

One Big Beautiful Bill Act (H.R. 1, 119th Congress) – Impact Analysis

Overview: The “One Big Beautiful Bill Act” (OBBBA) is a sweeping budget reconciliation law that permanently extends and amends major tax provisions from the 2017 Tax Cuts and Jobs Act (TCJA) while enacting new spending and policy changes. Signed into law on July 4, 2025, it forms the core of President Trump’s second-term agenda. The law includes substantial tax cuts (estimated ~\$4.5 trillion less revenue over 10 years) paired with some spending reductions and a \$5 trillion debt ceiling increase. Below, we evaluate the **financial, tax, and regulatory** impacts on three key groups: **(1) High-Net-Worth Individuals, (2) S Corporations, and (3) C Corporations**, considering both immediate effects if the bill is implemented as written and projected future outcomes.

Impact on High-Net-Worth Individuals

High-net-worth individuals (HNWIs) stand to benefit significantly from OBBBA’s tax provisions, as many expiring tax cuts are made permanent and estate tax relief is expanded. Key impacts include:

- **Permanent Lower Income Tax Rates:** The top marginal income tax rate remains 37% (down from 39.6% pre-TCJA) beyond 2025, instead of reverting higher. All individual tax brackets and thresholds set by TCJA are permanently extended, preventing a scheduled tax hike on high earners. This locks in lower tax burdens for wealthy individuals on ordinary income.
- **Standard Deduction and AMT:** The higher standard deduction from TCJA is further increased, and personal exemptions remain repealed. The Alternative Minimum Tax (AMT) thresholds remain high, permanently extending the TCJA’s AMT exemption levels (about \$1M for joint filers). This means most HNWIs will continue to avoid AMT, simplifying tax compliance.
- **State and Local Tax (SALT) Deduction:** OBBBA raises the SALT deduction cap to \$40,000 (from \$10k) *temporarily* for 2025 to 2029, but only for taxpayers with <\$500,000 income. High earners above that threshold see the benefit phased out, their SALT cap is reduced by 30% of income over \$500k, not below \$10k. In practice, very high-income individuals (>\$600k) remain limited to roughly a \$10k SALT write-off. Thus, unlike some middle/upper-middle earners who get a larger deduction for a few years, top-tier earners get little or no additional SALT relief under this law.
- **Estate and Gift Taxes:** The Act significantly loosens estate tax exposure for wealthy families. Starting in 2026, the estate and gift tax lifetime exclusion doubles to \$15 million per individual (\cong \$30 million per couple). This is up from an ~\$13M per person level in 2025 and far above the ~\$7M that would have applied if TCJA’s higher exemption expired. Effectively, estate tax becomes moot for all but the largest ultra-wealthy estates, allowing more wealth to be transferred to heirs tax-free. This provides major long-term tax relief to HNWIs, though it may reduce charitable bequests (since fewer estates hit the tax).
- **Capital Gains and Investment Income:** OBBBA does not cut capital gains or dividend tax rates, which remain at 0/15/20% (plus 3.8% net investment tax for high incomes). Proposals to repeal the 3.8% Net Investment Income Tax were *not* included, so HNWIs

still pay this surtax on passive income. However, by making ordinary rates lower and preserving the 20% pass-through business deduction (see below), the law maintains favorable overall tax treatment for investment and business income of wealthy individuals.

- **Pass-Through Business Income (Section 199A):** Many HNWI's have income from S-corporations, partnerships, or LLCs. The law makes permanent the 20% Qualified Business Income (QBI) deduction for pass-through income that was set to expire after 2025. This substantially lowers effective tax rates on business profits for high-income owners of pass-through entities. In addition, the deduction's phase-out limits were relaxed: the income threshold for phasing out the QBI deduction for certain service businesses is raised from \$50k to \$75k (single) and \$100k to \$150k (joint). This allows higher-income professionals to still claim partial deductions. There's also a new minimum deduction of \$400 for any taxpayer with at least \$1,000 of QBI, ensuring even small business owners get some benefit. For wealthy individuals with substantial pass-through income, the permanent 20% deduction is a significant ongoing tax break (subject to wage and business-type limitations). It encourages business owners to continue operating as pass-throughs to avoid C-corp double taxation.
- **Other Personal Tax Benefits:** OBBBA offers assorted new deductions/credits that generally phase out at moderate income levels, so most HNWI's won't qualify. For example, temporary deductions for tips and overtime pay (capped at \$25k) apply only under \$150k income. A new deduction for auto loan interest on U.S. made cars phases out above \$100k individual income. These won't affect most wealthy taxpayers. One notable permanent change is a modest increase of the Child Tax Credit from \$2,000 to \$2,200 (indexed), but the extra \$200 is nonrefundable, a benefit mostly to middle/high-income families with tax liability. HNWI's with children get a small credit boost, though it's negligible relative to their incomes.
- **Regulatory/Compliance Changes:** On the compliance side, wealthy individuals could see *some* paperwork reduction due to higher IRS reporting thresholds. OBBBA raises the Form 1099 reporting threshold (for payments to contractors, rent, etc.) from \$600 to \$2,000, indexed to inflation. This means HNWI's who own businesses or rental properties will issue fewer 1099s for small payments, easing the administrative burden. Similarly, the threshold for third-party payment reporting (Form 1099-K for platforms like PayPal) is restored to the pre-2022 level (>\$20k and 200 transactions), avoiding the new \$600 threshold that would have flooded taxpayers with forms. These changes simplify compliance for individuals with side businesses or gig income. On the other hand, the law imposes stricter reporting on Opportunity Zone investments (to curb abuse), and HNWI's utilizing OZ tax breaks will face new disclosure requirements to the IRS.
- **Broader Financial Impacts:** In the near term, OBBBA's tax relief means HNWI's retain more after-tax income and wealth. Top earners avoid an effective tax increase in 2026 (when TCJA cuts would have expired), preserving their current low tax rates. Over the long run, the large estate tax exemption allows dynastic wealth to grow and transfer largely untaxed, which could entrench wealth inequality. Critics note the law's benefits skew "regressive," disproportionately favoring the rich, for instance, per CNBC, the top 1% of earners could see tens of thousands in annual tax savings. High-income households may channel tax savings into investments, luxury spending, or further business ventures.

This could boost certain markets (e.g. stock prices, as investors anticipate higher post-tax corporate profits and more buybacks/dividends flowing to shareholders).

In summary, wealthy individuals emerge as major winners under OBBBA: they enjoy permanently lower income tax rates, generous estate tax exclusions, and continued pass-through tax preferences. While their SALT deduction remains capped, and no new explicit “wealth tax” was imposed, the law cements a tax structure that largely benefits top earners. Barring future policy changes, HNWI's can plan on relatively light tax burdens for years to come, allowing further wealth accumulation.

Impact on Pass-Through Businesses (S corporations, Partnerships, LLCs)

S corporations and other pass-through entities (partnerships, LLCs) are heavily affected by OBBBA's tax changes, mostly to their benefit. Many provisions aim to support small and mid-sized businesses by reducing tax rates and compliance costs, though a few limitations remain. Key impacts include:

- **Permanent 20% Pass-Through Deduction:** As noted above, Section 199A's 20% deduction for qualified business income is now permanent for tax years after 2025. This is a major tax break for S corp owners, effectively cutting the top tax rate on pass-through profits from 37% to about 29.6%. By locking in this deduction indefinitely, OBBBA provides certainty and tax savings for millions of business owners. Service businesses (law, medicine, etc.) still face limitations at high incomes, but OBBBA's increase of the phase-out thresholds means more high-earning professionals can claim at least a partial deduction. Additionally, even very small S corps get a guaranteed minimal deduction (\$400) if they have at least \$1k of business income. *Immediate impact:* S corp shareholders can continue taking the 20% write-off on profits past 2025, rather than losing it and paying higher taxes. This lowers tax burdens and boosts cash flow for pass-through businesses, aiding their expansion or distributions to owners.
- **Business Loss Limitations:** One trade-off is that the Act makes permanent the limitation on excess business losses for non-corporate taxpayers (IRC §461(l)). This rule, enacted in TCJA, caps the amount of business losses an S corp owner can use to offset other income at \$500,000 (joint) per year, adjusted for inflation. Losses beyond that become a Net Operating Loss carryforward. By extending this limit past 2025, OBBBA prevents wealthy owners from using unlimited pass-through losses (from, say, multiple businesses or depreciation shelters) to zero out other income. Current effect: S corp owners with large losses will still face this deduction cap each year, potentially paying some tax now and carrying the rest of losses forward. This raises near-term tax liability for those few pass-through owners who incur outsized losses (often high-net-worth individuals in real estate or oil & gas ventures). However, most small businesses are not hitting a half-million loss annually, so this mainly constrains aggressive tax sheltering by the very wealthy.
- **Bonus Depreciation & Expensing:** OBBBA delivers significant relief in the form of full expensing for business investments. It permanently reinstates 100% bonus depreciation

for qualified property placed in service on or after January 20, 2025. S corps can immediately write off the entire cost of equipment, machinery, computers, certain qualified improvements, etc., in the year purchased, rather than following slower depreciation. Additionally, the Section 179 small-business expensing limit is roughly doubled: up to \$2.5 million of asset purchases can be expensed (phase-out at \$4M), up from about \$1.25M (\$3.15M phase-out) under prior law. These expensing provisions greatly lower taxable income for S corporations making capital investments, reducing their tax bills in the short term. Current impact: an S corp purchasing new equipment in 2025 can deduct the full cost immediately, freeing up cash. Over the next several years, this encourages S corps to invest in growth since the tax code now permanently rewards upfront capital outlays. The policy is projected to stimulate business spending. Future outcome: S corps enjoy ongoing tax deferral on new investments, though eventually the absence of depreciation deductions in later years evens out (the benefit is in the time value of money).

- **Restored R&D Deduction:** In a win for innovative businesses, OBBBA reverses the 2022 requirement to amortize R&D expenses. It allows immediate deduction of domestic research and experimental (R&E) costs from 2025 onward. (Foreign research still may face amortization.) This change is effectively permanent and even lets smaller firms retroactively write off 2022–24 research costs that had been capitalized. For S corps in technology, manufacturing or any R&D-heavy field, this is a substantial tax relief – they can once again fully expense research expenditures in the year incurred. Immediately, this boosts after-tax cash for firms investing in innovation. Over the longer term, it removes a tax barrier to research investment, presumably fostering more product development and competitiveness in pass-through businesses.
- **Interest Deduction (Section 163(j)):** The Act eases limits on interest write-offs for businesses by permanently using an EBITDA-based limit. Under prior law, starting 2022 the deduction for business interest was capped at 30% of EBIT (earnings before interest and taxes). OBBBA now *allows depreciation and amortization to be added back* in the limit calculation (i.e. 30% of EBITDA) for 2025 and beyond. This raises the allowable interest deduction, especially important for asset-heavy or leveraged S corps. (For example, a capital-intensive S corp with large depreciation now has a higher income base against which 30% interest limit is calculated, so it can deduct more interest expense.) However, OBBBA also specifies that certain international items (Subpart F, GILTI inclusions) are excluded from the EBITDA calc to prevent artificially inflating the limit for multinationals. Net effect: S corps and partnerships will find it easier to deduct interest on loans, reducing tax costs of borrowing. Highly leveraged firms get relief starting in 2025. This may encourage prudent expansion financed by debt, though interest costs remain subject to market rates.
- **SALT Workaround Preservation:** Many states have enacted Pass-Through Entity Taxes (PTETs) to help S corp owners circumvent the federal SALT cap (by paying state tax at the entity level and deducting it as a business expense). The House’s draft OBBBA sought to curtail this for certain service businesses, but the final law does not eliminate the PTET workaround. This is significant for S corp owners in high-tax states: they can continue using state elective entity taxes to deduct 100% of state and local taxes at the business level, bypassing the \$10k cap that applies to individual itemized deductions. Keeping this workaround means *potential tax savings in the tens of thousands per owner*

in states like NY, NJ, CA, etc. OBBBA essentially allows the popular SALT cap workaround to persist unabated, avoiding a major tax increase that would have hit many professional service S corps. This signals a favorable regulatory stance toward pass-through tax planning.

- **IRS Reporting and Compliance:** Small businesses get relief from certain tax reporting burdens. As noted for individuals, the 1099-MISC/NEC filing threshold is raised to \$2,000, so an S corp will no longer have to issue miscellaneous income forms for every freelancer or landlord paid over \$600 – reducing paperwork for many. Similarly, online sellers above \$600 will not trigger 1099-Ks unless they exceed \$20k and 200 transactions, sparing small e-commerce S corps from excessive tax forms. These changes streamline compliance. On the other hand, OBBBA increases tax transparency in certain areas: e.g., new reporting requirements for Qualified Opportunity Zone funds, which many real estate partnerships (pass-throughs) use. It also clarifies partnership tax rules (making certain Treasury regs self-executing) to prevent abuse. Overall, for most S corps the compliance burden is slightly reduced, as routine filing thresholds are higher and no new complex taxes were added specifically for pass-throughs.
- **Financial and Future Implications:** By locking in lower effective tax rates and pro-investment incentives, OBBBA is expected to increase the profitability and value of S corporations. Pass-through owners will continue paying only individual-level tax on profits (now permanently with a 20% deduction), which keeps pass-through taxation very attractive relative to the C-corp double tax. We may see more businesses elect or remain S corp/LLC status to take advantage of the stable pass-through deduction. The immediate expensing provisions could spur a burst of capital investment by S corps, improving productivity and growth. In the near term, owners might use tax savings for business expansion, hiring, or simply increased distributions (the latter benefitting HNWI's who own many S corps). Longer-term, these tax cuts are set, which provides certainty – but it also contributes to deficits. If federal debt pressures mount, lawmakers in the future might eye pass-through preferences for trimming (a risk beyond the current 10-year budget window). For now, S corps enjoy a “friendly” tax environment, with most TCJA benefits extended and even enhanced. One area to watch is the excess loss limitation now permanent – in economic downturns, some S corp owners could be constrained in using losses, which might affect risk-taking (knowing big losses can't fully shelter other income immediately). But overall, OBBBA's policies tend to incentivize entrepreneurship and investment through lower taxes and simpler compliance. This could lead to higher valuations for privately-held businesses and increased competitiveness, especially as many provisions (full expensing, R&D write-offs) give U.S. pass-throughs an edge relative to prior law.

Impact on C Corporations (Domestic & Multinational Corporations)

For C corporations (regular corporations subject to corporate income tax), the OBBBA largely continues the low-tax regime of the 2017 tax reform while making targeted tweaks. Corporations did not receive an across-the-board rate cut in this bill – the corporate tax rate remains 21% – but they benefit from numerous provisions that reduce effective taxes or simplify planning. There are

also some new measures affecting large corporations' minimum taxes and deductions. Key impacts:

- **Corporate Tax Rate:** No change to the 21% federal corporate tax rate, which was cut from 35% in 2017 and remains one of the lowest headline rates in the developed world. Some Republicans had floated further rate cuts (e.g. to 19% or a special lower rate for domestic manufacturers), but OBBBA ultimately includes no rate reduction for C-corps. The current 21% rate is *permanent* (it was already permanent under TCJA). Thus, corporations continue to enjoy a historically low tax rate on profits, but not an additional cut. This stability at least provides predictability for corporate financial planning – companies can project taxable income and not anticipate a scheduled tax hike.
- **Capital Investment & Depreciation:** Like pass-throughs, C-corps gain from the 100% bonus depreciation extension. Any qualifying asset they buy (equipment, machines, facilities improvements) from early 2025 onward can be immediately expensed in full. This reverses the ongoing phase-down of bonus depreciation that would have started in 2023 (which would have dropped to 80%, 60%, etc.). Now, full expensing is permanent, significantly lowering the cost of capital investment. Corporate taxpayers can also elect generous expensing under Section 179 (useful mainly for smaller corporations given the cap) – thresholds doubled to \$2.5M write-off. Current impact: Corporations investing in expansion or new technology will see substantially lower current taxes (or even losses generated) due to expensing. For example, a manufacturing company can write off a new assembly line immediately, reducing its tax bill by 21% of the cost, improving cash flow. Projected outcome: This policy should stimulate corporate spending on equipment and structures, potentially boosting productivity and output. It effectively accelerates the tax benefit of depreciation, though at the cost of higher federal deficits in early years. Over time, permanent expensing may increase the capital stock and could raise GDP modestly, assuming companies respond as intended by upping investments.
- **R&D and Innovation:** The Act is a boon to corporate R&D. It restores full deductibility of domestic R&E expenses (no 5-year amortization) starting in 2025. Big pharmaceutical, tech, and engineering companies had been alarmed by the 2022 change requiring capitalization of research costs; now they can immediately deduct those costs again, permanently. This reduces effective tax rates for R&D-intensive firms and removes a disincentive to invest in innovation. Additionally, OBBBA enhances certain targeted credits – e.g. it increases the tax credit for advanced semiconductor manufacturing (as part of promoting domestic chip production). It also repeals the excise tax on firearm suppressors (“silencers”), a niche change benefiting that industry. Meanwhile, some green energy credits from 2022’s Inflation Reduction Act are dialed back or sunset (discussed below). Overall, for many corporations, especially in high-tech and manufacturing sectors, the tax landscape is friendlier: immediate R&D expensing lowers their after-tax cost of research, and expanded credits for priority industries (chips, potentially fossil fuels) can further reduce tax liability.
- **Interest Expense Limitation:** Corporations regained a more lenient formula for interest deductions. OBBBA permanently allows the 30% limit to be calculated on EBITDA instead of EBIT, effective 2025. Prior law would have tightened interest deductions by excluding depreciation from the calc (EBIT basis). By keeping depreciation in the earnings base, corporations can deduct more interest, especially capital-intensive firms

with large non-cash depreciation expenses. This is beneficial for highly leveraged companies or those financing new projects with debt. *However*, starting in 2026, OBBBA layers in some new exclusions – when computing the limit, firms must exclude any foreign-income items like Subpart F or GILTI inclusions (and related deductions). This prevents companies from using untaxed foreign earnings to inflate their U.S. interest capacity. Net effect: domestic-oriented companies see a clear win (more interest deductible), whereas multinationals have to navigate the more complex adjusted income definition from 2026. Still, on balance the change is a relief for corporate borrowers, potentially encouraging investment financed by debt. It may particularly help industries like real estate, utilities, and telecom that carry heavy debt loads.

- **Corporate Alternative Minimum Tax (CAMT):** A notable omission in OBBBA is any repeal or change to the new 15% corporate book minimum tax enacted in 2022. The law leaves the CAMT fully in place. This means large corporations (those with \$1+ billion in average financial statement income) must continue to compute their taxes under the CAMT and pay a 15% minimum tax on book profits (with adjustments), if higher than regular tax. Many in industry hoped OBBBA would repeal or soften this provision – especially given global tax negotiations – but it did not. The reasoning may be that repealing CAMT would lose significant revenue or conflict with G7 Pillar 2 agreements, as analysts note. Impact: For mega-corporations (mostly Fortune 500 firms), this means ongoing compliance complexity and potential higher tax bills if they use lots of deductions/credits. For example, companies that invest heavily in green energy (accumulating credits) or have big differences between book and taxable income must still calculate the CAMT. Treasury and IRS will need to issue further guidance on CAMT implementation, and companies face increased audit scrutiny under this regime. In practice, maintaining CAMT slightly blunts the benefit of the low 21% rate *for those specific companies* – effectively ensuring they pay at least 15% of book income. Smaller and mid-size C-corps (under \$1B income) are unaffected by CAMT and just pay normal tax, so they fully enjoy all the new deductions and the 21% rate.
- **Stock Buybacks:** Another high-profile tax on corporations is the 1% excise tax on stock repurchases (enacted in 2022). OBBBA does not repeal or alter this buyback tax. There were discussions of increasing it – the House version even considered an *additional* 1% for the largest companies to fund veterans’ housing – but the final law leaves the excise at 1%. Thus, corporations that repurchase their own stock must continue to pay a 1% tax on the value of buybacks. Effect: While relatively small, this tax slightly raises the cost of returning capital via buybacks versus dividends. Some corporations may choose to shift more toward dividends (which have no excise tax, though shareholders pay income tax on them). Many companies will likely continue doing buybacks for flexibility, treating the 1% as just another cost. For high-market-cap corporations, this tax remains a modest drag on earnings and cash deployment strategy. The fact it wasn’t increased is a relief to corporates; had it doubled, it would more materially impact share repurchase programs.
- **International Tax Rules:** Multinational C-corporations see several technical changes, generally aimed at *preventing* scheduled tax increases and easing compliance:
 - The Global Intangible Low-Taxed Income (GILTI) regime is retained but renamed (“net CFC tested income”), and importantly OBBBA halts the planned tax hike on GILTI. GILTI’s effective rate was set to rise from 10.5% to ~13.125% in 2026; instead the law keeps it roughly 12.6% going forward by adjusting the

\$250 deduction to 40%. Likewise, the Foreign-Derived Intangible Income (FDII) export incentive (now “foreign-derived deduction-eligible income”) was to rise to a ~16.4% effective rate, but OBBBA sets it at 14% permanent (via a 33.34% deduction). These changes prevent a tax increase on multinationals’ foreign and IP-related earnings, compared to prior law.

- The law also eliminates the complex QBAI (qualified tangible asset) carve-out in GILTI calculations, which simplifies things by not tying GILTI tax breaks to physical assets. While this expands the income subject to GILTI, the lower rate offsets it, aiming for roughly similar liability but with a simpler formula.
- The Base Erosion Anti-Abuse Tax (BEAT), a minimum tax on deductions for payments to foreign affiliates, is adjusted: OBBBA permanently sets BEAT’s rate at 10.5% of modified income. This is a middle ground – higher than the prior 10% rate, but it avoids the spike to 12.5% scheduled for 2026. So, firms subject to BEAT (generally >\$500M revenue companies making large base-eroding payments) will pay a bit more than now, but less than they would have absent the bill. BEAT remains in force, so multinationals must continue tracking inter-company payments and potentially owe this minimum tax.
- Other international tweaks: e.g., restrictions on cross-border interest allocation were eased to treat some export income as partly foreign-source (helping maximize foreign tax credit use), and a prior loophole on foreign->foreign dividends (CFC-to-CFC) is made permanently exempt from tax. There is also a new requirement that certain foreign subsidiaries align their tax year with the U.S. parent’s year, simplifying tracking.

Net impact on multinationals: OBBBA largely cements a *business-friendly international tax regime*: the feared increase in global minimum tax is defanged, and while BEAT ticks up slightly, it’s preferable to prior law’s impending hike. Corporations like pharmaceuticals or tech with lots of overseas income will continue to enjoy low rates on foreign-derived returns (GILTI ~12.6% with a 80% foreign tax credit, FDII 14% on exports). They do face ongoing complexity computing CAMT, BEAT, etc., but at least the rules are now stable. The preserved low rates aim to keep U.S. multinationals competitive globally and discourage inversion or offshore shifting. However, this also reduces revenue, contributing to deficits, and could invite scrutiny from foreign governments implementing their own 15% global minimum taxes (Pillar 2) – the U.S. not raising GILTI to 15% means some U.S.-based multinationals might face top-up taxes abroad in future years.

- Other Notable Tax Changes for C-Corps:
 - Executive Compensation Deduction: OBBBA tightens §162(m) rules by aggregating a public company’s entire controlled group when applying the \$1 million cap on deductible executive pay. Also, the top 5 highest-paid employees (including non-officers) are subject to the cap, starting in 2027. This means large corporations can no longer circumvent the \$1M deduction limit by paying execs from different subsidiaries – all comp across the group is counted. Result: Corporations will lose more deduction for high salaries, increasing tax slightly for some (and potentially encouraging more performance-based or equity

compensation since the cash salary beyond \$1M is nondeductible). Compliance-wise, companies must coordinate payroll info across affiliates to adhere to this rule.

- Charitable Contributions: A new 1% income floor for deductible charitable contributions by corporations is introduced. Corporations can only deduct charitable gifts to the extent they exceed 1% of taxable income (still up to the 10% income ceiling). This prevents companies from deducting very small charitable amounts – effectively *only donations beyond a minimal level count*. Many companies that donate less than 1% of profits will see no immediate tax benefit from those gifts (though unused deductions can carry forward). This could modestly raise taxable income for companies with sporadic or minor philanthropy, and might incent firms to either give more (above 1%) or not at all. It's primarily a revenue-raiser and policy nudge, with minimal impact on major corporate donors (who often give ~1% or more anyway).
- Energy Sector Shifts: The bill rolls back or phases out various clean energy tax credits from the 2022 climate law. Credits for EV purchases and chargers phase out by 2025–26, and renewable electricity project credits wind down after 2026. Meanwhile, fees on methane emissions are delayed 10 years, and biofuel tax credits are extended to 2031. At the same time, OBBBA explicitly *promotes fossil fuels*: it contains no new taxes on oil & gas (and retains favorable expensing for drilling), and the broader bill authorizes significant spending on fossil fuel projects. Impact: Renewable energy companies (many structured as C-corps or yield cos) face a shorter horizon for tax incentives, which could slow investment in wind, solar, EV manufacturing, etc., beyond the cutoff dates. Fossil fuel companies benefit from a more even playing field (competitors' subsidies gone) and from regulatory rollbacks embedded in the bill (e.g. faster permitting). Over the long term, this may shift capital allocation in the energy sector: more toward traditional energy, less toward nascent clean tech – affecting the financial outlook of companies in these industries.
- Regulatory and Broader Financial Impact: C-corporations, especially large ones, will experience some regulatory changes alongside the tax provisions: OBBBA includes measures like bringing the PCAOB (audit oversight board) under SEC control, which could streamline oversight of public company audits (though some argued it might weaken enforcement). The law also seeks to limit certain federal agency actions – for example, it prevents use of settlement payouts for third-party groups (“Stop Settlement Slush Funds”) and may slow down new regulations by requiring more cost analysis (as inferred from attempts to strike “provisions that would inhibit... enforcement of rules”). One provision even bans states from regulating AI using algorithms from firms under certain conditions, which benefits tech corporations by avoiding a patchwork of state rules. These regulatory shifts could reduce compliance costs or liability risks for corporations in finance, tech, and other sectors.

From a *financial perspective*, OBBBA is largely favorable for corporations' bottom lines in the short-to-medium term. Effective tax rates for many companies will decrease or stay low, given the retention of the 21% rate and new/extended deductions (bonus depreciation, R&D, etc.). Cash flows improve due to immediate expensing and continued ability to return profits to

shareholders (buybacks taxed only minimally at 1%). These changes likely increase after-tax earnings and could spur higher dividends, share repurchases (notwithstanding the tiny excise), and business reinvestment. In fact, analysts project the bill's tax cuts will boost corporate profits and potentially stock market valuations, as investors price in the tax savings. For example, capital-intensive sectors like manufacturing, transportation, and telecom stand to gain from full expensing and interest deductibility, which may make projects more financially attractive. Small and mid-sized C-corps also benefit similarly to S corps on domestic provisions.

Looking further out, there are caveats: the substantial deficit impact of the law (multi-trillion dollar borrowing) could lead to higher interest rates over time. Corporations could face rising borrowing costs to finance operations or expansions, offsetting some tax benefits. Additionally, if future Congresses seek to reduce deficits, corporate tax preferences might be revisited (for instance, the 21% rate or the international provisions could be targeted in the 2030s). But until then, OBBBA locks in a highly competitive tax regime for U.S. corporations.

Finally, consider the comparative outcomes: by making pass-through taxation more attractive and keeping corporate taxes low, the law does not strongly distort the choice of business entity – both S corps and C corps enjoy favorable terms. S corps avoid double taxation and now have a guaranteed 20% income deduction, whereas C corps have slightly higher potential total tax (21% at entity + tax on dividends). High-net-worth owners might still prefer pass-through entities for most businesses (due to the QBI deduction and one layer of tax). However, for very large enterprises needing capital markets access, the C-corp form remains advantageous with the low 21% rate and global tax provisions. OBBBA essentially cements a two-tier tax structure (pass-through vs corporate) that gives flexibility – and both are advantageous relative to pre-2017 norms.

Below is a summary table comparing key tax changes under OBBBA and their impacts on High-Net-Worth Individuals, S Corps, and C Corps:

Provision	High-Net-Worth Individuals (Personal Taxes)	S Corporations (Pass- Through Entities)	C Corporations (Corporate Entities)
Top Income Tax Rate	<i>Remains 37%</i> permanently (was set to rise to 39.6% in 2026). Preserves lower personal rate for top earners.	N/A (pass-through income taxed at individual rates of owners).	<i>Remains 21%</i> federal corporate rate. No change; low rate continues (permanent).
Pass-Through 20% Deduction (\$199A)	If owner of pass-through, can claim 20% QBI deduction (now permanent). Phase-out for service businesses over ~\$500k AGI; threshold raised, so more benefit at high incomes.	Permanent 20% deduction of qualified business profits. Phase- out thresholds increased to \$150k joint; at least \$400 deduction guaranteed . Lowers effective tax ~29.6% vs 37%.	N/A (corporate profits taxed at corporate level, not eligible for §199A).

Provision	High-Net-Worth Individuals (Personal Taxes)	S Corporations (Pass- Through Entities)	C Corporations (Corporate Entities)
SALT Deduction	Cap raised to \$40k (2025–2029) for AGI < \$500k; for HNWI's >\$500k, cap effectively stays ~\$10k. Minimal relief for very high earners. Reverts to \$10k in 2030.	Workaround intact – S corp can pay state taxes at entity level to fully deduct SALT (House proposal to curtail this was dropped). Owners thus escape the individual SALT cap via PTET elections.	Corporations can deduct state/local taxes as ordinary business expenses (no \$10k cap). No change – full SALT deduction already allowed.
Estate & Gift Tax	Estate/gift exclusion doubled to \$15M single / \$30M couple from 2026. Greatly reduces estate tax incidence for HNWI's; very few estates taxable.	N/A (estate tax is levied on individuals' estates, not pass-through entities).	N/A (corporate assets eventually taxed through shareholders' estates or capital gains).
Capital Gains/Dividends	No direct change: top capital gains rate stays 20% (+3.8% NIIT) for high incomes. No new taxes on dividends or cap-gains.	N/A (capital gains at entity level flow through to owners; taxed at their rate).	No change in taxation of capital gains – realized gains add to corporate income taxed at 21%, and dividends paid out are taxed to shareholders (15–20%).
Bonus Depreciation	N/A directly (individuals don't depreciate, except via businesses). Indirect benefit if they own businesses or rental property – see S corp column.	100% bonus depreciation made permanent from 2025. S corps can immediately write off new asset purchases, reducing pass-through income (benefits owners via lower K-1 income).	100% expensing on capital investments permanently extended. Corporations deduct full cost of equipment, etc., in year of purchase (improves cash flow, lowers taxable income).
R&D Expensing	N/A to individuals (except via business interests).	Immediate deduction of R&E costs (domestic) restored from 2025. S corps no longer amortize R&D; lowers taxable income for innovative firms.	Full expensing of domestic research costs reinstated. Corporations can deduct R&D outlays in the year incurred (reversing 5-year amortization), encouraging innovation.

Provision	High-Net-Worth Individuals (Personal Taxes)	S Corporations (Pass- Through Entities)	C Corporations (Corporate Entities)
Interest Deduction (\$163(j))	N/A to personal taxes (though HNWI's with investment interest still subject to investment interest limits, unchanged).	More interest expense deductible – limit stays at 30% of EBITDA (not EBIT) permanently. Makes it easier for leveraged pass-throughs to deduct interest (especially asset-heavy businesses).	Interest limit eased to EBITDA basis , increasing allowable interest write-offs for leveraged corporations. Certain foreign income excluded from calc to prevent abuse. Improves debt-financing capacity starting 2025.
1099 Reporting Thresholds	Fewer forms: 1099- MISC/NEC threshold up from \$600 to \$2,000 (indexed); 1099-K threshold back to \$20k/200 txns. Reduces paperwork for individuals hiring contractors or selling online.	Same as individuals: S corps issue fewer 1099s to vendors under new higher thresholds. Less compliance burden on small businesses.	Minor direct effect – corporations already have robust reporting systems. Payment processors and gig platforms benefit from higher 1099-K threshold (less admin overhead).
Corporate AMT (15% Book Tax)	N/A (applies only to corporations, not individuals).	N/A (pass-through entities not subject to corporate AMT).	CAMT retained – 15% minimum tax on large corps' financial statement income remains in force. No repeal or modification, so corporations with \$1B+ profits must continue CAMT compliance (could pay higher than 21% if using many tax preferences).
Stock Buyback Tax	N/A (only corporations pay it, though indirectly HNW shareholders bear any cost).	N/A (S corps typically don't do stock buybacks; pass-through distributions not subject to excise).	1% excise tax on share repurchases continues. No change (House idea to add an extra 1% for mega-corps was not enacted). Corporations may slightly favor dividends over buybacks due to this tax.

Provision	High-Net-Worth Individuals (Personal Taxes)	S Corporations (Pass- Through Entities)	C Corporations (Corporate Entities)
Executive Comp & Charitable Deductions	N/A (limits apply at corporate entity level).	N/A (S corps' executive pay is passed through; reasonable comp rules unchanged, and charity donations flow to owners' returns).	\$1M exec pay deduction limit expanded to entire corporate groups (affecting public companies' tax deductions for top salaries). Charitable gifts floor: only amounts >1% of income deductible (might reduce small charitable write-offs).
Energy Tax Credits	Indirect: HNWI's buying EVs or solar lose some credits sooner (EV credit ends 2025). Otherwise personal clean energy credits phase down per prior law timelines.	S corps in renewable projects see credits phased out (wind/solar must start by 2026 to get full credit). Fossil fuel businesses (often organized as partnerships) benefit from delayed methane fees and continued tax breaks.	Phases down clean energy incentives (EV, solar, wind credits sunset by 2025–27). May reduce future tax benefits for renewable energy corporations. No new taxes on oil & gas; fossil fuel firms likely benefit from fewer competing subsidies. Biofuel credits extended to 2031.
Overall Tax Burden Change	Tax relief: Prevents a reversion to higher rates for high incomes, locking in TCJA cuts. Estate tax nearly eliminated for estates <\$30M. SALT relief limited for top earners (cap mostly unchanged). Net effect: affluent individuals continue with historically low effective tax rates, yielding significant tax savings vs. prior law.	Tax relief & simplification: 20% income deduction made permanent (major cut for pass-through income); enhanced expensing (bonus, R&D) drives taxable income down; easier interest deductions reduce taxable income further. Small compliance wins (fewer 1099s). Only mild negative is permanent loss-limit rule capping use of huge losses. Most S corps/owners see lower	Tax relief & targeted tweaks: No rate cut, but numerous provisions keep effective taxes low. Full expensing and R&D deductibility lower taxable profits. Multinationals avoid scheduled GILTI/FDII tax hikes (staying ~12.5–14%) and face only 10.5% BEAT vs 12.5%. However, large firms still contend with 15% CAMT, meaning some may pay above 21%. The continuation

Provision	High-Net-Worth Individuals (Personal Taxes)	S Corporations (Pass- Through Entities)	C Corporations (Corporate Entities)
Future Outlook	<p>Near-term: HNWI's retain more income/wealth, likely investing or spending it, which could widen wealth inequality. Long-term: Provisions are permanent, so benefits persist unless reversed. But huge deficits may increase pressure for future tax hikes or spending cuts, creating some policy uncertainty after a decade. In estate planning, ultra-wealthy can pass vastly more to heirs tax-free, potentially entrenching wealth concentration in future generations.</p>	<p>or similar taxes vs. previous TCJA baseline, and much lower vs. pre-2018 law.</p>	<p>of CAMT and the 1% buyback tax are modest burdens. On the whole, corporate tax liabilities will remain near historic lows as a share of profits, and tax planning certainty is improved with permanent extensions.</p>
		<p>Near-term: S corps have a stable, pro-business tax environment – expect greater investment and possibly more pass-through entities formed. Owners enjoy continued tax savings, boosting reinvestment and distributions. Long-term: With key tax breaks permanent, S corp owners can plan confidently, though the fiscal cost could prompt reforms down the road (e.g. lawmakers might reconsider the generous pass-through deduction or loss usage if deficits soar). For now, the expectation is sustained growth in the pass-through sector.</p>	<p>Near-term: Corporations likely see higher after-tax profits and cash flow, supporting stock prices and expansions. The certainty around rates and deductions enables multi-year investment planning (e.g. in factories, R&D). Long-term: By 2030s, rising debt (over \$2.8T added by 2034) might force fiscal adjustments – corporate tax increases could be revisited in future Congresses. Additionally, global tax developments (Pillar Two minimum tax adoption abroad) could affect U.S. multinationals – pressure may mount to modify or replace CAMT with OECD-aligned rules. Nevertheless, for the coming years the U.S. will have one of the most corporation-friendly tax regimes,</p>

Provision	High-Net-Worth Individuals (Personal Taxes)	S Corporations (Pass- Through Entities)	C Corporations (Corporate Entities)
			which could attract investment but at the risk of higher debt servicing costs in the economy.

Sources: