction, often deducting \$15,000 to \$25,000. In New York, for example, the average claim in 2017 was around \$24,000 — four times the average in lower-tax states like Alaska, according to the Congressional Research Service.

Republican and Democratic lawmakers from these states have long criticized the \$10,000 cap as punitive. As Rep. Mike Lawler (R-N.Y.) told reporters earlier this year, “This isn’t about giving billionaires a break — it’s about not taxing middle-class homeowners twice for the same income.”

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Read more: [2025 SALT Deduction: How Business Owners Can Secure Tax Savings Amid Congressional Split](#)

But critics, including Senate fiscal hawks and policy analysts at the Tax Foundation, see the proposed increase as both regressive and fiscally reckless. The cost of raising the cap, according to the Foundation, would amount to an estimated \$320 billion over the next decade — with nearly all benefits accruing to the top 20% of income earners. A full repeal or expiration of the cap would cost even more: approximately \$1.2 trillion over the next ten years, per the Penn Wharton Budget Model.

Adding to the controversy is what policy analysts call the “marriage penalty”: under the current \$10,000 cap, married couples get the same deduction as single filers. Some proposals have pushed to raise the limit for joint filers only, which could be more politically palatable and less costly than a full repeal.

Senate passage remains uncertain. None of the Senate’s Republican members represent high-tax blue states, and even Democrats remain divided — torn between their pledges to tax the wealthy and their loyalty to constituencies who feel unfairly burdened. As Senate Majority Leader Chuck Schumer (D-N.Y.) put it in January, “There is no scenario under God’s green Earth where my constituents would accept another unfair SALT cap.” For now, the SALT deduction cap remains a high-stakes bargaining chip — one that could jeopardize final passage in the House, where lawmakers from high-tax states have expressed dissatisfaction with the Senate’s scaled-back version. (??Portions of this section are based on [reporting](#) by Hannah Ziegler, Julie Z. Weil, Alyssa Fowers, and Nick Mourtoupalas for [The Washington Post](#))

8. Tax Exemptions on Tips and Overtime Pay

One of the bill’s notable provisions is the exemption of federal income taxes on tips and overtime pay for workers earning less than \$160,000 annually. This measure aims to increase take-home pay for service industry employees and others who rely on tips and overtime. Both tax breaks would expire at the end of 2028.

9. Creation of “Trump Savings Accounts”

The bill introduces “Trump Savings Accounts,” allowing parents to open savings accounts for their newborn children with a contribution limit of \$5,000 per taxable year. The government would provide an initial deposit of \$1,000 for each newborn, aiming to encourage early savings for children’s future expenses.

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10. Elimination of Certain Federal Excise Taxes

[The legislation proposes repealing the federal excise taxes on gun silencers and indoor tanning services.](#) The \$200 tax on gun silencers, in place since 1934, would be eliminated, a move supported by the National Rifle Association. Similarly, the 10% tax on indoor tanning services, implemented in 2010 as part of the Affordable Care Act, would be repealed.

Fiscal Implications and Political Divisions in the Senate

While the House initially passed the OBBBA, the Senate has now approved a significantly revised version of the bill. The Congressional Budget Office estimates that the Senate-approved version would increase the federal deficit by \$3.3 trillion over a decade, though figures may still shift as the amended bill moves back to the House for further negotiations. Businesses and individuals should monitor the legislative process closely, as changes to these provisions could impact tax planning and compliance strategies.

As the Senate takes up the bill, several provisions are under particularly intense scrutiny:

- **State and Local Tax (SALT) Deduction Cap:** Though the House bill proposed raising the cap to \$40,000 for joint filers earning under \$500,000, the Senate version limits that increase to five years, after which the cap reverts to \$10,000. Fiscal conservatives argue even this temporary adjustment favors high-income earners and jeopardizes federal revenue.
- **Medicaid and SNAP Reforms:** Proposed cuts and new eligibility requirements for Medicaid and SNAP have triggered concern among some Senate Republicans who fear a backlash over reduced support for vulnerable populations.
- **Energy Tax Credits:** The rollback of clean energy incentives has drawn resistance from senators representing states heavily invested in renewables, setting the stage for possible amendments.
- **Deficit and Spending Pressures:** The bill's projected \$2.4 trillion addition to the national debt has fueled calls, especially from Senator Rick Scott (R-Fla.), for offsetting budget cuts and fiscal restraint.

Adding to the political complexity:

- **Elon Musk's Opposition:** Musk, formerly a Trump adviser, publicly lambasted the bill as "[a disgusting abomination](#)" for gutting clean energy support while expanding the deficit. His remarks have amplified the media spotlight, though his influence on Senate votes is limited.

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- **Senate Republican Majority:** With a razor-thin edge in the Senate, GOP leaders ultimately secured passage of the bill after intense negotiations with senators from swing states and energy-dependent regions, though final House approval remains uncertain.

The Senate has finalized its version of the bill just ahead of the July 4th deadline, following extensive revisions. The amended legislation now returns to the House, where further debate and adjustments are expected. Stakeholders across sectors—from healthcare to clean energy to small businesses—are monitoring potential changes that could impact tax deductions, credits, and compliance strategies for the upcoming fiscal year.

For a full legislative breakdown, consult the [House Committee on Ways and Means section-by-section summary of H.R.1](#).

This article is intended for informational purposes only and should not be construed as tax advice. Readers are encouraged to consult with a qualified tax professional to assess the potential effects on their individual or organizational circumstances and to prepare for any necessary adjustments.

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