What Business Owners Should Do Now that the 'One, Big, Beautiful Bill' is Law

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By The Guillen Pujol CPA Group Newsroom

Business, Business Owner

On July 3, 2025, the U.S. House of Representatives narrowly passed H.R. 1, the 'One, Big, Beautiful Bill Act,' by a vote of 218-214. The Senate had already approved its version on July 1 by a 51-50 margin, with Vice President J.D. Vance casting the tie-breaking vote. On July 4, President Trump signed the reconciled bill into law during a White House ceremony.

The final legislation includes permanent tax reductions for individuals and businesses, introduces a federal deduction for tips and overtime earnings, raises the SALT deduction cap, and increases the federal tax exemption. It also establishes a 20% pass-through income deduction for qualifying businesses.

For business owners, high-income earners, and investors, the 'One Big Beautiful Bill' Act creates new opportunities—but also requires immediate attention to tax planning.

The final House vote followed intense negotiations. Despite unified Democratic opposition, Republican leadership secured votes from key holdouts to pass the Senate-amended version in time for the July 4 deadline, aligning with the president's agenda. Republican proponents framed the law as necessary overhaul and tax relief. Critics –including discal watchdogs and policy analysts–warned of multi-trillion-dollar debt impacts and reductions in social safety programs, particularly regarding Medicaid cuts and SNAP.

Key Tax Changes for Business Owners and High-Income Earners Under the One Big Beautiful Bill

The bill makes permanent key provisions from the 2017 Tax Cuts and Jobs Act and introduces new measures for individuals and businesses.

- Personal income tax rates stay permanently reduced, avoiding automatic hikes that were set for 2026.

- A new federal income tax exemption for tips and overtime pay for workers earning under $160,000 annually, designed to increase take-home pay for service-sector employees. The exemption applies through tax year 2028.
- Increased federal spending on border security, immigration enforcement, and defense.
- Stricter eligibility requirements and reduced funding for Medicaid and SNAP.
- Temporary increase in the state and local tax (SALT) deduction cap to $40,000 for joint filers earning under $500,000 annually, applicable through tax year 2029, after which the cap reverts to $10,000.
- A higher estate tax exemption, protecting more family wealth from inheritance taxes.
- Permanent 20% pass-through deduction (Section 199A) for eligible LLCs, S-Corps, partnerships, and self-employed professionals.

The ‘One Big Beautiful Bill’ is designed to offer immediate tax relief for businesses and high earners. However, it also raises concerns about long-term fiscal consequences, with analysts warning that rising deficits could affect interest rates, inflation, and federal priorities.

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Before and After: How the Tax System Changes

Here’s how H.R. 1 reshapes the tax landscape:

Provision	Current Law (Before Expiration)	If the Bill Becomes Law
Personal Income Tax Rates	Reduced rates expire after 2025	Reduced rates are permanent
Standard Deduction	Decreases after 2025	Maintained at higher levels, indexed for inflation
SALT Deduction Cap	$10,000 cap	Raised to $40,000 for joint filers earning under $500,000 annually (through tax year 2029), then reverts to $10,000
Child Tax Credit	Gradually reduced after 2025	Increased to $2,200 per child, indexed for inflation

Estate Tax Exemption	Drops to ~$6 million in 2026	Raised to $15 million per person
Pass-Through Deduction	Expires after 2025	Made permanent at 20%
Tips and Overtime Income	Fully taxed as ordinary income	Exempt from federal tax up to a limit

These provisions create a more favorable environment for high earners, business owners, and residents in high-tax states. The tip and overtime exemptions also benefit workers in industries like hospitality, although income limits apply.

What This Means for Business Owners and Investors

For business owners, the bill would provide more certainty and long-term tax advantages:

- The permanent 20% pass-through deduction offers sustained tax relief for LLCs, S-Corps, partnerships, and self-employed individuals.
- The higher estate tax exemption makes it easier to transfer wealth and family businesses without triggering federal estate taxes.
- The temporary SALT deduction expansion offers some relief for those in states with high property and income taxes, though the benefit phases out after 2029.

Independent estimates, including from the nonpartisan Congressional Budget Office, project that the bill would increase federal deficits by approximately $3.3 trillion over the next decade, while independent groups like the Tax Foundation estimate potential federal revenue losses of up to $5 trillion. Supporters argue this will be offset by economic growth, though concerns remain about long-term fiscal sustainability.

For business owners and investors, this creates a double-edged scenario: short-term growth may support higher earnings, valuations, and investment opportunities—especially in sectors benefiting from tax breaks. But in the longer term, rising deficits could pressure interest rates, drive future tax adjustments, or spark policy changes affecting capital markets, lending, or government spending priorities.

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High-Income Earners: Benefits and Considerations

High earners stand to gain the most if the bill becomes law:

- Lower personal tax rates are locked in, avoiding planned increases for top brackets. For individuals in the top federal tax bracket, this preserves favorable rates beyond 2025, protecting after-tax income for high earners and reducing exposure to future tax hikes.
- The expanded SALT deduction provides relief for those facing high state and local taxes. This offers meaningful savings to taxpayers in high-tax states, especially for those with substantial property holdings or business income subject to state tax.
- The higher estate tax exemption shields more family wealth from federal taxation. The increased threshold allows for more efficient wealth transfer, benefiting families with significant business interests, real estate portfolios, or generational assets.

However, increased government debt could lead to inflation, higher interest rates, or policy shifts. High-income individuals should take proactive steps to protect their financial position.

Legislative Timeline and Public Response

- **March–April 2025:** Congress approves the budget resolution, launching the reconciliation process for tax reform.
- **May 23, 2025:** The House passes the first version of the One Big Beautiful Bill Act.
- **July 1, 2025:** The Senate narrowly approves a revised version after a record-breaking vote-a-rama session.
- **July 2–3, 2025:** The House passed the final version of the One Big Beautiful Bill Act after record-breaking floor speeches and a tense overnight vote. The measure cleared the chamber by 218 to 214, sending it to President Trump’s desk.
- **July 3, 2025:** The bill heads to President Trump’s desk. He is expected to sign it by July 4, in line with his public commitment.
- **July 4, 2025:** President Trump signed the bill into law during a White House ceremony.

The response has been divided. Business groups and Republican leaders celebrate the tax cuts and long-term certainty. Progressive groups criticize the social program cuts and projected $3.3 trillion increase in the national debt.

Notably, high-profile business figures like Elon Musk have voiced concerns about the law’s impact on clean energy funding and deficit growth, reflecting tensions even within the corporate world.

Read more:2025 Tax Calendar: Never Miss a Deadline – Sync with Google Calendar

Why You Need a CPA Now That the Bill is Law

The One Big Beautiful Bill Act delivers sweeping tax changes with direct consequences for business owners, investors, and high earners. Without expert guidance, you risk leaving money on the table—or worse, exposing yourself to penalties or missed deadlines.

Partnering with a qualified CPA is essential to:

- Maximize deductions before temporary provisions expire.
- Optimize business structures to leverage the permanent pass-through deduction.
- Develop estate planning strategies to protect family wealth.
- Stay ahead of economic changes that could impact taxes and business operations.

Given the scope and complexity of the proposed legislation, working with a qualified CPA is essential. Businesses and high-income individuals should assess tax-saving opportunities, optimize structures, and prepare for potential compliance requirements. With the bill now on the president’s desk—and a signature expected imminently—proactive tax planning is essential to maximize benefits and minimize risks under the evolving legal framework.

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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July 3, 2025

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