

# LINDSEY & WALDO

CERTIFIED PUBLIC ACCOUNTANTS

"You see the numbers, we look for the opportunities."



## SPECIAL POINTS OF INTEREST:

- The highlights of the One, Big, Beautiful Bill Act for individuals and businesses
- Charitable contribution substantiation requirements
- Richard's reads
- Referrals

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# Taxing Times

Dedicated to helping our clients keep the money that belongs to them through a focus on tax.

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## How the One, Big, Beautiful Bill Act Will Affect You (Part I)

The "One, Big, Beautiful Bill Act" (OBBSA), was signed into law on July 4<sup>th</sup>. It includes provisions related to taxes, spending, and immigration. Some key aspects include extending provisions of the Tax Cuts and Jobs Act, making some tax deductions permanent, and increasing funding for border security and immigration enforcement.

Here's a summary of a dozen of the important provisions affecting your personal income taxes:

- **Reduced Income Tax Rates:** The Act makes the lower individual income tax rates and wider tax brackets introduced by the Tax Cuts and Jobs Act "TCJA" permanent, preventing a scheduled tax rate increase after 2025. For example, the top individual rate will remain at 37% (instead of reverting to 39.6%), and the marriage penalty relief for most brackets continues. This means that married couples filing jointly will typically not face higher taxes compared to filing as singles.
- **Increased Standard Deduction:** The standard deduction has been permanently increased and enhanced for 2025 and beyond: \$30,000 for joint filers, \$22,500 for heads of household, and \$15,000 for singles in 2025, with further increases to \$31,500, \$23,625, and \$15,750, respectively, for 2026 and after. Because these higher amounts mean fewer taxpayers will benefit from itemizing, consider bunching itemized deductions into a single year to exceed the standard deduction, then take the standard deduction in alternate years.
- **Child Tax Credit:** The Child Tax Credit (CTC) has been permanently increased to \$2,200 per qualifying child for tax years after 2024 and will be indexed for inflation in future years. Omission of a correct Social Security Number on a return under the Code Sec. 24 child and other dependent credit rules will be treated as a mathematical or clerical error that IRS can summarize assess. To maximize these credits, ensure all dependents have the required identification numbers before year-end, and consider managing your income or accelerating deductions if your AGI is near the phase-out range.
- **Estate and Gift-Basic Exclusion Amount:** The basic exclusion amount for federal estate and gift tax will increase to \$15 million (indexed for inflation) for estates of decedents dying and gifts made after December 31, 2025. Review and update estate plans and consider making large lifetime gifts to take advantage of this higher exclusion.
- **Pease Limitation:** Starting in 2026, the Pease limitation which reduced itemized deductions for high earners is permanently repealed. High-income taxpayers will see a much smaller 2/37 reduction apply to the lesser of their itemized deductions or the amount by which their taxable income exceeds the 37% tax bracket threshold. With this change, bunching deductible expenses into a single year can be effective, since the reduction is generally less severe than under the old Pease rules.
- **Individual Alternative Minimum Tax Exemption Amounts:** The AMT exemption amounts are permanently increased for 2026 and beyond, but the phaseout rate for higher-income taxpayers doubles from 25% to 50%. Taxpayers should review their AMT exposure and consider strategies such as timing income or exercising options in lower-income years to avoid unexpected AMT liability.
- **Deduction for Taxpayers Age 65 or Older:** For tax years 2025-2028, individuals age 65 or older (and their spouses, if filing jointly) can claim a new \$6,000 deduction per qualified person. To maximize this benefit, seniors should aim to keep their adjusted gross income (AGI) below \$75,000 (single) or \$150,000 (joint), as the deduction is reduced by 6% of any excess. Be sure to include the correct Social Security Number for each qualifying individual to avoid disallowance of the deduction.
- **Car Loan Interest:** For tax years 2025-2028, individuals can deduct up to \$10,000 per year in interest paid on loans for new, personal-use vehicles, even if they don't itemize deductions. The deduction phases out for single filers with MAGI over \$100,000 and joint filers over \$200,000. To qualify, the loan must be for a new, U.S.-assembled car, SUV, van, pickup, or motorcycle (under 14,000 pounds), secured by a first lien, with the taxpayer as the original owner, and the vehicle's VIN reported on the tax return. If you're planning to buy a new vehicle, consider timing your purchase and loan to maximize deductible

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## How the One, Big, Beautiful Bill Act Will Affect You (Part 1)

*continued from page 1*

interest within the eligible years, and manage your income to stay below the phase-out thresholds for the largest benefit.

- **Child and Dependent Care Credit:** Starting in 2026, the Child and Dependent Care Credit will be more valuable for many families. The maximum credit rate increases to 50% of eligible expenses, up to \$3,000 for one qualifying individual or \$6,000 for two or more. The full 50% rate applies to families with AGI up to \$15,000 and gradually phases down to 35% for AGI up to \$75,000 (\$150,000 for joint filers). To maximize your benefit, be sure to keep thorough records of all qualifying expenses and coordinate with any employer-provided dependent care benefits to avoid missing out on the full credit potential.
- **Contributions to Scholarship-Granting Organizations:** New for tax years ending after December 31, 2026, individual taxpayers can claim a federal income tax credit of up to \$1,700 per year for cash contributions to qualifying scholarship-granting organizations (SGOs) in participating states. To maximize this benefit, confirm your state's participation and ensure the SGO is on the IRS-approved list before contributing.
- **Disaster-Related Personal Casualty Losses:** If you suffered a loss due to a federally declared disaster, you can now claim a personal casualty loss deduction even if you don't itemize. The standard deduction is increased by the amount of the net disaster loss. Be sure to document your losses and insurance claims, and consider filing an amended return if you missed claiming a qualified loss in a prior year.
- **American Opportunity and Lifetime Learning Credits:** Starting in 2026, you must include the Social Security Number (SSN) of the student (or yourself or your spouse, if applicable) and the Employer Identification Number (EIN) of each college or university when claiming the American Opportunity Tax Credit (AOTC). To avoid losing this valuable credit due to a clerical error, make sure all SSNs are issued before the tax return deadline and that you have the EIN for each institution. Doublecheck that these numbers are entered correctly on your return, as missing or incorrect information will result in the IRS denying the credit. ✖

the "applicable percentage" (50% for stock held for 3 years, 75% for stock held for 4 years, 100% for stock held for 5 years) is eliminated for QSBS acquired after July 4, 2025. Also, the gain exclusion threshold is increased from \$10 million to \$15 million, and the \$50 million aggregate gross asset limit is increased to \$75 million (subject to inflation adjustments).

- **Enhanced manufacturing investment credit:** The advanced manufacturing investment credit (also known as the semiconductor credit or the CHIPS credit) on qualified investments in an advanced manufacturing facility built before January 1, 2027, is increased to 35% (up from 25%) for property placed in service after 2025.
- **Information reporting, Form 1099-K:** The Act retroactively reverts the Form 1099-K reporting threshold back to the pre-ARPA \$20,000 and 200 transactions threshold.
- **Information reporting, Forms 1099-NEC, 1099-MISC:** For payments made after 2025, the reporting thresholds for Forms 1099-NEC and 1099-MISC are increased from \$600 to \$2,000 (adjusted for inflation after 2026).
- **Gain on the sale of certain farmland property:** For sales or exchanges occurring after July 4, 2025, sellers of qualified farmland property may elect to pay capital gains tax on the sale in four equal annual installments. The first payment is due with the return for the year in which the sale occurs, with the remaining payments being due with the successive years' returns (but, if a payment is missed, the balance is due immediately).
- **Deduction limitation for compensation of publicly held corporation executives:** Under the Act, determining compensation that is subject to Code Sec. 162(m), which limits the amounts that publicly held corporations may deduct for compensation of certain top executives to \$1 million per year, is expanded for post-2025 tax years to include all members of a publicly-held corporation's controlled group and affiliated service group under Code Sec. 414(b), Code Sec. 414(c), Code Sec. 414(m), Code Sec. 414(o) (which is a broader group than under the pre-Act aggregation rule).
- **Corporate charitable contributions:** The Act imposes a new 1% floor (in addition to the 10% ceiling) on corporate charitable deductions for post-2025 tax years.

## How the One, Big, Beautiful Bill Act Will Impact Your Business



The business provisions of the One, Big, Beautiful Bill Act (OBBSA), as signed into law by the president on July 4, 2025, reflect sweeping changes providing significant permanent tax relief aimed at incentivizing small businesses, domestic investing, and manufacturing.

Here are some of the key provisions that may impact your business.

- **Qualified Business Income (QBI) deduction:** The Act makes this deduction permanent. It also sets a minimum deduction for active QBI for "applicable taxpayers" at \$400; defines an applicable taxpayer as one whose aggregate QBI for all active qualified trades or businesses for the tax year is at least \$1,000; and establishes inflation adjustments for the new minimums starting in post-2026 tax years. Also, the phase-in amounts are increased from \$50,000 to \$75,000 for single filers and from \$100,000 to \$150,000 for joint filers.
- **Bonus depreciation:** The Act makes additional first-year (bonus) depreciation for certain qualified property permanent at 100% (under prior law, it was to phase out to zero). This provision is effective for property acquired after January 19, 2025. There is also a new 100% bonus depreciation provision for "qualified production property" (QPP, which is certain non-residential real property used in the manufacturing, production, or refining of certain tangible personal property). This QPP provision is effective for property placed in service after July 4, 2025.
- **179 Expensing limits:** For property placed in service *after 2024*, the Code Sec. 179 expensing limits are increased to \$2,500,000 and the phasedown threshold is increased to \$4,000,000 (both subject to inflation adjustments).
- **Business interest:** For post-2025 tax years, the Act modifies the definition of adjusted taxable income for purposes of the Code Sec. 163(j) limitation on business interest.
- **Exclusion of gain on the sale or exchange of qualified small business stock (QSBS):** The Act provides that gain on

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## How to Audit Proof Your Charitable Contributions

If you make a charitable contribution of \$250 or more, you'll need a written receipt from the charity. If you donate property worth more than \$500, additional requirements may apply.

For a contribution of cash, check, or other monetary gift, regardless of amount, you must keep a bank record or a written communication from the donee organization showing its name, plus the date and amount of the contribution. If you make a charitable contribution by text message, a bill from your cellular provider having the required information is acceptable substantiation. Any other type of written record, such as a log of contributions, is insufficient.

For a contribution of property other than money, you generally must keep a receipt from the organization that shows the organization's name, the date and location of the contribution, and a detailed description, but not the value, of the property. If circumstances make obtaining a receipt impracticable, you must maintain a reliable written record of the contribution. The information required in such a record depends on the factors such as the type and value of the property contributed.

If the contribution is worth \$250 or more, stricter substantiation requirements apply. No charitable deduction is allowed for any contribution of \$250 or more unless you substantiate the contribution with a written receipt from the organization. You must have the receipt in hand when you file your return (or by the due date, if earlier) or you won't be able to claim the deduction. If you make separate contributions of less than \$250, you won't be subject to the written receipt requirement, even if your contributions to the same charity total \$250 or more in a year.



The receipt must set forth the amount of cash and a description (but not the value) of any property other than cash contributed. It must also state whether the donee provided any goods or services in return for the contribution, and if so, must give a good-faith estimate of the value of the goods or services.

If you received only "intangible religious benefits," such as attending religious services, in return for your contribution, the receipt must say so. This type of benefit is considered to have no commercial value and so doesn't reduce the charitable deduction available.

For donated property with a value of more than \$5,000, other than publicly traded stock, you're generally required to obtain a qualified appraisal.

If you receive goods or services, such as a dinner or theater tickets, in return for your contribution, your deduction is limited to the excess of what you gave over the value of what you received. But beware, there's an exception that prevents the deduction of the donation to your favorite university if you get to buy sports tickets. ✕

### We Believe in Referrals

We really believe in the process of referrals, so part of the service we provide is to be sure to refer our clients and associates to other qualified businesspeople in the community.

Below, you'll find a list of areas in which we know very credible, ethical, and outstanding professionals. If you're looking for a professional in a specific area we've listed, please feel free to contact us. We will be glad to put you in touch with the people we know who provide these products or services.

- \* Heating & A/C Repair
- \* Medicare Advantage Plans
- \* Printer
- \* Social Media Expert
- \* Supplemental Insurance
- \* Banker
- \* Realtor
- \* Attorney
- \* Travel Agent
- \* Auto/Home/Life Insurance
- \* Roofer
- \* Mortgage Broker
- \* Financial Advisor
- \* Home Inspector
- \* Cultured Marble
- \* Advertising & Marketing
- \* Payroll Service
- \* Business Consultant

### What I'm Reading...

**NOW**  
*The Memory Bank*  
by Brian Shea & Raquel Byrnes

**RECENTLY**  
*Where the Dawn Comes Up Like Thunder*  
by: H.W. "Buzz" Bernard



Reading can take you anywhere...



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How the One, Big, Beautiful Bill Act Will Impact  
Your Business—*continued from page 2*

- **Excess business losses:** The Act makes the Code Sec. 461(l) limit on excess business losses permanent.
- **Energy efficient commercial buildings deduction:** Under the Act, the energy efficient commercial building deduction terminates for the cost of energy efficient commercial building property whose construction begins after June 30, 2026.
- **Cost recovery for energy property:** The Act eliminates 5-year MACRS classification for energy property effective for property for which construction begins after 2024.
- **Advanced energy project credit:** Effective July 4, 2025, "add backs" in the event of the revocation of a project certification are discontinued.
- **Advanced manufacturing production credit:** The Act terminates the credit for wind energy components produced and sold after December 31, 2027. It also subjects pre-Act applicable critical minerals to a new phaseout schedule and tightens the rules regarding foreign entities.
- **Energy efficient home improvement and new energy efficient home credits:** The energy efficient home improvement credit under Code Sec. 25C is terminated for property placed in service after 2025. The new energy efficient home credit under Code Sec. 45L terminates for any qualified new energy efficient home acquired after June 30, 2026.
- **Residential clean energy credit:** The residential clean energy expenditures credit is terminated for any expenditures made after 2025.
- **Clean vehicle credits:** The credits for new and previously owned clean vehicles terminate for vehicles acquired after September 30, 2025. The credit for qualified commercial clean vehicles also terminates for vehicles acquired after September 30, 2025.
- **Alternative fuel vehicle refueling property credits:** The credit for "alternative fuel vehicle refueling property" (such as an EV charger) terminates for property placed in service after June 30, 2026.✳



**Upcoming Verifyle Maintenance Notification**

Over the next few weeks, we will be performing scheduled system maintenance on our secure Verifyle portal. As part of this process, we will be organizing files and archiving inactive workspaces.

Please note: This maintenance may trigger automated emails from Verifyle. **No action is required** on your part if you receive one of these notifications.

If you have any questions or concerns, or if you're unsure about any message you receive, feel free to contact our office. We're here to help.

Thank you for your understanding and continued trust.

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