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Planning Alert

What the One Big Beautiful Bill Act of 2025 Means for UHNW Clients: Key Tax and Planning Implications

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Introduction

The One Big Beautiful Bill Act of 2025 (the Act) is a comprehensive piece of federal legislation that enacts sweeping changes across a wide spectrum of tax, fiscal, and economic policy. Passed by Congress and signed into law on July 4, 2025, the bill is broad, affecting nearly every segment of the U.S. economy and tax code. Its provisions range from extending and enhancing certain individual and business tax cuts, increasing defense and border security funding, and introducing new incentives for clean energy and domestic manufacturing, to imposing steep cuts to Medicaid and other social safety net programs.

Structurally, the Act includes a combination of permanent and temporary tax provisions. Certain provisions, such as the Section 199A qualified business income deduction and small business tax incentives, are made permanent, thereby offering long-term planning certainty. In contrast, other elements—such as the temporary increase in the standard deduction, relief from the SALT deduction cap, and the expanded child tax credit—are subject to sunset provisions. These temporary measures reflect deliberate legislative tradeoffs, designed to comply with budgetary constraints and political feasibility while preserving flexibility for future lawmakers. As a result, clients and advisors must evaluate tax planning opportunities not only based on their technical merits, but also within the context of timing and legislative volatility.

This memo provides a focused and technically detailed review of the Act's provisions that are most relevant to ultra-high-net-worth (UHNW) individuals, families, and their family office structures. Each section includes actionable insights, strategic interpretations, and proactive planning steps that sophisticated clients and their advisory teams should consider in response to this new legal environment. The goal is not only to preserve favorable positions and exemptions under current law, but also to anticipate shifts in enforcement, compliance, and structuring that may influence wealth planning for decades to come.

Personal

1. Estate and Gift Tax Exemption

The Act permanently increased the federal estate, gift, and generation-skipping transfer (GST) tax exemption to $15 million per individual (or $30 million per married couple), indexed annually for inflation beginning in 2026. This replaces the temporary doubling of the exemption under the 2017 Tax Cuts and Jobs Act (TCJA), which was originally scheduled to expire after December 31, 2025. The formal codification of this higher exemption eliminates prior uncertainty surrounding the post-2025 landscape and removes the possibility of a sunset or regulatory rollback. As a result, ultra-high-net-worth families now have a permanent and inflation-protected baseline for transfer tax planning. Importantly, Treasury Regulation §20.2010-1(c) confirms that gifts made under the higher exemption will not be subject to clawback, even if the exemption amount changes in future legislation.

Planning Considerations:

- Revisit estate plans and gifting strategies to ensure full use of the newly codified $15 million per person exemption.
- Evaluate the use of spousal lifetime access trusts (SLATs), grantor retained annuity trusts (GRATs), and intentionally defective grantor trusts (IDGTs) to transfer appreciating assets while retaining access, control, or income.
- Reassess generation-skipping transfer (GST) planning, especially where dynastic or perpetual trusts are involved, to ensure optimal allocation of GST exemption before the opportunity compresses.

2. SALT Deduction Relief and PTET Integrity

The Act increases the cap on state and local tax (SALT) deductions from the longstanding $10,000 limit to a new threshold of $40,000, effective for tax years 2025 through 2029. This expanded deduction is available to taxpayers with adjusted gross income under $500,000 and is subject to a gradual phaseout above that level. Unless renewed by future legislation, the cap is scheduled to revert to $10,000 in 2030. While the enhanced SALT deduction may provide marginal relief to some high earners in high-tax states, ultra-high-net-worth individuals will often be phased out of the benefit due to income thresholds. Nonetheless, the temporary expansion reintroduces meaningful planning opportunities for eligible taxpayers, including those within family office structures, trusts, or closely held operating entities with income beneath the threshold.

More significantly for high earners, the Act formally codifies the validity of pass-through-entity tax (PTET) regimes that have been enacted by more than 30 states in response to the SALT deduction limitation. Under these regimes, state income tax may be paid at the entity level by partnerships or S corporations, allowing the tax to be deducted as a business expense on the federal return. This approach effectively bypasses the individual-level SALT cap. By embedding PTET legitimacy into federal law, the Act removes any lingering uncertainty over the deductibility of these payments and supports continued adoption and expansion by additional states. The confirmation also provides a more stable foundation for multi-year planning using entity-level tax elections.

Planning Considerations:

- Make timely PTET elections in eligible jurisdictions, coordinating with advisors to ensure elections are made at the correct entity level.
- Confirm that fiduciary trust income aligns with PTET treatment and that entity-level payments flow through properly to beneficiaries.
- Optimize SALT deductibility in concert with other itemized deductions to manage effective federal marginal rates.

3. Charitable Giving and Donor-Advised Funds (DAFs)

The final version of the Act does not incorporate the donor-advised fund (DAF) and private foundation reforms that had been proposed in earlier House drafts. Specifically, the legislation omits provisions that would have imposed mandatory payout requirements for DAFs, restricted donor control over grant timing, increased IRS disclosure and reporting obligations, and applied a tiered excise tax on net investment income for philanthropic vehicles. As enacted, the Act preserves the longstanding tax treatment of charitable giving: donors continue to receive immediate income tax deductions—up to 60% of adjusted gross income (AGI) for cash gifts and 30% for gifts of appreciated securities—and retain considerable discretion over the timing and nature of grant distributions. Private foundations are also unaffected by any structural changes to the existing 1.39% excise tax on net investment income. However, Treasury officials and congressional tax-writing committees have signaled that payout enforcement, disclosure reform, and excise tax recalibration remain on the policy agenda, particularly in the context of perceived accumulation and under-distribution by large philanthropic entities.

In contrast, the Act implements a significant new regime targeting large college and university endowments. The previous flat 1.4% excise tax on net investment income has been replaced with a tiered structure ranging from 1.4% to 8%, based on an institution's student-adjusted endowment (calculated by dividing endowment assets by the number of domestic, tuition-paying students). Institutions with fewer than 3,000 students are now fully exempt, expanding the prior threshold and offering relief to smaller liberal arts colleges. Additionally, the definition of taxable investment income is broadened to include interest from institutional student loans and royalties from federally funded intellectual property. Reporting requirements have also increased, mandating disclosures on eligible student counts and endowment structures. Although DAFs and private foundations were spared from immediate reform, the enactment of aggressive rules for endowments underscores the momentum behind broader reforms aimed at capital accumulation and payout behavior. UHNW clients with significant charitable assets should consider revisiting giving structures, payout strategies, and fund governance considering these policy signals.

Planning Considerations:

- Accelerate gifts to DAFs and private foundations while current deduction rules and structural flexibility remain intact.
- Evaluate inclusion of charitable lead annuity trusts (CLATs), charitable remainder trusts (CRTs), and split-interest vehicles as part of long-term estate planning.
- Monitor regulatory developments for future constraints on payout timing, donor control, or disclosure obligations related to large charitable vehicles.

4. Standard Deduction and Child Tax Credit Enhancements

The Act includes targeted relief for middle- and upper-middle-income taxpayers by temporarily increasing the standard deduction and expanding the child tax credit.

Beginning in tax year 2025 and continuing through the end of 2029, the standard deduction is increased by $4,000 for married couples filing jointly and by $2,000 for single filers. This enhancement is in addition to the annual inflation adjustments already built into the standard deduction, offering modest but meaningful marginal rate relief for taxpayers who do not itemize. Although this change may not materially affect ultra-high-net-worth individuals, it may offer benefits for younger family members, employees, or beneficiaries of family office entities who fall below the itemization threshold.

The legislation also expands the child tax credit in several important respects. A greater portion of the credit is made refundable, enabling eligible taxpayers to receive a payment even if their tax liability is reduced to zero. The credit is also indexed for inflation to preserve its value over time. Importantly, the expanded credit phases out for households with adjusted gross income over $400,000 for joint filers, and proportionally lower for single filers and heads of household. While these thresholds generally place UHNW individuals above the range of direct benefit, the interaction of the expanded credit with family-level tax planning may still present opportunities, especially in multigenerational wealth structures.

Planning Considerations:

- While UHNW clients may not directly benefit from these enhancements, they may offer planning opportunities for family members or beneficiaries with lower taxable income.
- In family office settings, consider strategies for allocating investment income or trust distributions to maximize use of these credits within the broader family structure.
- Evaluate gift strategies that shift income-producing assets to younger generations who may fall below the phaseout thresholds.

Investments

5. Qualified Small Business Stock (QSBS) Exclusion Limits

The Act introduces substantial enhancements to Section 1202 of the Internal Revenue Code, which governs the exclusion of gains on Qualified Small Business Stock (QSBS). These revisions are designed to expand investor access to the exclusion while simultaneously tightening compliance to curb perceived abuse through layered ownership structures. Prior to this legislation, taxpayers could exclude up to 100% of the gain from the sale of QSBS held for at least five years, subject to strict eligibility requirements. That framework remains intact, but the Act now adds additional tiers of benefit and compliance requirements that materially affect planning for investors, funds, and trusts.

Under the new law, QSBS acquired after the date of enactment now qualifies for a tiered exclusion system. Stock held for at least three years, but less than four years, qualifies for a 50% exclusion, while stock held between four and five years qualifies for a 75% exclusion. The 100% exclusion continues to apply to stock held for five years or more. This shift allows for partial exclusion of gains earlier in the holding period and may encourage earlier liquidity events or broader participation in early-stage investments.

In addition, the per-taxpayer cap on QSBS exclusion is increased from $10 million to $15 million for newly acquired stock, with indexing for inflation beginning in 2027. These enhancements provide increased flexibility and expanded upside for investors who satisfy the new holding thresholds.

The legislation also raises the threshold for a corporation's aggregate gross assets to qualify as a QSBS issuer. The prior limit of $50 million is now increased to $75 million, indexed beginning in 2027. This change broadens the scope of companies that may qualify as small businesses under Section 1202, including many later-stage startups that previously would have been disqualified due to successful capital raising. Founders, early employees, and institutional investors in high-growth sectors may find significantly more opportunities to take advantage of the QSBS regime as a result.

However, the Act also implements new compliance guardrails targeting strategies that have historically multiplied the QSBS exclusion through tiered ownership structures. These include trusts, partnerships, and S corporations that allocate QSBS shares among related parties or across multiple entities to claim multiple exclusions on the same underlying economic gain. The Act introduces more robust reporting requirements for pass-through entities and imposes aggregation rules that may consolidate certain trusts and related taxpayers for purposes of determining the $15 million per-taxpayer cap. Specifically, trusts established by the same grantor or for the same economic family may now be viewed as a single taxpayer, depending on the degree of retained control, beneficiary overlap, or other indicia of relatedness. These provisions appear designed to eliminate the most aggressive forms of exemption stacking while preserving legitimate multi-entity planning where tax ownership and beneficial ownership are clearly separated.

Planning Considerations:

- Reevaluate current and anticipated QSBS positions to determine whether the new tiered exclusion rules apply, particularly for stock acquired after the date of enactment.
- Consider accelerating investments in eligible companies and venture funds to begin the holding period under the revised framework and potentially benefit from the new 50% and 75% exclusion tiers.
- Confirm that companies intended to issue QSBS meet the revised $75 million gross asset threshold and continue to satisfy other eligibility criteria under Section 1202.
- Review ownership structures involving trusts, partnerships, and pass-through entities to assess potential exposure to the new aggregation rules.
- For fund managers, update fund documents, SPV agreements, and limited partner communications to reflect enhanced reporting, acquisition tracking, and substantiation of QSBS eligibility at the investor level.
- Trust and estate planners should revisit trust-based stacking strategies to determine whether they are still viable under the Act, or whether alternative structures such as SLATs, GRATs, or IDGTs may offer better results without triggering aggregation.

- Coordinate with tax and legal advisors to ensure ongoing compliance with Section 1202 reporting requirements and to prepare for potential IRS guidance clarifying the new law's enforcement parameters.

6. Opportunity Zones and Investment Incentives

The Act introduces a series of significant updates to the Opportunity Zone (OZ) program, extending critical deadlines while implementing enhanced compliance and reporting requirements. These changes aim to preserve the program's tax benefits for investors while promoting increased transparency and improved local economic impact.

Under the revised Opportunity Zone rules, taxpayers may continue to defer tax on eligible capital gains by investing them in a Qualified Opportunity Fund (QOF) on or before December 31, 2026. This deferral lasts only until the earlier of the date the QOF investment is sold or exchanged, or on December 31, 2026—meaning that gains invested now will still become taxable at the end of 2026 unless the investment is sold sooner. Separately, the program continues to offer a powerful exclusion for long-term investors: if a QOF investment is held for at least 10 years, any appreciation on that investment can be permanently excluded from tax through a full step-up in basis at exit. This 10-year benefit applies only to the post-investment growth—not the originally deferred gain—and remains available for investments made before the end of 2026. As a result, although the deferral window for old gains is closing, new investments made today can still benefit from a fresh 10-year period of tax-free growth on future appreciation.

The legislation introduces enhanced reporting requirements aimed at increasing accountability for both fund managers and investors. QOFs are now required to file detailed annual reports with the IRS disclosing the value and geographic location of their investments, the industries and sectors targeted, and the quantitative impact on employment and housing within Opportunity Zones. Investors themselves must also disclose the amount of deferred gains invested in QOFs, the acquisition and disposition dates of QOF interests, and other details relevant to the tracking and taxation of deferred and exempted gains. These changes formalize and expand upon prior IRS guidance and are designed to give policymakers and communities clearer visibility into how Opportunity Zone incentives are being used. To enforce compliance, the Act authorizes penalties for reporting failures, with fines up to $10,000 per violation and larger penalties for willful or repeated noncompliance.

In addition to reporting changes, the Act introduces technical guardrails around the reinvestment of interim gains within QOFs. Where funds realize gains from the disposition of qualifying assets, any reinvestment of those gains into new qualified OZ property must adhere to tightened timelines and purpose requirements to ensure alignment with the OZ program's long-term development goals. Moreover, the substantial improvement requirement remains in force. That is, for QOFs acquiring tangible property, the fund must invest an amount equal to or greater than the property's original basis into improvements within 30 months of acquisition. These provisions are intended to prevent capital recycling and discourage speculative or passive investment strategies that do not materially improve communities in designated zones.

Taken together, these changes underscore the importance of timely action and structured compliance. Investors and fund managers must align their capital deployment schedules with the revised statutory deadlines, track gain recognition events with precision, and enhance administrative processes to meet the elevated disclosure obligations. With only a narrow window remaining to access the core OZ deferral and exclusion benefits, UHNW clients and their advisors should evaluate existing QOF commitments and pipeline opportunities to determine how best to leverage the Opportunity Zone program before the end-of-2026 cutoff.

Planning Considerations:

- Review the timing of planned capital gains to determine whether reinvestment into Qualified Opportunity Funds (QOFs) can capture the new deferral windows.
- Evaluate QOFs currently in market prior to the end of 2026 cutoff.
- Ensure compliance with new reporting requirements and governance standards at the QOF level.
- For clients near gain realization, consider integrating OZ investments with other deferral strategies, such as 1031 exchanges or charitable remainder trusts.

7. Carried Interest, PE/VC Fund Structuring, and Philanthropy

The Act retains the preferential tax treatment of carried interest but imposes more stringent conditions for achieving long-term capital gains status. Specifically, it extends the required holding period from three to five years for gains allocated to carried interest recipients—typically general partners, fund managers, and sponsors in private equity, venture capital, and hedge fund structures. This change applies to partnership interests received in connection with the performance of services and is designed to reduce perceived tax arbitrage where short-term investment activity results in long-term tax treatment. The revised five-year period applies to both direct investments and any indirectly held assets, thereby requiring careful tracking and longer duration holding strategies to avoid recharacterization as short-term gains.

The Act also introduces new transparency and compliance requirements for passthrough fund structures. Carried interest allocations must now be reported with greater specificity, including disclosure of the identity of recipients, the basis for allocation, and any contingent or clawback arrangements. Fund managers with interests spread across multiple entities—such as general partner vehicles, management companies, and feeder funds—must aggregate those interests for purposes of determining compliance with the holding period rule. This limits the ability to structure around the rule using affiliated entities and ensures consistent treatment across tiers.

In addition to the carried interest provisions, the Act imposes new limitations on certain philanthropic vehicles that have historically been used in tandem with fund structures. Private foundations and donor-advised funds (DAFs) face expanded public support testing requirements, greater scrutiny of administrative expenses, and new restrictions on advisor compensation.

These rules are intended to reduce potential abuse and ensure that charitable vehicles remain aligned with public benefit objectives, particularly where they intersect with closely held fund economics or advisor relationships.

Planning Considerations:

- Ensure that carried interest allocations meet the extended holding period requirements and are properly tracked across vehicles.
- Revisit fund, SPV, and sidecar structures to evaluate exposure to reporting changes and disaggregation rules.
- Review charitable entity governance and advisor compensation arrangements to ensure continued compliance under the new limitations.

8. Investment Portfolio Adjustments and Forward-Looking Allocation Strategies

The cumulative effect of the Act materially reshapes the tax landscape for investors, particularly those managing diversified portfolios across multiple asset classes and entities. Several provisions—including the significant increase in the estate and gift tax exemption, the expansion of Qualified Small Business Stock (QSBS) benefits, and the broadening of clean energy tax credits—are likely to shift the relative attractiveness of certain investments when evaluated on an after-tax basis. Public market exposure, especially in taxable accounts, may become comparatively less efficient than private investments that offer opportunities for deferral, exemption, or credit-enhanced yield.

The enhancement of the federal estate tax exemption—now exceeding $15 million per individual—eases near-term wealth transfer constraints but also raises the stakes for strategic basis planning and entity-level structuring. With more room to transfer appreciated assets without triggering estate tax, investors may be more inclined to use trusts and partnerships to consolidate control while engineering long-term income tax advantages. Meanwhile, the expansion of QSBS provisions strengthens the appeal of early-stage equity strategies, particularly for founders, fund managers, and multi-tiered investment vehicles that previously faced exclusion limits. This increased access to tax-free gain treatment could shift capital toward scalable private businesses, while continued growth in clean energy incentives and Qualified Opportunity Zone (QOZ) extensions further diversify the universe of tax-preferred private investments.

At the same time, the introduction of transferable clean energy credits offers high-net-worth investors new entry points into low-basis assets that produce both income and offsetting tax attributes. When combined with the ability to actively structure around holding periods, income character, and entity classification, these developments are likely to make asset location and entity selection a defining feature of effective portfolio construction.

Planning Considerations:

- Reassess asset location strategy to place income-generating and short-term holdings in tax-deferred or tax-exempt wrappers.
- Increase exposure to private market strategies where structural features (e.g., tax credits, pass-through income, basis management) align with client-specific objectives.
- Model forward-looking after-tax yield under various rate and exemption scenarios, integrating estate planning, charitable goals, and liquidity needs.
- Align portfolio themes with sectors receiving preferential tax treatment, such as domestic manufacturing, clean tech, and infrastructure.

Business

8. Section 199A Deduction Permanency and Scope

The Act makes permanent the 20% qualified business income (QBI) deduction under Section 199A and modestly expands its application by adjusting several key eligibility thresholds. Specifically, the Act increases the phase-in thresholds for the wage and capital investment limitations by approximately 15%, indexed for inflation beginning in 2026. This change allows more high-income owners of pass-through entities to qualify for the full deduction before the limitations apply. Additionally, the definition of qualified wages is clarified to include guaranteed payments to partners and compensation paid to S corporation shareholders who materially participate, provided such payments are subject to self-employment or payroll tax. The Act also introduces a $400 minimum deduction to provide baseline relief to small businesses, regardless of income level, ensuring some benefit even for low-profit or early-stage entities. However, Business Development Company (BDC) dividends are explicitly excluded from the definition of qualified REIT dividends in the final legislation and therefore remain ineligible for the QBI deduction under current law.

Planning Considerations:

- Review existing pass-through structures to confirm QBI eligibility and enhance alignment between wages paid and qualified property held.
- Consider investment vehicles in credit and real estate portfolios as publicly traded partnerships (PTP) or real estate investment trusts (REITS) to maximize 199A-eligible income.
- Monitor the treatment of BDC dividends in any technical corrections legislation or IRS guidance and adjust asset location or portfolio construction accordingly.

10. Partnership and S Corporation Integrity Provisions

The Act imposes a series of structural reforms aimed at increasing transparency and curbing perceived abuses in the use of partnerships and S corporations, particularly in the context of valuation discounts, income deferral, and related-party structuring. These reforms are likely to have a significant impact on sophisticated estate and income tax planning strategies that rely on multi-entity arrangements or minority interest discounts to reduce reportable value or delay recognition.

New aggregation rules now require that certain related-party entities be treated as a single economic unit for purposes of determining eligibility for valuation discounts or for applying deferral mechanisms. This approach is designed to prevent taxpayers from using layered ownership or artificial partitioning of equity interests across affiliated entities to manufacture discounts based on lack of control or marketability. The IRS and Treasury are expected to issue additional guidance clarifying which relationships trigger aggregation and whether thresholds for ownership or control will mirror those used under existing attribution rules.

In addition to aggregation, the Act expands substantiation requirements for partnership distributions, S corporation shareholder allocations, and capital account maintenance. Taxpayers must now maintain enhanced documentation demonstrating that allocations and distributions are consistent with economic substance, follow governing agreements, and are appropriately reflected in capital accounts. These rules are particularly relevant in family-controlled entities where discretionary distributions or capital shifts have historically been less rigorously documented.

Planning Considerations:

- Reevaluate use of multi-entity structures or multi-tiered partnerships to ensure compliance with the new aggregation and reporting rules.
- Reassess discount strategies and consider whether simplification or consolidation of entities may reduce audit exposure.
- Ensure that partnership allocations and S corporation distributions are well-documented and economically substantiated under the enhanced standards.

11. Section 174 Research & Experimental Expense Reform

The Act delays the implementation of the mandatory capitalization and amortization rules for Section 174 research and experimental (R&E) expenditures until tax years beginning after December 31, 2027. This change allows businesses to continue deducting qualified R&E expenses in the year they are incurred for the 2024 through 2027 tax years, restoring a more favorable tax treatment that had been eliminated under the TCJA. The TCJA had required businesses to capitalize and amortize R&E expenses over a five-year period (15 years for foreign R&E), beginning in 2022, significantly increasing the after-tax cost of innovation and placing an administrative burden on companies with substantial R&D activities.

By deferring the capitalization rule, the Act provides temporary but meaningful relief to startups, technology firms, and other innovation-driven enterprises that rely on current deductibility to manage cash flow and reduce taxable income. This delay also buys time for policymakers and industry stakeholders to evaluate whether a permanent repeal or modification of the amortization requirement is warranted. During the deferral period, taxpayers may deduct both domestic and foreign R&E expenses in the year paid or incurred, provided they meet the longstanding requirements under Section 174, including proper identification, documentation, and nexus to qualifying research activity.

Planning Considerations:

- Review tax projections for R&D-intensive businesses to determine the timing and classification of qualified R&E expenses.
- Evaluate QOFs currently in market prior to the end of the 2026 cutoff.
- Consider accelerating qualified expenditures into tax years where immediate deductibility remains available.
- Coordinate with advisors to avoid duplication or misalignment between Section 174 and Section 41 (R&D credit) claims.

12. Clean Energy and Environmental Tax Incentives

The 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. The investment tax credit (ITC) and production tax credit (PTC) remain available for wind and solar projects, but with accelerated deadlines: facilities that begin construction more than one year after enactment must be placed in service by December 31, 2027, to qualify. These restrictions do not apply to standalone energy storage, which retains broader ITC eligibility. In addition, while the PTC continues to apply to certain zero-emission technologies beyond wind and solar, including advanced manufacturing and sustainable agriculture, the credit begins to phase out after 2032. These revised timelines compress the planning window and underscore the need for prompt project development and investment allocation.

The Act also confirms the availability of transferable tax credits, allowing clean energy developers and sponsors to sell eligible credits to third parties. This provision broadens participation beyond traditional tax equity investors, enabling high net worth individuals, family offices, and private foundations to fund qualifying energy projects even without sufficient federal tax liability. However, the legislation introduces new compliance obligations, including registration and substantiation requirements, and imposes strict penalties for misstatements, misuse, or dealings with foreign entities of concern. These enhanced enforcement measures apply beginning in 2026 and are designed to safeguard the integrity of the credit market without undercutting the core value of the transfer mechanism.

Beyond extensions and structural reforms, the Act refines incentives for emerging technologies such as clean hydrogen (Section 45V), carbon capture and sequestration (45Q), advanced nuclear (45U), and clean manufacturing (45X). For clean hydrogen, credits are available only for facilities that begin construction by December 31, 2027. Certain manufacturing components—such as integrated clean energy systems and wind-related equipment—lose eligibility after 2026 or 2027, with phased reductions for other components through 2033. Credits for carbon capture are standardized and begin applying updated rates in 2025, while clean fuel credits under Section 45Z are extended through 2029, subject to restrictions on foreign feedstock beginning in 2026. Additional bonus credits remain available for projects in energy communities or those that meet domestic content and prevailing wage requirements. When layered appropriately, these credits can still offset between 30% and 70% of eligible project costs, making clean energy one of the most strategically tax-advantaged areas for capital deployment—though now with a firmer deadline.

Planning Considerations:

- For clients with renewable energy holdings, model monetization scenarios via transferable credits or JV structures.
- Evaluate private market opportunities in sectors benefiting from clean energy subsidies, particularly where philanthropic or ESG goals intersect.
- Consider reallocating low-basis assets into clean infrastructure projects to enhance after-tax yield while supporting sustainability objectives.

Conclusion

The Act represents a pivotal shift in federal tax policy with significant implications for ultra-high-net-worth individuals and families. Rather than reverting to pre-2017 levels, the estate and gift tax exemption has been substantially increased, opening new windows for wealth transfer and basis optimization. At the same time, enhanced reporting requirements for entities and trusts, new standards for fund-level transparency, and the proliferation of transferable credits demand more sophisticated oversight and execution. Clients should engage their full advisory teams to capitalize on newly created planning opportunities before year-end and to structure their portfolios and estate plans for long-term efficiency under the evolving post-2025 tax regime.

For more details on key tax provisions before and after the Ong Big Beautiful Bill Act, please review our chart here.

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