

Provision	Prior Law	OBBA Act	Considerations
Estate and Gift Tax Exemption	\$13.99M per individual (Tax Cuts and Jobs Act (TCJA), inflation-adjusted), set to revert to ~\$7M post-2025. GST exemption matched estate/gift. Portability for surviving spouses.	Increased to \$15M per individual (\$30M for couples), permanent, inflation-adjusted from 2025. GST exemption also \$15M, non-portable. Portability retained.	Revisit gifting plans, trust structures, and valuation strategies.
SALT Deduction Relief and PTET Integrity	Capped at \$10K, set to expire post-2025, reverting to no cap.	Temporarily raises the SALT deduction cap to \$40K through 2029, phased out for AGI over \$500K. Codifies the legitimacy of Pass-Through Entity Tax (PTET) regimes, offering federal deductibility on state taxes paid at the entity level.	Encourage strategic entity-level elections. Consider evaluating itemized deductions, especially taxpayers who live in high-tax states. Monitor income thresholds to maximize the SALT deduction benefit.
Charitable Giving and Donor-Advised Funds (DAFs)	1.39% flat tax on net investment income.	Remains unchanged at 1.39% preserving existing deduction rules and structural flexibility. However, new tiered excise taxes on university endowments signal future scrutiny.	Consider frontloading gifts or revisiting giving vehicles.
Standard Deduction and Child Tax Credit Enhancements	\$15,000 (single)/\$22,500 (head of household)/\$30,000 (joint), set to revert to lower pre-TCJA levels post-2025.	Increased to \$15,750 (single)/\$23,625 (head of household)/\$31,500 (joint), permanent, inflation-adjusted.	May present opportunities through income-shifting or gift strategies for lower-income family members or beneficiaries.
Qualified Small Business Stock (QSBS) Exclusion Limits	Greater of \$10M exemption or 10x basis with a 5-year required holding period. Aggregate gross asset cap \$50M.	Introduces new 50%, 75%, and 100% exclusion tiers based on holding period, increases gross asset cap to \$75M, and \$15M exemption for newly acquired stock, inflation indexing beginning in 2027. Limits exemption stacking via trust aggregation rules.	Reevaluate current and anticipated QSBS positions to determine whether new tiered exclusion rules apply, particularly for stock acquired after the date of enactment. Clients and fund managers should revisit entity structures and reporting obligations.
Opportunity Zones and Investment Incentives	Capital gains reinvested in Qualified Opportunity Funds (QOFs) before January 1, 2027 were eligible for tax deferral until the earlier of the investment's disposition or December 31, 2026, with full exclusion of post-acquisition appreciation on investments held for at least 10 years.	Extends deferral and full exclusion benefits for investments made by end of 2026, while adding rigorous new reporting requirements for both funds and investors. Reinforces urgency to act and comply.	Review timing of planned capital gains to determine whether reinvestment in QOF can capture new deferral windows. Ensure compliance with new reporting requirements.
Carried Interest, PE/VC Fund Structuring, and Philanthropy	Under IRC §1061, carried interest earned by fund managers was taxed at preferential long-term capital gain rates if the underlying assets were held for at least three years, and many fund structures leveraged partnerships, grantor trusts, and charitable lead annuity trusts (CLATs) to synchronize economics and transfer planning with philanthropic goals.	Retains preferential tax treatment of carried interest and extends holding period to five years and imposes new reporting standards for passthrough entities. Tightens rules on charitable vehicles linked to fund economics.	Fund managers should reexamine structures and disclosures.
Investment Portfolio Adjustments and Forward-Looking Allocation Strategies	Allowed broad flexibility in portfolio construction, with favorable treatment for public equities held in taxable accounts, effective use of QSBS stacking, and fewer targeted incentives for private market, clean energy, or credit-oriented allocations.	Reduces effectiveness of some traditional strategies (e.g., public equities in taxable accounts, QSBS stacking), while enhancing private market, clean energy, and credit-based structures.	Integrate estate planning and impact objectives into allocation decisions to capture the new incentives while aligning portfolios with long-term family and philanthropic goals.

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Section 199A Deduction Permanency and Scope	The 20% qualified business income (QBI) deduction was available to owners of pass-through businesses through 2025, but excluded guaranteed payments to partners and reasonable compensation paid to materially participating S corporation shareholders.	Makes the 20% QBI deduction permanent and expands eligibility. Now includes guaranteed payments and compensation for materially participating S corp shareholders.	Opportunity to review pass-through structures to confirm QBI eligibility and revisit wage/property planning.
Partnership and S Corporation Integrity Provisions	Partnerships and S corporations benefited from flexible valuation rules, allowing discounts for lack of control and marketability, and could defer income or manipulate allocations through tiered structures, related-party transactions, and timing differences without unified aggregation or substantiation rules.	Imposes aggregation rules and documentation requirements to limit valuation discounts and unjustified income deferral.	Family controlled or multi-entity structures should be re-evaluated for audit readiness.
Section 174 Research and Experimental Expense Reform	As amended by the 2017 Tax Cuts and Jobs Act, Section 174 required taxpayers to capitalize and amortize research and experimental (R&E) expenses over five years (15 years for foreign research) beginning in 2022, replacing the longstanding rule allowing immediate deduction of such expenses in the year incurred.	Delays mandatory capitalization of R&E expenses to 2028. Allows continued current-year deductions for domestic and foreign R&E through 2027- important for innovation-intensive businesses.	Evaluate current accounting methods to align with new expense provisions, assess eligibility for retroactive application, and/or coordinate R&E expenditures with R&D requirements for claiming tax credits.
Clean Energy and Environmental Tax Incentives	Credits for wind, solar, nuclear, geothermal, hydropower, and battery storage, per Inflation Reduction Act.	Act significantly modifies the federal tax incentives for clean energy, climate technology, and domestic manufacturing, tightening eligibility timelines while retaining much of the structural framework introduced under the Inflation Reduction Act.	Evaluate private market opportunities in sectors benefiting from clean energy subsidies, particularly where philanthropic or Environmental Social Governance goals intersect.

For additional detail on each of these provisions, please review our commentary [here](#).



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