Summary of Tax Law Changes Resulting from US Budget Legislation, Including Renewable Energy

On July 4, 2025, President Trump signed into law the One Big Beautiful Bill Act (OBBBA). The law extends many of the tax provisions created under the Tax Cuts and Jobs Act (TCJA) of 2017 while introducing many new tax laws. Below is a summary of some of the key tax provisions of the bill. **Disclaimer: The chart below does not address every tax provision in the bill and is intended to provide an overview of key changes and new laws.**

Topic	Internal Revenue Code Section	Current Law	New Law	Impact on Taxpayer
Individual Tax Provisions				
Marginal Tax Rates	§1(j)	Top 37% (for single >$626,350; married >$751,600) for 2025. Scheduled to revert to pre-TCJA rates after 2025.	Existing tax rates and brackets from TCJA are made permanent.	Prevents a tax increase for all income brackets that would occur with TCJA expiration.
State and Local Tax (SALT) Deduction Cap	§164(b)(6)	$10,000 limit.	Increased to $40,000 for 2025 for taxpayers making less than $500,000 AGI. The increased limitation is adjusted annually during the increased limit period. The limitation reverts to $10,000 beginning in tax year 2030.	Significant increase to the SALT limitation for tax years 2025-2029.
Overall Limitation on Itemized Deductions	§68	The so-called 'pease limitation,' which reduced overall itemized deductions for taxpayers exceeding AGI thresholds, was repealed under the TCJA and was set to return beginning in 2026.	Reduction of overall itemized deductions by 2/37 of the lesser of itemized deductions or the amount by which taxable income exceeds the beginning of the top 37% tax bracket threshold ($609,350 single, $731,200 MFJ in 2025).	Introduces a modified limitation threshold and amount.
Estate Tax Basic Exclusion	§2010(c)(3)	$13,990,000 (single), $27,980,000 (married) for 2025.	Increases lifetime exclusion to $15,000,000 single, $30,000,000 married filing joint taxpayers. The lifetime exclusion is permanently indexed for inflation.	Permanently increases the lifetime exemption for estate and gift taxes.
Excess Business Loss for Passthrough Losses	§461(l)	TCJA limits for pass-through businesses (e.g., $313,000 single, $626,000 married for 2025, inflation adjusted).	Permanently extends TCJA limits on net operating losses for pass-through businesses.	Maintains existing limitations on the amount of business losses that can offset other income.
Standard Deduction (Single)	§63(c)(7)	$15,000 (2025); Scheduled to revert to ~$8,300 (2026).	Permanently extends the doubled deduction introduced in 2018. Adds $1,000 (2025-2028). Extra inflation adjustment.	Provides increased deduction, preventing provision expiration. Temporary $1,000 boost.
Standard Deduction (Married Filing Jointly)	§63(c)(7)	$30,000 (2025); Scheduled to revert to ~$16,600 (2026).	Permanently extends doubled TCJA deduction. Adds $2,000 (2025-2028). Extra inflation adjustment.	Provides increased deduction, preventing provision expiration. Temporary $2,000 boost.

Standard Deduction (Head of Household)	§63(c)(7)	$22,500 (2025)	Permanently extends doubled TCJA deduction. Extra inflation adjustment.	Prevents provision expiration.
Personal Exemptions	§151(d)(5)	$0 (eliminated by TCJA).	Permanently eliminated except for seniors (age 65+ before the end of the tax year), who can claim an exemption of $6,000 per individual through 2028.	Formalizes the elimination of personal exemptions, consistent with current law.
Child Tax Credit (CTC)	§24(h)	$2,000 per child (2025); scheduled to revert to $1,000 after 2025. Refundable portion $1,700 (inflation adjusted). Phase-out: $200k (single), $400k (married).	Permanently extends and increased to $2,200 per child. Refundable portion permanently extended and indexed for inflation. Phase-out permanently extended.	Provides increased credit for applicable taxpayers.
Temporary Deductions (Tips, Overtime Pay, Auto Loan Interest)	§224 (qualified tips); §225 (qualified overtime compensation); §163(h)(4) (car loan interest deduction)	Tips and overtime are taxable income; no deduction for car personal loan interest.	A deduction from income is allowed for qualified tips up to $25,000 each for workers with AGI <$150,000 (single taxpayers). The deduction is subject to a phase-out if AGI exceeds the threshold. A deduction is allowed for qualifying overtime compensation up to $12,500 (single taxpayers) with the same phaseout thresholds as the deduction for qualifying tips. Beginning in 2025, a deduction is allowed for qualified passenger vehicle loan interest up to $10,000/year for US-assembled cars; phases out single AGI >$100k, married >$200k.	New, temporary benefits all of which expire at the end of 2028.
Mortgage Interest Deduction Limit	§163(h)(3)(F)	$750,000 limit on indebtedness. Scheduled to increase to $1,000,000 after 2025.	Permanently extends the $750,000 limitation.	Prevents the increase in the deduction limit, maintaining current restrictions on mortgage interest deductibility.
Trump Accounts	§530A	Not applicable.	New tax-deferred investment accounts. At the election of the parent, this new tax-deferred account will be established for a qualifying child. Upon making the election, the US Treasury will make a one-time seed investment of $1,000 to the qualifying child's account. A child is eligible if born January 1, 2025 – December 31, 2028. Annual contributions up to $5,000 can be made until the qualifying child reaches age 18. If the funds are used for qualifying expenditures, the earnings are taxed at capital gains rates upon withdrawal. Among others, qualifying expenditures include higher education expenses and first-time home purchase.	Creates a new tax-deferred savings vehicle for children's future expenses.

Business Tax Provisions				
Bonus Depreciation	§168(k)	40% for 2025; 20% for 2026; 0% from 2027.	100% restored for qualifying assets placed in service after Jan 19, 2025.	Significant incentive for capital investment and domestic manufacturing.
Research & Development (R&D) Expensing	§174 & §174A	Domestic R&D capitalized and amortized over 5 years since 2022. Foreign R&D amortized over 15 years.	Businesses now have more favorable rules for deducting research and development (R&D) expenses. Generally, domestic R&D costs can be immediately deducted in the year they are incurred, a significant change from previous requirements to spread these deductions over five years. For small businesses with average annual gross receipts of $31 million or less, there is an added benefit: they can retroactively apply this immediate expensing rule for domestic R&D expenses incurred from 2022 through 2024, allowing them to go back and claim deductions previously capitalized and unamortized. R&D conducted outside of the United States must still be capitalized and amortized over 15 years.	Allows for immediate deduction of domestic R&D costs. Amended 2022 - 2024 tax returns may be required to claim deductions of capitalized costs.
Business Interest Deduction	§163(j)	Limit based on adjusted taxable income, which does not include an adjustment for depreciation and amortization.	Revised to include depreciation and amortization. Essentially an EBITDA-based limitation.	Supports capital-intensive businesses and improves access to financing.
Pass-Through Business Income (QBI) Deduction	§199A	20% deduction, scheduled to expire after 2025. Subject to limits for high-income taxpayers.	Permanently extends 20% deduction. Eases income limits for some taxpayers.	Provides permanent and enhanced tax benefits for pass-through businesses, including easing restrictions for higher earners.
Special Depreciation for Qualified Production Property	§168(n)	N/A - no prior law	100% deduction for Manufacturing Qualified Production Property (QPP) until 2029. QPP is non-residential realty used in manufacturing, production or refining of tangible personal property other than food or beverages. QPP construction must begin after 1/19/2025 and before 1/1/2029.	Allows for immediate deduction for what would otherwise be 39-year property.
Section 179 Expensing Cap	§179	$1,220,000 deduction limit for 2024, subject to inflation adjustments and a dollar-for-dollar phaseout for qualifying additions placed in service exceeding $3,050,000.	Increased to $2.5 million, with phase-out threshold rising to $4 million.	Expanded opportunity for small businesses to write off capital investments.
Energy Efficient Home Improvement Credit	25C	30% individual tax credit for energy-efficient qualifying home improvements. Annual limit of $1,200 for energy-efficient improvements that seal and insulate the home, plus annual limit of $2,000 for high-efficiency equipment like natural gas or oil furnaces and high-efficiency water heaters. Maximum $3,200 annual credit.	Eliminated for projects placed in service after December 31, 2025.	Projects should be placed in service by December 31, 2025 to take advantage of the credits before they are eliminated.

Residential Clean Energy Credit	25D	30% individual tax credit for qualifying clean energy systems including solar electric system, solar water heaters, geothermal heat pumps, small wind energy turbines and battery storage technology. The rate decreases to 26% for property placed in service in 2033, 22% in 2034 and 0% in 2035.	Eliminated for projects placed in service after December 31, 2025.	Projects should be placed in service by December 31, 2025 to take advantage of the credits before they are eliminated.
Previously Owned Clean Vehicle Credit	25E	Individual tax credit for purchasing a previously owned clean energy vehicle. The credit is limited to the lesser of 30% of the sales price or $4,000, subject to income limitations and effective for vehicles acquired prior to January 1, 2033.	Eliminated for vehicle purchases after September 30, 2025.	Vehicles should be purchased by September 30, 2025 to take advantage of the credit before it is eliminated.
Alternative Fuel Vehicle Refueling Property Credit	30C	Individual and business tax credit for equipment used to recharge electric vehicles and store/dispense other clean fuels in a low-income community or non-urban area. 30% individual credit up to $1,000. 30% business credit subject to Prevailing Wage and Apprenticeship requirements up to $100,000 per property.	Eliminated for property placed in service after June 30, 2026.	Refueling property should be placed in service by June 30, 2026 to take advantage of the credits before they are eliminated.
Clean Vehicle Credit	30D	Individual tax credit for purchasing a new clean energy vehicle. The nonrefundable credit is up to $7,500, subject to income limitations and two battery sourcing requirements. The credit is effective for vehicles acquired prior to January 1, 2033.	Eliminated for vehicle purchases after September 30, 2025.	Vehicles should be purchased by September 30, 2025 to take advantage of the credit before it is eliminated.
New Energy Efficient Home Credit	45L	Business tax credit for constructing new or substantially reconstructing energy-efficient homes. Maximum credit of $2,500 for homes that meet Energy Star certification and maximum credit of $5,000 for homes that meet DOE Zero Energy Ready (ZERH) certification. The credits are subject to Prevailing Wage and Apprenticeship requirements and effective for homes purchased prior to January 1, 2033.	Eliminated for property placed in service after June 30, 2026.	Homes should be placed in service by June 30, 2026 to take advantage of the credits before they are eliminated.
Credit for Carbon Oxide Sequestration	45Q`	Business tax credit per metric ton for carbon capture and sequestration or utilization. The credit is subject to Prevailing Wage and Apprenticeship requirements and effective for projects that begin construction before January 1, 2033. The credits are eligible for direct pay and transferability.	Credit rate for various utilizations and uses, including oil and gas recovery processes, increased to match credits for sequestration. Taxpayer cannot be a specified foreign entity and cannot transfer credits to a specified foreign entity.	Navigate the foreign entity of concern provisions to ensure qualifications.

Zero-Emission Nuclear Power Production Credit	45U	Business tax credit per kWh of electricity produced at a qualified nuclear power facility. The credit is subject to Prevailing Wage and Apprenticeship requirements and effective for projects placed in service before January 1, 2033. The credits are eligible for direct pay and transferability.	Taxpayer cannot be a specified foreign entity and cannot transfer credits to a specified foreign entity. Taxpayer cannot be a foreign-influenced entity two years after enactment.	Navigate the foreign entity of concern provisions to ensure qualifications.
Clean Hydrogen Production Credit	45V	Business tax credit for producing qualified clean hydrogen. Credit based on production and carbon intensity of the production process and is available for 10 years from the date placed in service. The credit is subject to Prevailing Wage and Apprenticeship requirements and effective for projects placed in service before January 1, 2033. The credits are eligible for direct pay and transferability.	Eliminated for projects that begin construction after December 31, 2027.	Projects should establish that construction begins before December 31, 2027, to ensure eligibility.
Qualified Commercial Clean Vehicles Credit	45W	Business tax credit for purchasing a commercial clean energy vehicle. The credit is limited to the lesser of 30% of the sales price, the incremental cost of the clean vehicle over the non-clean vehicle, or a fixed dollar amount based on GVWR. Vehicles that weigh less than 14,000 lbs have maximum credit of $7,500, all others have maximum credit of $40,000. Effective for vehicles acquired prior to January 1, 2033.	Eliminated for vehicle purchases after September 30, 2025.	Vehicles should be purchased by September 30, 2025, to take advantage of the credit before it is eliminated.
Advanced Manufacturing Production Credit	45X	Business tax credit for domestic manufacturing of eligible components for producing clean energy. The credit amount depends on type and volume of product and is phased out between 2030-2032.	New credit for producing metallurgical coal equal to 2.5% of production costs before January 1, 2030. Eliminated credit for wind energy components sold after December 31, 2027. Phaseout of credit for critical minerals during years 2031-2033. Eligible components sold after December 31, 2026, subject to additional requirements for manufactured components integrated into secondary components. Taxpayer cannot be a specified foreign entity and cannot transfer credits to a specified foreign entity.	Credit remains available but subject to additional requirements that should be examined when reviewing the opportunity.
Clean Energy Production Tax Credit	45Y	Business tax credit for technology-neutral electricity produced from qualified sources. Credit based on kWh production and is available for 10 years from the date placed in service. The credit is subject to Prevailing Wage and Apprenticeship requirements and effective for projects placed in service before January 1, 2033. The credits are eligible for direct pay and transferability.	Eliminated for wind and solar projects placed in service after December 31, 2027, unless construction begins before July 4, 2026. Advanced Nuclear Facilities added to 10% energy community bonus credit based on nuclear power employment. Taxpayer cannot be a specified foreign entity and cannot transfer credits to a specified foreign entity.	Beginning of construction requirements critical to satisfying credit requirements and should be reviewed immediately for all potential projects.

Clean Fuel Production Credit	45Z	Business tax credit for production of clean transportation fuels sold before January 1, 2028. The credit amount depends on type and volume of fuel produced and sold.	Credit extended to fuel sold before January 1, 2030. Taxpayer cannot be a specified foreign entity and cannot transfer credits to a specified foreign entity. Taxpayer cannot be a foreign-influenced entity two years after enactment.	Review various restrictions and eligible years for fuel types to determine impact.
Clean Energy Investment Credit	48E	Business tax credit for technology-neutral electricity produced from qualified sources. Credit based on percentage of qualified project costs. The credit is subject to Prevailing Wage and Apprenticeship requirements and effective for projects placed in service before January 1, 2033. The credits are eligible for direct pay and transferability.	Eliminated for wind and solar projects placed in service after December 31, 2027, unless begin construction before July 4, 2026. Changes domestic content percentage for qualified facilities and energy storage to increase over time effective June 16, 2025. Taxpayer cannot be a specified foreign entity and cannot transfer credits to a specified foreign entity.	Beginning of construction requirements critical to satisfying credit requirements and should be reviewed immediately for all potential projects.
Corporate Charitable Contributions	§170	Charitable contribution deductions cannot exceed 10% of taxable income for corporate taxpayers. Any excess is carried forward for up to 5 years.	The 10% ceiling remains and a new 1%-of-taxable income floor is created.	First 1% of charitable deductions are not deductible. 10% ceiling unchanged. Results in a non-deductible item.
Tax-Exempt Organizations (Excise Taxes & Unrelated Business Income (UBIT))	§4960- Excise Tax on Excess compensation; §4968 - Excise Tax on Endowments	Excise tax on >$1M compensation. 1.4% excise tax on college endowments. 1.39% excise tax on private foundations' net investment income. UBIT for certain activities.	Expands excise tax on >$1M compensation to former employees after 12/31/2016. Introduces a new graduated tax rate for net investment income of college endowments of applicable educational institutions of 1.4% for institutions with endowments of $500,000-$750,000 per student; 4% for >$750,000-$2,000,000 per student and 8% for >$2,000,000 per student.	Increases tax burden and compliance complexity for certain tax-exempt organizations, particularly wealthier institutions.
International Tax Rules (GILTI, FDII, BEAT)	§951A - GILTI; §250 - FDII; §59A(b) - BEAT	Global intangible low-taxed (GILTI) income imposes US tax on certain foreign earnings of controlled foreign corporations. The effective rate of the tax imposed is currently reduced by 50%. Foreign derived intangible income (FDII) is a 37.5% deduction for domestic corporations based on income earned from the sale of products/services to non-US persons. The Base Erosion and Anti-Abuse Tax (BEAT) imposes a tax on certain payments made by US corporations to related foreign parties at a rate of 10%. Each of these provisions was created under the TCJA.	GILTI (renamed Net CFC Tested Income) and FDII (renamed Foreign-Derived Deduction Eligible Income) rules tighten deductions and credits, primarily through the reduction of the GILTI deduction to 40% and FDII deduction to 33.34%. The BEAT rate increases to 10.5%. These provisions begin with tax year 2026.	Requires multinationals to re-evaluate their international tax positions due to stricter rules.
New Market Tax Credit	§45D	Non-refundable credit for investments in low-income communities as designated by CDFI. Credit is 39% over 7 years.	Permanently extended, excess credits carryover for 5 years.	Incentive private investment in rural and/or low-income communities.

Low-Income Housing Tax Credit (LIHTC)	§42	Existing state credit allocations and financing thresholds. Tax exempt bond threshold for 4% credit is 50%.	Increased LIHTC ceiling by 12%. Lowers tax-exempt bond threshold to 25%	Encourages more affordable housing development.
Opportunity Zone Investments	§1400Z	Created under the TCJA, opportunity zones incentivize investment in federally designated regions by providing tax deferral and in some instances permanent exclusion of qualifying gains made in qualifying opportunity zones. These provisions were scheduled to expire at the end of 2026.	Makes opportunity zones permanent.	Incentivizes investment in low-income communities
Qualified Small Business Stock	§1202	Excludes from income the gain on the sale of qualified small business stock held for at least 5 years. The exclusion is the greater of $10MM or 10x the original cost basis.	Increases the maximum gain amount to $15MM adjusted annually for inflation. Introduces phased-in gain exclusion percentages based on the number of years the qualifying stock has been held. The exclusion is 50% for stock held for at least 3 years, 75% if held at least 4 years, and 100% for stock held 5 years or more. Also introduces more favorable rules for qualification under §1202.	Deferral and exclusion opportunities for investments in qualifying small business stock (C-corporation).
Employee Benefits				
Employee Moving Expenses	§217(k) - deduction; §132(g) - Income	Qualifying expenses not tax-deductible. Moving expenses reimbursed by employers are taxable compensation subject to Form W-2 reporting. This law was created under the TCJA and was set to expire at the end of 2025.	Makes the TCJA law permanent.	Employee incurred moving expenses are not tax-deductible. Employer reimbursed expenses are taxable compensation to the employee.
Paid Family and Medical Leave Credit	§45S	Provides a tax credit to employers based on wages paid to qualifying full-time employees for qualifying leave as defined by the Family Medical Leave Act (FMLA). This credit was created under TCJA and was scheduled to expire at the end of 2025.	Permanently extends the tax credit and introduces employer election to base the credit off of a percentage of premiums paid for family medical leave insurance or based off of a percentage of the wages paid to the employee.	Permanently extends the tax credit and introduces enhancements.
Employer Payments of Student Loans	§127	Excludes from gross income up to $5,250 of educational assistance payments made on behalf of employees. This provision was scheduled to expire at the end of 2026.	Permanently extends the exclusion; the exclusion amount will now be adjusted annually for inflation.	Provides an incentive to provide educational assistance as an employee benefit.