Account for Anything™ in the New Era of Taxation:

Future-Proof Your Taxes Beyond the One Big Beautiful Bill

Aprio

APRIO'S 2025 YEAR-END TAX UPDATE

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Executive Summary

Sweeping tax reforms have landed. On July 4, 2025, President Trump signed the One Big Beautiful Bill (OBBB) into law. This overhaul of tax legislation is reshaping modern tax policy from the federal, state, and international levels, impacting everyone from companies focused on sustainable growth to individuals planning for their future.

While tax laws rarely remain static, Aprio's 2025 Year-End Tax Update offers a comprehensive overview of new compliance requirements, responsibilities, and strategic opportunities—some temporary, some permanent—for individuals and businesses alike, including:

Business Boosts

100% bonus depreciation has been made permanent and expanded Section 179 limits increase flexibility in deducting business expenses. Additionally, new rules allow for expanded expensing domestic R&D costs.

Individual Planning

Favorable Tax Cuts and Jobs Act (TCJA) provisions have been permanently extended from the standard deduction to enhanced child, adoption, and scholarship fund credits.

Estate and Gift Tax

Higher exemption amounts for estate and gift tax have been solidified.

International Updates

Changes to foreign tax credits, GILTI (now NCTI), FDII (now FDDEI), and treaty rules are redefining cross-border tax planning.

Challenges to Tariffs

The constitutionality of global tariffs imposed under IEEPA face major legal challenges and a pending Supreme Court decision that could reshape U.S. trade policy.

SALT Deductions

The cap on the federal SALT deduction has been raised to $40,000 through 2029.

Employment Tax Changes

New complexities arise for reporting tax on tips and overtime pay.

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Adapting Your Business Tax Strategy as a New Era Unfolds

Tax planning for businesses is undergoing a profound transformation with the enactment of the OBBB. Navigating this new landscape will require a clear understanding of the new provisions, the most significant changes, and awareness of which provisions from the 2017 Tax Cuts and Jobs Act (TCJA) have been extended. Prior to the OBBB passage, many advisors took precautionary measures to prepare for the possibility that the TCJA provisions might not be extended. However, with these changes now in place, businesses must reevaluate their tax strategies and structures. By thoroughly reviewing the new provisions and extensions, businesses can position themselves to optimize potential savings.

Revolutionizing Capitalization Deductions

The OBBB has ushered in major changes for how businesses capitalize various expenditures, dramatically enhancing deduction opportunities, including:

- **100% Bonus Depreciation Returns:** For all properties placed in service after January 19, 2025, businesses can now fully deduct the cost upfront. This change provides a significant advantage compared to the 40% bonus previously slated for 2025. These changes come with an expanded definition for which assets are eligible to take bonus depreciation.
- **Manufacturing Incentives:** Qualified production property now allows entities engaged in manufacturing to expense 100% of property used in production.
- **Enhanced Section 179 Expensing:** Prior to passage, Section 179 offered businesses the opportunity to deduct the full amount of eligible purchases but was limited to an aggregate cost of $1,000,000. The new cap for immediate expensing of qualified purchases has surged to a $2,500,000 aggregate cost limit, with a $4,000,000 threshold before the phaseout begins.
- **Revamped R&D Expensing:** Businesses are now able to expense a wider variety of domestic R&D costs, with retroactive applications for expenses dating back to tax years beginning after December 31, 2021.

Eligible business owners can capitalize on these opportunities to increase deductions in earlier years and reduce their tax liabilities. However, it's important to be mindful of the future impact of reduced deductions in later years, including net operating losses and various tax credits. Taxpayers need to carefully consider the impacts on their business and should consult with their trusted advisors to determine the best tax strategies given their specific circumstances.

New Corporate Charitable Deduction Thresholds

The OBBB introduces a pivotal change in corporate charitable deductions, effective for tax years beginning after December 31, 2025:

Corporate deductions

Corporations making charitable contributions will have to contend with more complexity in the tax treatment of those deductions in the form of a new 1% floor for deductibility. Under prior law, corporate taxpayers could deduct all charitable contributions up to 10% of taxable income. The new law requires that a corporation's charitable contributions must exceed 1% of its taxable income before the corporation may begin claiming deductions for charitable contributions. The 10% ceiling remains in place.

Disallowed deductions

Any disallowed deductions can be carried forward for up to five years, with those excluded due to the 1% being eligible only in tax years where the total contributions exceed the 10% cap.

These modifications will significantly reduce the benefits derived from corporate charitable donations. Corporations looking to maximize their deductions will now need to carefully manage their charitable spending to remain within the new boundaries of the two contribution limits.

Empowering Small Businesses: Section 1202 Expansion

Section 1202 has historically afforded shareholders of certain small businesses the ability to exclude portions of capital gains when selling Qualified Small Business Stock (QSBS). The new legislation allows taxpayers to exclude more per transaction for stock purchased after the effective date, with the cap rising from $10 million to $15 million, including an annual inflation adjustment.

In addition, for businesses that did not qualify as a small business due to aggregate gross assets exceeding $50 million, the new legislation has now increased the cap to $75 million. For investors and business owners, significant opportunities now exist to exclude even greater amounts of the gain of small business stock, and for many companies previously excluded from Section 1202 to now be designated as a qualified small business. These changes ultimately increase the viability and potential tax benefits, creating a more favorable landscape for investors and owners of small businesses.

Other Notable Tax Extensions and Expansions

Due to the uncertainty of the TCJAs extension, many entities and advisors took conservative approaches in case the provisions were not extended. However, all entities should still review their tax strategies to ensure they are optimizing their approaches in line with the current statutes. The OBBB provides clarity on several noteworthy extensions of TCJA laws, including:

Qualified Business Income Deduction (Section 199A)

- ✓ Made permanent
- ✓ Increased phaseout limit by $25,000
- ✓ New minimum deduction of $400 for qualified businesses

Opportunity Zones

- ✓ Made permanent
- ✓ Enhanced for rural Opportunity Zone areas

Excess Business Loss Limitations

- ✓ Made permanent

Low Income Housing Credit

- ✓ Made permanent
- ✓ Locked in a new 12% increase to each state's annual ceiling starting in 2026
- ✓ Lower tax-exempt bond financing requirements from 50% to 25% of aggregate project costs placed in service from 2025 onward

Staying Ahead: Strategic Review and Proactive Tax Planning

Considering the sweeping business tax changes introduced by the OBBB, all entities should revisit their tax strategies and structures to confirm they are capturing all the available benefits and remaining compliant with the latest statues.

Individual Taxation Redefined: The Impact of OBBB on Modern Tax Policy

Individual taxpayers have been bracing themselves for the sunset of numerous provisions, deductions, and limitations through the TCJA at the end of 2025. Then in July, Congress passed the OBBB, which permanently extended and expanded favorable key provisions originally set to expire and introduced new benefits for individual taxpayers. Without the passage of the OBBB, several significant provisions, including marginal tax rates, brackets, and the standard deduction, would have reverted to their pre-TCJA levels. By permanently extending these provisions, the OBBB allows taxpayers to continue benefiting from lower marginal rates, an expanded standard deduction, and enhanced credits originally introduced under the TCJA. Beyond preserving these provisions, the legislation introduces new deduction and credit opportunities, further broadening potential tax savings for individuals.

Core OBBB Tax Changes for Individuals

At the core of the OBBB is the permanent extension of several TCJA provisions, the enhancement of existing credits, and the introduction of new tax saving opportunities. Here's a look at some of the most impactful tax provisions for individuals:

Permanently extended TCJA provisions

1. **Marginal Rates:** Decreased marginal rates introduced through the TCJA are now permanent, locking in savings for taxpayers across brackets.
2. **Standard Deduction:** Near doubling of the standard deduction has been permanently extended, making filing simpler for millions.
3. **Personal Exemption:** The personal exemption has been permanently eliminated, with an exception for certain senior taxpayers.
4. **Moving Expense Deductions:** Both the deduction and reimbursement exclusion for moving expenses have been permanently eliminated.

Expanded credits and new opportunities

1. **529 Savings Plan:** The tax-free distribution amount for tuition and other eligible primary education expenses has been increased to $20,000 beginning in 2026.
2. **Child Tax Credit:** Increased to $2,200 per child for 2025, and income thresholds have been permanently expanded for taxpayers.
3. **Adoption Credit:** Now includes a refundable component up to $5,000, making adoption more financially accessible.
4. **Scholarship Fund Contribution Credit:** A new credit allowing taxpayers, who contribute to an eligible scholarship fund, to earn up to $1,700 with certain limitations.
5. **ABLE Account Enhancements:** Designated beneficiaries who contribute to an ABLE account and claim the Savers Credit can now claim up to $2,100 for tax years beginning after 2026. Additional contributions and 529 rollover contributions can be made by taxpayers who contribute to an ABLE account.
6. **Alternative Minimum Tax (AMT) Exemptions:** Increased exemption amounts and modified phaseout thresholds create a more favorable AMT framework for individual taxpayers.
7. **Business Loss Limitation:** The excess business loss limitation has been made permanent, impacting the deduction that noncorporate taxpayers can take for their business losses in a given year.
8. **Section 199A Deduction:** Section 199A has been permanently enacted, meaning owners of specified pass-through businesses will continue to benefit from the 20% deduction for qualified business income.

Targeted changes for earners and credit recipients

1. **Premium Tax Credit (PTC):** Beginning January 1, 2028, taxpayers who received the PTC will be required to verify specific insurance application information. However, beginning January 1, 2026, taxpayers who received excess PTC will be required to repay the full amount, and if enrolling in coverage during a special enrollment period, will no longer be eligible for the PTC.
2. **Employer Educational Assistance:** The annual exclusion of $5,250 from a taxpayer's gross income for employer-provided educational assistance has been permanently extended. Student loan discharge due to disability or death will continue to be excluded from a taxpayer's income as well.
3. **Interest Deduction Limitations:** New limitations on business interest and deductibility may reduce the amount of deductible business interests for owners of pass-through businesses. The new limitations are discussed in greater length in the business section of this year-end tax update.

Relief for Tax on Tips and Overtime Earners

Among the most prominent of the OBBB's new provisions is the taxation of tips and overtime compensation, which plays a key role in the earnings of many individuals. While regular wages remain fully taxable, taxpayers who meet the criteria could see up to a $25,000 above-the-line deduction for qualified tips and overtime compensation through 2028. These provisions are designed to offer relief to taxpayers in the hospitality, food service, and retails spaces, where tips and overtime compensation make up a significant portion of their income.

It is important to note that taxpayers must meet several requirements to be eligible for the deduction, including income thresholds, reporting, and tip type. While practitioners await clarifying guidance from the Treasury, it is pertinent for taxpayers to explore how these provisions could impact them directly. Being proactive with documentation and planning will be critical to secure eligibility and compliance, especially as enforcement and interpretation evolve in the years to come.

Itemized Deductions: Shifting the Decision-Making to Individuals

The OBBB introduced several modifications to the rules governing itemized deductions, which could ultimately put individuals in a position to decide whether to itemize or take the standard deduction. This decision has the potential to change from year-to-year. A clear understanding of these new rules is essential when evaluating the potential financial impact for taxpayers and provides a great opportunity for planning and adjusting tax strategies. Some of the most influential changes and additions, include:

1. **Auto Loan Interest Deduction:** Taxpayers who took out a qualifying personal auto loan after December 31, 2024, may be eligible for an annual interest deduction of up to $10,000, provided they meet the income threshold limits and their vehicles final assembly occurred in the United States.
2. **Charitable Giving:** As part of its effort to promote charitable giving, the OBBB reinstates the above-the-line charitable contribution deduction, allowing non-itemizing taxpayers to deduct up to $1,000 ($2,000 for married couples filing jointly). For individuals who itemize deductions, a charitable deduction is only available for contributions that exceed 0.5% of their adjusted gross income (AGI). Additionally, the deduction for cash contributions to public charities, up to 60% of AGI, has been permanently extended.
3. **Mortgage Interest:** The existing $750,000 cap on the mortgage interest deduction for acquisition indebtedness has been permanently extended. However, the legislation now allows mortgage insurance premiums to be treated as deductible qualified residence interest, offering another potential benefit for homeowners.
4. **SALT Cap:** The state and local tax deduction has been temporarily increased from $10,000 to $40,000 through 2030. The expansion of this provision is discussed further in the SALT section of this year-end tax update.
5. **Casualty Losses:** Limitations have been permanently extended, but now include state declared disaster areas, as well as federally declared disaster areas.
6. **Miscellaneous Deductions:** Itemized deductions that have been permanently eliminated include union dues, tax preparation fees, and investment expenses.

Tax-Favored Accounts: Introducing the "Trump Account"

The new individual trust accounts, which the administration is calling "Trump Accounts," are designed to benefit children at the age of 18. The accounts function similarly to a traditional IRA account, allowing parents, employers, relatives, and other individuals to contribute up to $5,000 annually per child. While beneficiaries may gain full access to the funds at age 18, early distributions before age 59½ could trigger a 10% penalty unless exempt under traditional IRA regulations. As part of a pilot program, every U.S. child born between December 31, 2024, and January 1, 2029, will receive a one-time deposit of $1,000 into each "Trump Account" by the federal government.

Navigating a Reimagined Individual Tax Future

The legislation passed through the OBBB will fundamentally reshape the individual tax framework. The complexity of phased rollbacks, income-based limits, and timing nuances require ongoing attention and planning. It is critical for taxpayers and advisors to stay informed to strategically navigate the ever-changing tax landscape.

The Future of Wealth Transfers: Strategic Estate and Gift Tax Planning

The landmark estate and gift tax rules enacted by the 2017 TCJA, which were set to expire on December 31, 2025, have been made permanent by the OBBB. This extension includes a significant increase to the federal estate exemption, raising the lifetime exemption amount to $15,000,000 for tax years starting after December 31, 2025, with annual adjustments for inflation thereafter. However, individuals who pass away prior to the start date will still benefit from the pre-2026 TCJA provisions but will not qualify for the increased exemption limits.

Understanding the Current Estate Planning Framework

To effectively execute proactive estate tax planning, it's essential to have a clear understanding of the current estate planning landscape and awareness of anticipated legislative shifts. There are several pivotal factors under the current law that will shape future estate planning strategies:

1. **Federal Estate Tax Exemption:** As of 2025 and until January 1, 2026, U.S. citizens and residents can transfer up to $13.99 million per person ($27.98 million for married filing jointly) before federal estate taxes apply. This exemption facilitates a substantial wealth transfer to heirs without incurring estate taxes.
2. **Gift and Generation-Skipping Transfer (GST) Taxes:** The lifetime gift tax exemption mirrors the estate tax exemption, enabling substantial lifetime gifts without immediate tax consequences. GST taxes apply to transfers to grandchildren and beyond, ensuring taxes are paid at each generational level.
3. **Step-Up in Basis:** Upon death, assets transferred through an estate receive a step-up in basis to their fair market value, potentially reducing capital gains taxes for heirs when assets are sold.

Strategic Estate Planning Techniques in an Evolving Tax Landscape

To harness the advantages of the expanded estate and gift tax exemption and navigate evolving regulations, it's important to consider the following techniques:

1. **Irrevocable Life Insurance Trusts (ILITs):** ILITs can help mitigate estate taxes by holding life insurance policies outside of your taxable estate, providing liquidity to cover estate taxes or equalize inheritances.
2. **Grantor Retained Annuity Trusts (GRATs):** GRATs allow you to transfer assets to beneficiaries at a reduced gift tax cost, while leveraging expected asset appreciation and retaining an income stream for a specified period.
3. **Charitable Remainder Trusts (CRTs):** CRTs offer a way to support charitable causes while receiving income during your lifetime, potentially reducing both income and estate taxes.
4. **Family Entities:** Family entities, such as Family Limited Partnerships and Family LLCs, enable you to transfer ownership of family assets to future generations, while retaining control and potentially reducing estate taxes through valuation discounts.
5. **Qualified Personal Residence Trusts (QPRTs):** QPRTs allow you to transfer a primary or secondary residence to heirs at a reduced gift tax value, while retaining the right to live in the residence for a specified term.

Beyond Taxation: Addressing Non-Tax Estate Planning Concerns

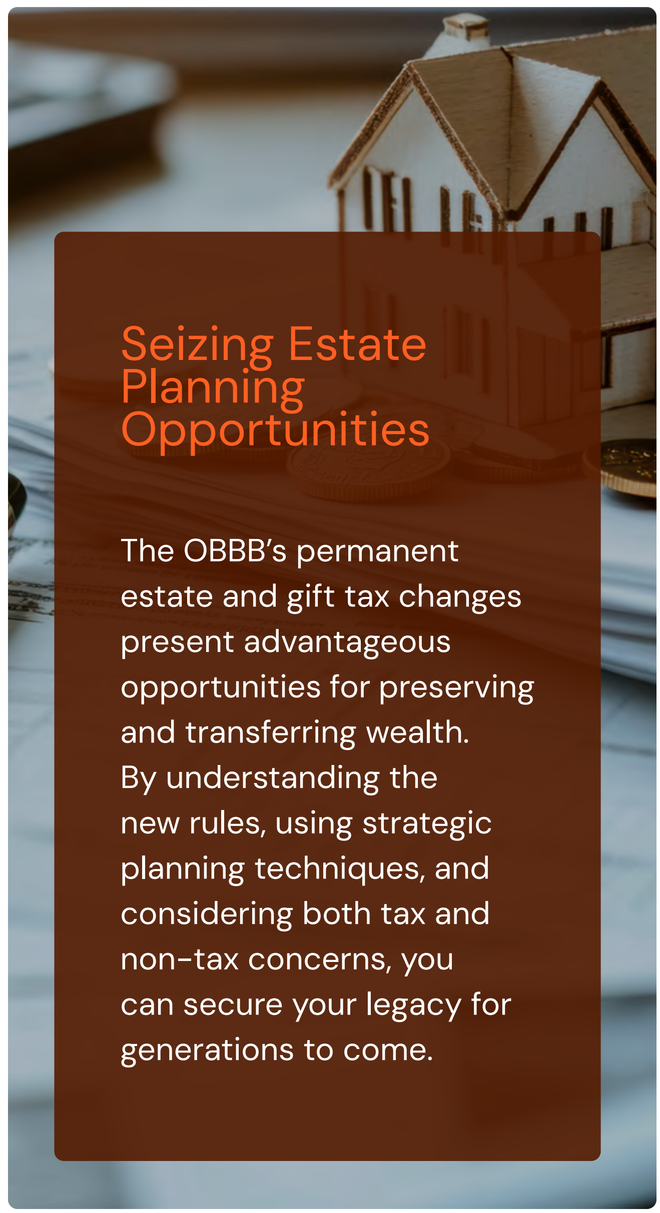
Effective estate planning is not solely about minimizing taxes; it encompasses broader concerns about protecting your legacy, your loved ones, and your life's work. Non-tax estate planning considerations include:

1. **Asset Protection:** Structuring your estate plan with trusts and other entities can shield assets from creditors and legal challenges, ensuring your legacy remains intact for your intended beneficiaries.
2. **Healthcare Directives:** Establishing advanced healthcare directives and powers of attorney in your estate plan ensures your medical wishes are honored and trusted individuals are empowered to make decisions on your behalf if you become incapacitated.
3. **Guardianship:** For families with minor children, appointing guardians in your estate plan ensures that your children are cared for by individuals you trust in the event of your untimely passing.
4. **Business Succession:** If you own a business, developing a succession plan ensures a smooth transition of ownership and management, preserving the business's value and continuity.

Proactive Estate Planning Steps for a Secure Future

The estate planning landscape is shifting, and the best results come from early and deliberate action, such as careful planning and paying close attention to current and future legislation. Proactive steps taken today can help estate structures maximize asset protection, while simultaneously affording taxpayers the freedom to enjoy access to their assets today. Ways to seize the moment include:

1. **Review and Update:** Schedule a comprehensive review of your estate plan with your trusted advisor to assess its alignment with current laws and potential future changes.
2. **Maximize Liquidity:** Consider utilizing high exemptions to free assets from restrictive entities to maximize growth and ease of access. This is especially helpful for those who took more conservative approaches to estate planning prior to OBBB's passage.
3. **Evaluate Trust Structures:** Assess the effectiveness of trusts and entities considering possible tax law changes to determine if they still serve your wealth preservation and distribution goals.
4. **Incorporate Non-Tax Concerns:** Address non-tax issues, such as asset protection, healthcare directives, guardianship, and business succession in your estate plan for a comprehensive approach.



Seizing Estate Planning Opportunities

The OBBB's permanent estate and gift tax changes present advantageous opportunities for preserving and transferring wealth. By understanding the new rules, using strategic planning techniques, and considering both tax and non-tax concerns, you can secure your legacy for generations to come.

Transformative Shifts in International Taxation

As global commerce flourishes in the new digital era, countries worldwide are keen on developing international tax laws to dissuade profit-shifting and tax avoidance by multinational enterprises, while simultaneously keeping their markets competitive. As the U.S. continues to adapt its international tax regime to an everchanging global landscape, 2025 brought numerous changes that will dramatically reshape the international tax arena. With the passage of the OBBB and several significant rulings and treaties, businesses must quickly adapt their tax strategies in a landscape that grows more complex by the year.

U.S. Tax Treaty Updates: Spotlight on Belarus Suspension

The U.S. Department of the Treasury and the Republic of Belarus mutually agreed to suspend part of the income tax treaty established in 1973 between the two countries, effective December 17, 2024, through December 31, 2026. Due to the suspension, interest on credits, loans, and other forms of indebtedness connected with the financing of trade between the two countries may be subject to taxation in both the U.S. and the Republic of Belarus. Withholding agents should take extra care when applying the applicable tax rate for these income types, as both withholding and other forms of taxation are covered by the suspension.

Proposed PTEP Regulations Gain Clarity

The U.S. Department of the Treasury released lengthy proposed regulations (REG-105479-18) that address numerous matters relating to previously taxed earnings and profits (PTEP) of foreign corporations for U.S. shareholders. The rules governing IRC §959 and IRC §961 are designed to prevent double taxation of earnings from foreign corporations owned by U.S. shareholders. Generally, IRC §959 allows U.S. shareholders to exclude PTEP from current year income, and IRC §961 allows shareholders to adjust their basis in stock of foreign corporations for income that was previously taxable on their U.S. return.

For years, the government has acknowledged that clarity was desperately needed on these code sections as the rules for tracking basis quickly grew complex, especially following the passage of the TCJA, which introduced new provisions for recognizing foreign income from controlled foreign corporations. The long-awaited proposed regulations are intended to clarify and resolve basis tracking issues for controlled foreign corporations. These regulations are expected to apply to tax years beginning on or after the date that the final regulations are enacted.

A central point of contention between the IRS and Facebook was over which method produced the most reliable arm's length transaction.

Transfer Pricing in a Digital Age: *Facebook, Inc. v. Commissioner*

In May of 2025, the landmark case of *Facebook, Inc. v. Commissioner* set a precedent for how the IRS scrutinizes transfer pricing agreements involving intangible assets shared by a subsidiary in a low-tax jurisdiction and a U.S. entity. The dispute revolved around Facebook's 2010 cost-sharing agreement with its Irish subsidiary for intangible assets that were used and developed by both entities. Under the general rules of the cost-sharing agreement, the Irish subsidiary was required to pay income to the U.S. entity for its use of the various Facebook platforms. However, costs for maintaining and developing the platforms would be split between the two entities. The pricing compensation and costs paid were governed by IRC §482 and Treasury Regulations §1.482-1 through §1.482-8, which require the use of the best available method to yield the most reliable arm's length transaction. A central point of contention between the IRS and Facebook was over which method produced the most reliable arm's length transaction. The IRS further scrutinized some of the inputs and projections Facebook used to determine its pricing valuations.

Ultimately, the tax court ruled that Facebook undervalued its pricing structure with the method it chose for determining the arm's length value of compensation paid by the Irish subsidiary to the U.S, as well as for expenses allocated between the entities. The court provided adjusted amounts for the arm's length calculations for both income and costs between the entities, resulting in higher U.S. tax liabilities for Facebook, Inc.

The outcome of this case highlights the necessity for companies sharing the cost of intangible assets with foreign subsidiaries or controlling entities to carefully review the terms of their transfer pricing agreements to determine whether they are utilizing the best method for arm's length transactions. It is likely that the IRS will conduct further audits into transfer-pricing agreements for companies sharing intangible assets in the future, thus businesses should proactively review these agreements to maintain compliance as the entities evolve.

The OBBB Effect in International Taxation

In the world of international taxation, the OBBB represents a sweeping overhaul in U.S. policy. Strategic tax planning is a necessity now more than ever for businesses to properly calculate the impacts of these changes in relation to tax returns with international components. While most changes mandated by the bill become effective for taxable years beginning after December 31, 2025, there are a few key changes that take effect earlier which could impact 2025 tax returns, including:

Changes to income included in DEI

The OBBB modifies the method for calculating deduction-eligible income (DEI), which is used to calculate foreign-derived deduction-eligible income (FDDEI, formerly FDII). The DEI definition has been amended to include a new subclause to the list of items that are excluded from determining DEI. In particular, the subclause added excludes any income and gain from the sale or other disposition of intangible property and any other property that is subject to depreciation or amortization. Meaning, this type of income is no longer eligible for a FDDEI deduction. The impact of this amendment will vary depending on the type of income that corporations have on a year-to-year basis. This amendment will apply to any sales or dispositions occurring after June 16, 2025.

Disallowance of a foreign tax credit related to distributions of previously taxed NCTI

Under the bill, shareholders are not permitted to claim a foreign tax credit for 10% of any foreign income taxes paid or accrued in connection to the previously taxed net controlled foreign corporation (CFC) tested income taken as a distribution by the shareholder. This new rule applies to any distributions made after June 28, 2025, potentially impacting the foreign tax credits available to offset tax due on the net CFC tested income for shareholders of controlled foreign corporations.

Updated tax year requirements for specified foreign corporations

IRC §898(c) has been amended to provide that specified foreign corporations, which are CFCs where a U.S. person owns more than 50% of the total voting power or value of stock, are no longer allowed to have a year that is one month earlier than the majority of U.S. shareholders tax year. Now, corporations must have the same tax year as the majority of U.S. shareholders. Specified foreign corporations subject to this change will begin transitioning after November 30, 2025, and will receive transition guidance from the U.S. Secretary of State.

International Tax Changes Effective for Tax Years Beginning in 2026:

Foreign Tax Credit

The OBBB introduces significant changes in the ways that the foreign tax credit (FTC) is calculated. The FTC generally allows taxpayers to take a dollar-for-dollar reduction in taxes for taxes paid to foreign governments on income that is being taxed in the U.S.

For shareholders of controlled foreign corporations, several key updates apply:

- **NCTI must be reduced by the allowed NCTI deduction:** Any deduction allowed under IRC §250(a)(1)(B), commonly known as GILTI but will be referred to as NCTI for tax years beginning in 2026, must be allocated and apportioned when determining the net CFC tested income. This net income is then used to calculate taxable income and the FTC limitation. The deduction allowed under IRC §250(a)(1)(B) is generally 40% of the net CFC tested income (as amended by the OBBB).
- **Exclusion of interest and R&D expenditures:** Interest and research and development (R&D) expenses are no longer allocated when determining the net CFC tested income for the calculation of taxable income and the FTC limitation.
- **Only directly allocable expenses permitted:** Other deductions related to the net CFC tested income may be considered for FTC limitation purposes, only if the expenses are directly allocable to that income. Any amounts or deductions which are not mentioned will only be allocated or apportioned if the income is sourced within the U.S.

For businesses in inventory production, the following rules apply:

- **Updated sourcing rules for inventory:** IRC §904(b) has been amended to add a new paragraph clarifying the sourcing rules for inventory produced in the U.S. and sold through foreign branches. This applies to U.S. persons who maintain a foreign office and sell U.S.-produced inventory to customers outside of the U.S. Under the new rules, these sales will be treated as foreign sales for FTC purposes. However, the amount treated as foreign sales should not exceed 50% of the total income from selling the specified inventory.

Under the GILTI (now NCTI) rules, U.S. shareholders who own more than 10% of the value or voting power of a U.S. CFC are required to include specific amounts from their pro-rata share of the foreign corporation's income in their U.S. taxable income.

GILTI (Now NCTI): Deduction Rate Changes

One of the most notable changes to the Global Intangible Low-Taxed Income (GILTI) is renaming it to Net CFC Tested Income (NCTI). Under the GILTI (now NCTI) rules, U.S. shareholders who own more than 10% of the value or voting power of a U.S. CFC are required to include specific amounts from their pro-rata share of the foreign corporation's income in their U.S. taxable income. This requirement applies when a series of tests determines that the foreign jurisdiction has taxed the income at below average rates. Previously, NCTI income was calculated as the excess of a shareholder's net CFC tested income over the shareholder's net deemed tangible income return for the taxable year. However, the new bill redefines the NCTI calculation to equal the net CFC tested income, removing any consideration of the net deemed tangible income return. This change not only simplifies the calculation for both the NCTI deduction and income inclusions, but it also has the potential to significantly impact the amounts reported on 2026 tax returns.

Key adjustments to NCTI are:

- **Deduction rate change:** Starting in 2026, the deduction rate decreases from 50% (originally enacted in 2017) to 40%.
- **Increased FTC for foreign taxes paid:** The credit for foreign taxes deemed paid will increase from 80% to 90% of the product of the domestic corporation's

inclusion percentage multiplied by the aggregate tested foreign income taxes paid or accrued by CFCs.

FDII Redefined: Introducing FDDEI

The rules for the Foreign Derived Intangible Income (FDII) deduction, now referred to as Foreign Derived Deduction Eligible Income (FDDEI), have been modified. The deduction grants domestic corporations a reduced tax rate on qualifying income generated from sales made in foreign markets. For tax years before 2026, the FDII (now FDDEI) deduction was equal to 37.5% of the estimated amount of the corporation's foreign derived intangible sales. However, beginning in taxable years after December 31, 2025, the deduction will be equal to 33.34% of qualifying FDDEI, with the new calculation simplified by eliminating the previous complex formula. The deduction is no longer limited to sales exceeding 10% of the adjusted basis of the corporation's tangible business property. This change opens the door for domestic corporations who were previously ineligible for the FDDEI deduction due to not surpassing the business property barrier. In addition, interest and R&D expenses will no longer need to be subtracted when calculating the deduction eligible income.

Other International Tax Changes

- **BEAT Rate:** The tax rate for the base-erosion and anti-abuse tax (BEAT) permanently increases to 10.5%, rather than increasing to 12% as previously scheduled for 2026.
- **IRC §954(c)(6)(C):** The look-thru rules for income received from related CFCs, originally set to expire after December 31, 2025, will remain in effect permanently providing ongoing clarity on the future of these laws.
- **Refined Downard Attribution Rules:** Amendments to IRC §958(b) clarify that rules for partnerships, estates, trusts, and corporations under IRC §318(a)(3) do not apply to consider stock owned by non-U.S. persons as held by U.S. persons. The addition of a new section called IRC §951B, further outlines the amounts includable in gross income for foreign controlled U.S. shareholders.
- **Redefined CFC Income Inclusion:** IRC §951(a) has been rewritten to more specifically define which shareholders must include CFC income on their tax returns, with the taxable year aligning with that of the CFC.

Strategic International Tax Planning Amid Change

With several moving parts in the international landscape, businesses must remain proactive and adaptive. Now is the time to review transfer pricing agreements, re-examine ownership and tax structures, and model how the OBBB changes will impact your business.

Tariffs Under Fire: The Constitutionality Challenges to Trump's Trade Policies

On April 2, 2025, President Trump signed an Executive Order imposing an additional 10% global tariff, with increased rates for countries demonstrating significant trade deficits with the U.S. These tariffs have generated significant debate, not only about the economic effects but also the legitimacy under the U.S. Constitution. The immediate question is whether the President's actions, taken under the authority of the International Emergency Economic Powers Act (IEEPA) of 1977, are constitutionally valid.

Congressional Authority vs. Executive Power

Article I, Section 8 of the U.S. Constitution gives Congress explicit authority to "lay and collect Taxes, Duties, Imposts and Excises." Over time, Congress has delegated the power to impose partial tariff-setting, through laws such as the 1934 Reciprocal Trade Agreements Act (RTAA), to the President, which grants the President the authority to adjust tariff rates without congressional approvals. Since then, this delegation continued through several subsequent laws, including the Trade Expansion Act of 1962, the Trade Act of 1974, the Omnibus Trade and Competitiveness Act of 1988, and the Trade Act of 2002.

There are several laws that give the President authority to impose tariffs under certain conditions:

- The RTAA permits the President to negotiate reciprocal tariffs with other countries, matching each other's rates, and to form bilateral trade agreements to support mutual trade.
- Section 301 of the Trade Act of 1974 authorizes the President, through the U.S. Trade Representative, to impose tariffs in response to unfair trade practices.
- Section 232 of the Trade Expansion Act of 1962 allows the President to impose tariffs if imports are found to threaten national security.

The Historical Intent of Trade Agreements

Article I, Section 10 prohibits states from imposing duties or imposts without congressional consent, therefore establishing the federal government's dominant position on tariff matters. This framework, designed by the Founders, was originally intended to prevent trade barriers between states and provide the federal government with stable fiscal revenue. James Madison emphasized that the power to regulate commerce and impose duties is essential to the harmony and prosperity of the Union, reflecting on lessons learned from the fragmented and protectionist trade practices that had plagued the Articles of Confederation.

Legal Challenges and Uncertainty Over the Future of Tariffs

In nearly fifty years, the IEEPA has never been used to impose tariffs. Since the beginning of the tariffs' imposition, many in the importer community and among legal practitioners argued that the statute does not grant the President such authority and expressed concerns about an unprecedented expansion of executive power. They also contended that the current trade situation in the U.S. does not appear to meet the "unusual and extraordinary circumstances" requirement, making this use of the IEEPA contrary to its legislative intent.

Currently, more than six federal lawsuits are challenging the use of IEEPA for the President's tariff orders. For instance, in *Learning Resources, Inc. v. Trump*, a federal judge in Washington, D.C. ruled that the IEEPA does not allow the President to take unilateral tariff actions. These lawsuits, involving both small businesses and state governments, all seek to limit the President's executive power on trade matters.

A leading case, *V.O.S. Selections, Inc. v. Trump*, involves multiple plaintiffs including private companies and several U.S. states challenging five Executive Orders issued by the President. On August 29, 2025, in a 7-4 decision, the U.S. Court of Appeals for the Federal Circuit affirms that most of the President's global tariffs were not authorized by the IEEPA. The Court found that while the IEEPA lets the President "regulate" imports, it does not authorize the impositions of broad tariffs. As a result, the Court of International Trade's (CIT) decision—that the Trafficking and Reciprocal Tariffs established under these Executive Orders go beyond the powers granted to the President by IEEPA—was upheld. The Supreme Court is now considering a similar challenge in *Learning Resources v. Trump*.

However, the Court delayed the impact of its decision through mid-October to allow the Trump Administration to appeal to the Supreme Court, as the tariffs remain in effect. On September 3, 2025, the Trump Administration filed documents with the U.S. Supreme Court, requesting to quickly overturn the previous ruling by the U.S. Federal Circuit Court of Appeals that found the President's orders to impose tariffs on multiple countries to be illegal.

The legal validity of the Trump Administration's tariffs remains contested, with the Supreme Court's November proceedings expected to deliver a pivotal ruling on their constitutional status.

What Happens if the Tariffs are Overturned?

Tariffs are essentially taxes imposed on imported goods as they enter the country and is one of the main revenue streams that the U.S. federal government generates. When a company imports goods into the U.S., they must pay tariffs to the U.S. Customs and Border Protection (CBP) before their products can enter the American market. Foreign exporters do not pay U.S. tariffs directly; instead, U.S. importers pay the taxes, which are often passed down the supply chain to businesses and customers.

If the U.S. Supreme Court rules that the 2025 IEEPA tariffs imposed since the beginning of Trump's second term are unconstitutional, would these tariffs need to be refunded? If so, how would they be refunded?

The refund process for the 2025 IEEPA tariffs would be unprecedented in both scale and complexity, as it appears that most U.S. businesses would be eligible for refunds. In the event of a refund, CBP would likely issue unilateral refunds of the IEEPA tariffs it collected, likely with interest. However, the court's decision may affect both the method and the amount of such refunds—for example, the court could determine that the President may impose tariffs only up to a certain limit, resulting in partial refunds.

Businesses impacted by these tariffs will face the difficult choice: pass the savings to their customers or retain the refund for future needs. Given the complexity and logistical administrative challenges, direct refunds to consumers is unlikely.

Tariffs Imposed Under the IEEPA: Key Facts and Figures

As of September 2025, the total IEEPA tariff revenue collected has generated $79.47 billion, with the total rising daily. According to the facts and statistical data from CBP, the tariffs imposed under IEEPA by the Trump Administration include:

Brazil

40% tariff on nonexempted goods; stacks with reciprocal rate

India (Russian Oil)

25% tariff on nonexempted goods; stacks with reciprocal rate

Canada

35% tariff on most goods; 10% on energy and potash; USMCA-originating goods are exempt

Mexico

25% tariff on most goods; 10% on potash; USMCA-originating goods are exempt

China & Hong Kong

20% tariff on all goods plus an additional 10% reciprocal rate on all goods

Reciprocal Rate

Minimum 10% for all countries, with specific rates ranging from 10% to 41% for 95 countries on nonexempted goods

U.S. businesses should note that Section 232 National Security Tariffs (rate increased from 25% to 50% on steel, aluminum, and auto for all countries) are excluded in the Supreme Court cases and are non-refundable, regardless of the outcome of these cases.

How Businesses Should Prepare

Preparing for a Ruling that the Tariffs are Unconstitutional

The possible refunding of IEEPA tariffs might require meticulous preparation, robust documentation, and coordinated action across the organization. If this occurs, businesses will need to:

- Retain all relevant documents, such as invoices, certificates of origin, and packing lists.
- Monitor tariff rate changes, exemption rules, and stay informed of CBP policies when communicating with customers.
- Monitor your import entries to ensure they do not pass the refund period (180 days after liquidation). Make sure to timely file a protective protest or request a liquidation extension to keep the entries "alive."
- Check if your products are affected by IEEPA tariffs and closely follow the latest announcements and enforcement developments released by the U.S. government and relevant departments, such as the Office of the U.S. Trade Representative.
- Calculate and analyze how the new tariffs will impact import costs, supply chains, and profit margins.

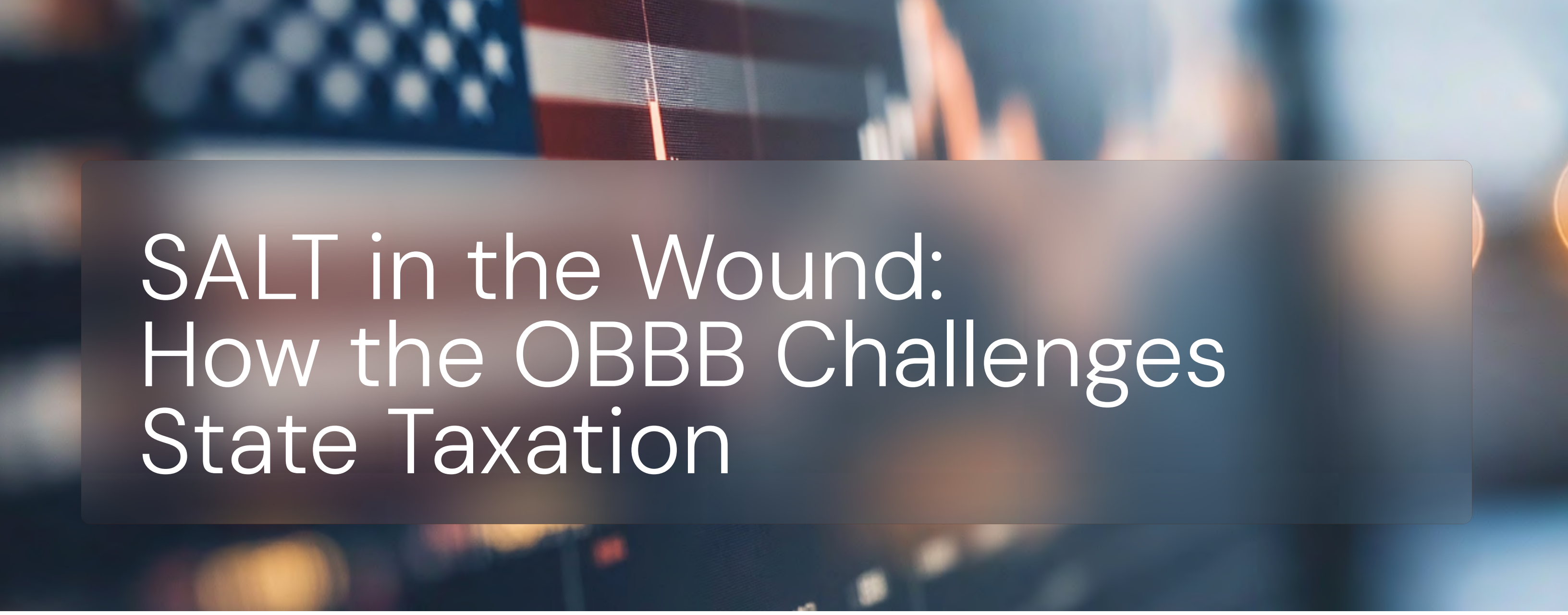
If the Tariffs are Upheld

Alternatively, the Supreme Court may determine that the tariffs are within the President's constitutional authority. If this is the case businesses will need to:

- Continue to monitor and adapt to tariff changes and government announcements.
- Diversify supply chains and adjust long-term manufacturing plans and pricing strategies.

The Far-Reaching Impact of the Supreme Court Decision

The upcoming Supreme Court decision will be one of the most consequential rulings and is poised to reshape U.S. trade policy. The consequences to individuals, businesses, and the broader economy will be substantial, regardless of whether the tariffs are upheld or overturned. It is essential that individuals and businesses continue to monitor developments in this area for short-term and long-term planning.



SALT in the Wound: How the OBBB Challenges State Taxation

The passage of the OBBB has ushered in a whirlwind of changes throughout the federal tax system, and state and local taxes (SALT) are no exception. To fully understand the evolving tax landscape, it's important to explore key programs, legislative responses, and shifting trends that are impacting how individuals and businesses navigate their SALT obligations.

The Evolution of the SALT Deduction and PTET Workarounds

In 2017, the TCJA introduced a $10,000 cap on SALT deductions for individuals, creating significant challenges for taxpayers in high property tax states by limiting their ability to itemize their deductions. To circumvent the cap, states began to rapidly embrace the pass-through entity tax (PTET), allowing entities to pay taxes on behalf of their owners. As PTET payments increased in popularity, more states have begun adopting the PTET work-around.

Thirty-six states have adopted PTET programs, which fall into three categories pertaining to the program's expiration: automatic sunset, sunset tied to federal law, and no sunset provision. With the enactment of the OBBB, the SALT cap has been temporarily raised to $40,000 through 2029 and will revert to $10,000 in 2030. This change has left states with sunset-based PTET programs facing legislative uncertainty:

- Ten states are set to expire their PTET programs after the 2025 tax year.
- California took legislative action to extend their PTET programs by passing Senate Bill 132 through 2030, addressing its high property tax impact.
- Virginia extended their PTET sunset date to December 31, 2026, with the passage of House Bill 1600.
- Minnesota proposed HF 3127 to extend their current PTET laws through the 2027 tax year.

States that tie PTET to the federal sunset following the passage of the OBBB appear to have maintained their programs, as the increased SALT cap remains in effect for several years. However, there are questions as to how states will handle the PTET as the SALT cap transitions from $40,000 back to $10,000 as originally set in the TCJAl, particularly in states where the PTET is set to expire unless further legislative action is taken, such as Illinois, Oregon, and Utah.

Three Approaches to State Conformity

In the wake of new tax legislation, it becomes more apparent that there are different approaches to how each state can respond, shaping local tax law through various forms of conformity. When adopting or decoupling from the federal changes, there are three types of state conformity:

Rolling conformity

Automatic adoption of legislative changes simply as they are written. Currently, eighteen states utilize rolling conformity, including New York, North Carolina, and Illinois.

Static conformity

Where a state conforms to the federal changes on a specified date and requires legislative action to make any further changes. There are currently nineteen states that use static conformity, including California, Georgia, and Virginia.

Selective conformity

Some states do not conform at all or conform minimally by adopting a select number of provisions while also adding modifications and exclusions as they see fit. There are currently five states that follow this selective conformity, including New Jersey, Pennsylvania, Arkansas, Mississippi, and Alabama.

Bonus Depreciation: A Patchwork of Conformity

Bonus depreciation is one of the most prominent tax provisions where states diverge from the federal code. Following the TCJA, only one third of states conformed with the federal bonus depreciation rules, allowing immediate expensing of qualifying business assets. While the OBBB makes 100% bonus depreciation permanent, it also raises questions about whether any currently conforming states will choose to decouple, or if any nonconforming states may reconsider and conform to the new law. Although, significant shifts in conformity remain unlikely.

Net Operating Losses: Discrepancies Post-TCJA

Since the passage of the TCJA, the treatment of net operating losses (NOL) has faced several discrepancies between federal and state law. The federal rule currently states that taxpayers can offset up to 80% of their net income with NOLs. However, states such as California and Illinois are leading a charge to limit the ability of taxpayers to utilize these carried forward losses at the state level. While both California and Illinois have placed limitations on how the state will handle NOLs, they differ in concessions when it comes to NOLs that are unable to be utilized.

- **California** has implemented new rules limiting NOLs that taxpayers can take for the years 2024 through 2026. The suspension of NOLs in California does not apply to taxpayers that are subject to less than $1 million in corporate tax, or in the case of an individual, has less than $1 million in modified adjusted gross income. California offers an extension of the carryover period for each year there is a disallowance.
- **Illinois** has placed a $500,000 maximum NOL deduction for C corporations, effective for tax years ending after December 31, 2024, and before December 31, 2027. In Illinois, the standard 20-year carryforward applies, without special rules for unused NOLs.

Shifting Apportionment and Market-Based Sourcing Methods

There has been a shift in recent years as states gradually move away from the traditional three-factor apportionment method for income, favoring instead the single sales factor apportionment method for the sales of tangible assets. Single sales factor apportionment is a method where income is taxed solely on the sales within that state. States like California have revised their apportionment formula over the last few years, decreasing the weight of the traditional three-factor method and placing a much heavier emphasis on the actual sales. By the 2025 tax year, 38 states will use single sales apportionment, six will continue to use the traditional three-factor method, and three will utilize 50% of sales.

On the other hand, when dealing with services and intangibles, many states are leveraging market-based sourcing to determine income attributable to that specific state. In previous years, states used the cost of performance method, which evaluates where a business incurs costs during an income-producing activity to determine the appropriate taxing jurisdiction. Whereas market-based sourcing looks at the business's customers rather than the cost of generating income. The location of the customer is determined by where the customer receives the benefit or the actual location of the delivery of the service. This shift has made it easier for states to subject out of state revenue to state taxes if the services are provided within the state.

Navigating the Future of State and Local Taxation

From PTET program extensions to evolving conformity and apportionment rules, states continue to adapt, weighing the impacts of both federal changes and local responses. As lawmakers grapple with the cascade of changes triggered by the OBBB, the future of state and local taxation remains dynamic, requiring careful planning and ongoing education.

Employment Tax Essentials: Maintaining Compliance Amid New Legislation

Preparing for year-end employment tax and payroll compliance can be a daunting task, especially in the wake of new tax legislation introduced by the OBBB. Business leaders are seeking solutions and clarity amid evolving federal and state guidance. The U.S. Secretary of the Treasury has since released limited guidance, along with draft versions of certain 2026 tax year forms. On August 7, 2025, the IRS announced that there would be no changes to 2025 tax year forms, including W-2s, 1099s, and 941s, or to the withholding tables. Guidance specific to the 2026 tax year forms will be provided at a later date.

Among the most significant changes to employment taxes are new provisions related to paid family and medical leave, deductions for tips, and deductions for overtime pay. As these provisions are implemented, it will be essential to collaborate closely with payroll companies to maintain accurate information and reporting.

Year-End Employment Tax Checklist

Here are a few considerations to implement when wrapping up year-end employment tax reporting:

- ✓ Proactive Checks and Balances: Before the end of the year, review payroll records and correct any discrepancies. Timely corrections are easier to make in the current year as opposed to the following.
- ✓ Early Collaboration: Initiate year-end planning with your payroll provider sooner rather than later, especially regarding the impact on tip income and overtime pay.
- ✓ System Readiness: Confirm that your payroll systems are set up to handle the new 2026 requirements and are calculating correctly, such as HSA limits, social security rates, and catch-up contributions.
- ✓ Anticipate New Withholding Tables: Be on the lookout for IRS updates as new 2026 withholding tables have not yet been released.
- ✓ Recordkeeping and Timely Deposits: As interest rates climb, so do penalties for late deposits. Maintain accurate records and deposit filings timely.
- ✓ Calendar Awareness: Be mindful of changes in due dates that fall on or near holidays and weekends.

Key Changes and Credits for 2025-2026

Family and Medical Leave Credit

This valuable credit has been made permanent and extends it to a wider range of employers. It’s important to maintain proper documentation and review policies in coordination with state regulations.

Overtime and Tips Under OBBB

New rules regarding qualified overtime pay and tips will take effect for tax years 2025 through 2028. The IRS does not plan to revise the 2025 reporting forms for these items. Instead, qualified overtime and tips must be accounted for and furnished via informational reporting to the IRS (or SSA) and to employees.

By early October, the IRS is expected to release a publication of occupations that "customarily and regularly" receive tips, which will assist in determining which industries qualify. As indicated in the OBBB, the tracking of these reportable items may be done by any reasonable method specified by the U.S. Secretary of the Treasury.

State Employment Tax Considerations

As the year comes to an end, businesses tend to encounter a plethora of changes ranging from transactions and restructuring to acquisitions and employee attrition fluctuations. The review of state employment taxes should be incorporated alongside federal employment tax analysis to help ensure proper evaluation of compliance and administrative responsibilities.

Here are a few items to remember when reviewing state employment taxes:

State Income Tax Withholding

- Conduct thorough checks and balances, especially for employees who might have relocated during the year or those who plan to move after year-end.
- Reconcile state remittances and employment tax returns for accuracy.

State Unemployment Insurance (SUI or SUTA)

- Consider remote employees and their location as the SUI tax varies by state and depends on where the actual work takes place.
- Be mindful of wage bases and tax rates as these vary by state, with some states as high as 14%.
- The employer is responsible to pay this tax; however, some states place the burden on the employee.

Local Employment Taxes

- Less common and some states have exemptions which need to be considered.
- This tax can be calculated as a percentage of wages, a flat amount, or a percentage of state tax.

Prepare for Employment Taxes Now, Succeed Later

Shifts in employment tax rules have demanded businesses to take a proactive approach that anticipates regulatory updates of both federal and state obligations. Businesses should consider leveraging early planning, strategic partnership with payroll providers, and diligent recordkeeping to maintain compliance.

Final Thoughts: Planning for Tomorrow

As we near the end of 2025, the tax landscape is more complex than ever before. The OBBB has ushered in significant legislative action at the federal, state, and international level. With a variety of moving pieces, the best strategies, whether you're running a business or investing for the future, are proactive and tailored.

- Keep an eye on state-level rules as they vary for bonus depreciation, apportionment, and PTET programs.
- Review tax positions to leverage permanent extensions and new opportunities to optimize savings.
- Pay attention to international interests as new federal rules and Treasury actions could impact the use of foreign tax credits and deal structuring.
- Monitor regulatory changes to tariff policies closely as the upcoming Supreme Court ruling could reshape U.S. trade policy.
- Revisit gifting and legacy planning to factor in higher estate tax exemptions.

Collaboration with trusted advisors and agile planning will be paramount to maximizing value and compliance in the year ahead. Aprio's Tax Advisors can tailor strategies that account for both the benefits and nuances of recent and developing tax law changes.

2025 Tax Bracket with Filing Status

TAX RATE	SINGLE	MARRIED FILING JOINTLY/ QUALIFYING WIDOW	MARRIED FILING SEPARATELY	HEAD OF HOUSEHOLD
10%	$0 TO $11,925	$0 TO $23,850	$0 TO $11,925	$0 TO $17,000
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
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
37%	$626,351 OR MORE	$751,601 OR MORE	$375,801 OR MORE	$626,351 OR MORE

2025 Social Security Wage and AMT

FILING STATUS	AMT EXEMPTION AMOUNT	AMT EXEMPTION PHASE-OUT THRESHOLDS AT AMTI	AMT TAX RATES 26% APPLIES TO	AMT TAX RATES 28% APPLIES TO
SINGLE	$88,100	$626,350	AMTI<$239,100	AMTI>$239,100
MARRIED FILING JOINTLY/ QUALIFYING WIDOW	$137,000	$1,252,700	AMTI<$239,100	AMTI>$239,100
MARRIED FILING SEPARATELY	$68,650	$626,350	AMTI<$119,500	AMTI>$119,500
HEAD OF HOUSEHOLD	$88,100	$626,350	AMTI<$239,100	AMTI>$239,100

FILING STATUS	SOCIAL SECURITY TAX RATE	WAGE BASE LIMIT
SINGLE	6.20%	$176,100
MARRIED FILING JOINTLY/ QUALIFYING WIDOW	6.20%	$176,100 EACH SPOUSE
MARRIED FILING SEPARATELY	6.20%	$176,100
HEAD OF HOUSEHOLD	6.20%	$176,100

2025 Contribution Deduction Limit

ASPECT	IRA	ROTH IRA	SEP	SIMPLE	401(K)
SINGLE/HEAD OF HOUSEHOLD	FULLY DEDUCTIBLE WHEN MAGI<=$79,000 PARTIALLY DEDUCTIBLE WHEN MAGI $79,001-$89,000 NON-DEDUCTIBLE WHEN MAGI>$89,000	NO DEDUCTION (WITHDRAWAL IS TAX FREE) $7,000 CONTRIBUTION WHEN MAGI<$150,000 PARTIAL CONTRIBUTION WHEN $150,001<MAGI<$165,000 NOT ELIGIBLE WHEN MAGI>=$165,000	EMPLOYER CONTRIBUTION IS 100% DEDUCTIBLE UP TO THE CONTRIBUTION LIMIT. 25% OF ELIGIBLE EMPLOYEE COMPENSATION, UP TO $7,000	EMPLOYER MATCH: 3% OF COMPENSATION OR 2% UP TO MAXIMUM SALARY OF $350,000 REDUCING TAXABLE INCOME	COMPENSATION LIMIT IS SET AT $350,000
MARRIED FILING JOINTLY/ QUALIFYING WIDOW	FULLY DEDUCTIBLE WHEN MODIFIED MAGI<=$126,000 PARTIALLY DEDUCTIBLE WHEN MODIFIED MAGI $126,001-$146,000 NON-DEDUCTIBLE WHEN MODIFIED MAGI>$146,000	NO DEDUCTION (WITHDRAWAL IS TAX FREE) $7,000 CONTRIBUTION WHEN MAGI<$236,000 PARTIAL CONTRIBUTION WHEN $236,001<MAGI<$246,000 NOT ELIGIBLE WHEN MAGI>=$246,000	100% DEDUCTIBLE FOR EMPLOYER CONTRIBUTION 25% OF ELIGIBLE EMPLOYEE COMPENSATION, UP TO $7,000	EMPLOYER MATCH: 3% OF COMPENSATION OR 2% UP TO MAXIMUM SALARY OF $350,000 REDUCING TAXABLE INCOME	COMPENSATION LIMIT IS SET AT $350,000
MARRIED FILING SEPARATELY	PARTIALLY DEDUCTIBLE WHEN MODIFIED MAGI<$10,000 NON-DEDUCTIBLE WHEN MODIFIED MAGI>$10,000	NO DEDUCTION (WITHDRAWAL IS TAX FREE) PARTIAL CONTRIBUTION WHEN MAGI<$10,000 NOT ELIGIBLE WHEN MAGI>=$10,000	100% DEDUCTIBLE FOR EMPLOYER CONTRIBUTION 25% OF ELIGIBLE EMPLOYEE COMPENSATION, UP TO $7,000	EMPLOYER MATCH: 3% OF COMPENSATION OR 2% UP TO MAXIMUM SALARY OF $350,000 REDUCING TAXABLE INCOME	COMPENSATION LIMIT IS SET AT $350,000
ANNUAL CONTRIBUTION LIMIT	$7,000	$7,000	70,000	$16,500	$23,500
CATCH UP CONTRIBUTION LIMIT (50+)	$1,000	$1,000	N/A	+3,500 (AGE 60-63 $5,250)	+7,500 (AGE 60-63 $11,250)

Note: The contribution limit applies to all types of filling statuses (from IRS.com TY25 data)

Proper Planning Takes Time.

Aprio is here to guide you through the latest tax rules and regulations with confidence. Discover tailored solutions designed to address your unique needs in today's ever-evolving tax landscape. Connect with us.

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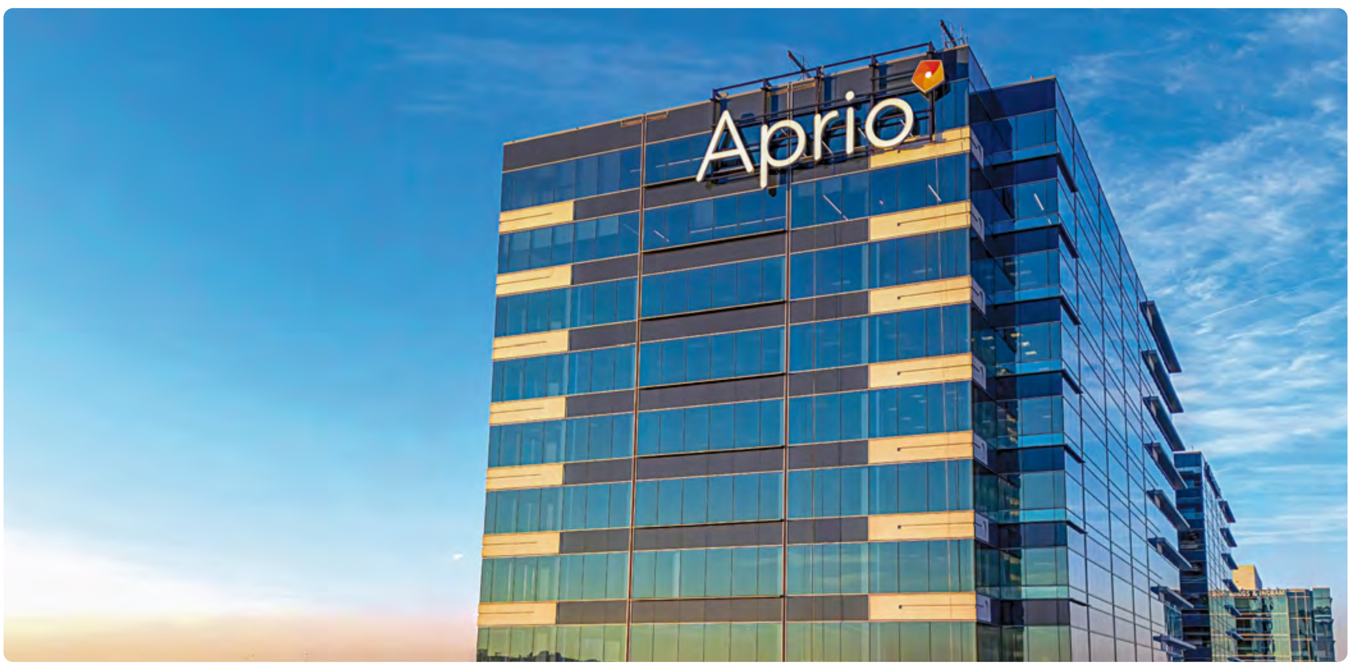

About Aprio

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