

2025 Tax Season Update: Beyond the One, Big, Beautiful Bill

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Today's Presenter

- Lawrence Pon
 - Lawrence Pon is a Certified Public Accountant, Personal Financial Specialist, Certified Financial Planner, Enrolled Agent, United States Tax Court Practitioner, and Accredited Estate Planner in Redwood Shores, CA
 - Mr. Pon has been in practice since 1986 and speaks regularly to tax professionals on the latest tax planning and preparation topics nationally.
 - Mr. Pon teaches Income Tax at College of San Mateo
 - Mr. Pon received his BS in Business Administration from UC Berkeley and MS in Taxation from Golden Gate University in San Francisco

2025 Tax Season Update: Beyond the One, Big, Beautiful Bill

- The One, Big, Beautiful Bill
- Digital Assets and Form 1099-DA
- QSBS in a Changing Landscape
- Inflation Adjustments
- Bonus Depreciation and §179 expensing
- Portability Pitfalls and the Rowland Case

The One, Big Beautiful Bill Act

- Signed into law July 4, 2025
- Notable changes
 - Extends tax rates and brackets
 - Extends capital gains rates and brackets
 - Extends increase estate basic exemption
 - \$15,000,000 in 2026
 - No tax on tips
 - No tax on overtime
 - Senior deduction
 - No tax on car interest
 - \$40,000 SALT deduction

Digital Assets

Form **1040** Department of the Treasury—Internal Revenue Service
U.S. Individual Income Tax Return **2025** OMB No. 1545-0074 IRS Use Only—Do not write or staple in this space.

For the year Jan. 1–Dec. 31, 2025, or other tax year beginning _____, 2025, ending _____, 20 See separate instructions.

Filed pursuant to section 301.9100-2 Combat zone Deceased MM / DD / YYYY Spouse MM / DD / YYYY
 Other _____

Your first name and middle initial	Last name	Your social security number

If joint return, spouse's first name and middle initial	Last name	Spouse's social security number

Home address (number and street). If you have a P.O. box, see instructions.	Apt. no.	Check here if your main home, and your spouse's if filing a joint return, was in the U.S. for more than half of 2025. <input type="checkbox"/>

City, town, or post office. If you have a foreign address, also complete spaces below.	State	ZIP code	Presidential Election Campaign Check here if you, or your spouse if filing jointly, want \$3 to go to this fund. Checking a box below will not change your tax or refund. <input type="checkbox"/> You <input type="checkbox"/> Spouse

Foreign country name	Foreign province/state/county	Foreign postal code

Filing Status Check only one box.

<input type="checkbox"/> Single	<input type="checkbox"/> Head of household (HOH)
<input type="checkbox"/> Married filing jointly (even if only one had income)	<input type="checkbox"/> Qualifying surviving spouse (QSS)
<input type="checkbox"/> Married filing separately (MFS). Enter spouse's SSN above and full name here: _____	If you checked the HOH or QSS box, enter the child's name if the qualifying person is a child but not your dependent: _____
<input type="checkbox"/> If treating a nonresident alien or dual-status alien spouse as a U.S. resident for the entire tax year, check the box and enter their name (see instructions and attach statement if required): _____	

Digital Assets At any time during 2025, did you: (a) receive (as a reward, award, or payment for property or services); or (b) sell, exchange, or otherwise dispose of a digital asset (or a financial interest in a digital asset)? (See instructions.) Yes No

Dependents (see instructions)	Dependent 1	Dependent 2	Dependent 3	Dependent 4
(1) First name				
(2) Last name				

Digital Assets Question

- Check “Yes” to the question on Page 1 of Form 1040, *U.S. Individual Income Tax Return*
 - Received digital assets as payment for property or services provided
 - Received digital assets as a result of a reward or award
 - Received new digital assets as a result of:
 - Mining
 - Staking
 - And similar activities
 - Received digital assets as a result of a hard fork
 - Disposed of digital assets in exchange for property or services
 - Disposed of a digital asset in exchange or trade for another digital asset
 - Sold a digital asset, or
 - Otherwise disposed of any other financial interest in a digital asset

Digital Assets Question

- When you can check “No”
 - Holding a digital asset in a wallet or account
 - Transferring a digital asset from one wallet or account to another wallet or account
 - Purchasing digital assets using U.S. or other real currency
 - Including the use of electronic platforms
 - Paypal
 - Venmo

How to Report DA Transactions

- Form 8949, *Sales and other Dispositions of Capital Assets*, to calculate gain or loss on Schedule D (Form 1040), *Capital Gains and Losses*
 - Held as a capital asset through a sale, trade, exchange, payment or other transfer
- Form 709, *United States Gift (and Generation-Skipping Transfer) Tax Return*, in the case of a gift
- Form 706, *United States Estate (and Generation-Skipping Transfer) Tax Return*, in the case of an estate
- If received as compensation
 - Report as income of the same type
 - Wages on Form W-2, *Wage and Tax Statement*
 - Schedule C (Form 1040), *Profit or Loss from Business (Sole Proprietorship)*

Sales and Other Dispositions of Capital Assets

File with your Schedule D to list your transactions for lines 1b, 2, 3, 8b, 9, and 10 of Schedule D.

Go to www.irs.gov/Form8949 for instructions and the latest information.

Name(s) shown on return

Social security number or taxpayer identification number

Before you check Box A, B, C, G, H, or I below, see whether you received any **Form(s) 1099-B, Form(s) 1099-DA, or substitute statement(s)** from your broker. A substitute statement will have the same information as Form 1099-B or Form 1099-DA. They will show whether your basis (usually your cost) was reported to the IRS by your broker and may even tell you which box to check.

Part I Short-Term. Transactions involving capital assets you held 1 year or less are generally short-term (see instructions). For long-term transactions, see page 2.

Note: You may aggregate all short-term transactions reported on Form(s) 1099-B and Form(s) 1099-DA showing basis was reported to the IRS and for which no adjustments or codes are required. Enter the totals directly on Schedule D, line 1a; you aren't required to report these transactions on Form 8949 (see instructions).

You must check Box A, B, C, G, H, or I below. Check only one box. If more than one box applies for your short-term transactions, complete a separate Form 8949, page 1, for each applicable box. If you have more short-term transactions than will fit on this page for one or more of the boxes, complete as many forms with the same box checked as you need.

- (A)** Short-term transactions reported on **Form(s) 1099-B** showing basis **was** reported to the IRS (see **Note** above)
- (B)** Short-term transactions reported on **Form(s) 1099-B** showing basis **was not** reported to the IRS
- (C)** Short-term transactions, other than digital asset transactions, not reported to you on **Form 1099-B or Form 1099-DA**
- (G)** Short-term transactions reported on **Form(s) 1099-DA** showing basis **was** reported to the IRS (see **Note** above)
- (H)** Short-term transactions reported on **Form(s) 1099-DA** showing basis **was not** reported to the IRS
- (I)** Short-term digital asset transactions not reported to you on **Form 1099-DA or Form 1099-B**

1	(a) Description of property (Example: 100 sh. XYZ Co.)	(b) Date acquired (Mo., day, yr.)	(c) Date sold or disposed of (Mo., day, yr.)	(d) Proceeds (sales price) (see instructions)	(e) Cost or other basis See the Note below and see <i>Column (e)</i> in the separate instructions.	Adjustment, if any, to gain or loss If you enter an amount in column (g), enter a code in column (f). See the separate instructions.		(h) Gain or (loss) Subtract column (e) from column (d) and combine the result with column (g).
						(f) Code(s) from instructions	(g) Amount of adjustment	

Name(s) shown on return. Name and SSN or taxpayer identification no. not required if shown on other side	Social security number or taxpayer identification number
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Before you check Box D, E, F, J, K, or L below, see whether you received any Form(s) 1099-B, Form(s) 1099-DA, or substitute statement(s) from your broker. A substitute statement will have the same information as Form 1099-B or Form 1099-DA. They will show whether your basis (usually your cost) was reported to the IRS by your broker and may even tell you which box to check.

Part II Long-Term. Transactions involving capital assets you held more than 1 year are generally long-term (see instructions). For short-term transactions, see page 1.

Note: You may aggregate all long-term transactions reported on Form(s) 1099-B and Form(s) 1099-DA showing basis was reported to the IRS and for which no adjustments or codes are required. Enter the totals directly on Schedule D, line 8a; you aren't required to report these transactions on Form 8949 (see instructions).

You must check Box D, E, F, J, K, or L below. Check only one box. If more than one box applies for your long-term transactions, complete a separate Form 8949, page 2, for each applicable box. If you have more long-term transactions than will fit on this page for one or more of the boxes, complete as many forms with the same box checked as you need.

- (D)** Long-term transactions reported on **Form(s) 1099-B** showing basis **was** reported to the IRS (see **Note** above)
- (E)** Long-term transactions reported on **Form(s) 1099-B** showing basis **was not** reported to the IRS
- (F)** Long-term transactions, other than digital asset transactions, not reported to you on **Form 1099-B** or **Form 1099-DA**
- (J)** Long-term transactions reported on **Form(s) 1099-DA** showing basis **was** reported to the IRS (see **Note** above)
- (K)** Long-term transactions reported on **Form(s) 1099-DA** showing basis **was not** reported to the IRS
- (L)** Long-term digital asset transactions not reported to you on **Form 1099-DA** or **Form 1099-B**

1	(a) Description of property (Example: 100 sh. XYZ Co.)	(b) Date acquired (Mo., day, yr.)	(c) Date sold or disposed of (Mo., day, yr.)	(d) Proceeds (sales price) (see instructions)	(e) Cost or other basis See the Note below and see <i>Column (e)</i> in the separate instructions.	Adjustment, if any, to gain or loss If you enter an amount in column (g), enter a code in column (f). See the separate instructions.		(h) Gain or (loss) Subtract column (e) from column (d) and combine the result with column (g).
						(f) Code(s) from instructions	(g) Amount of adjustment	

CORRECTED (if checked)

FILER'S name, street address, city or town, state or province, country, ZIP or foreign postal code, and telephone no.		Applicable checkbox on Form 8949	OMB No. 1545-2330 2025 Form 1099-DA	Digital Asset Proceeds From Broker Transactions	
FILER'S TIN		1a Code for digital asset			
RECIPIENT'S TIN		1b Name of digital asset		Copy B For Recipient This is important tax information and is being furnished to the IRS. If you are required to file a return, a negligence penalty or other sanction may be imposed on you if this income is taxable and the IRS determines that it has not been reported.	
RECIPIENT'S name		1c Number of units			
Street address (including apt. no.)		1d Date acquired	1e Date sold or disposed		
City or town, state or province, country, and ZIP or foreign postal code		1f Proceeds \$	1g Cost or other basis \$		
Account number		1h Accrued market discount \$	1i Wash sales loss disallowed \$		
CUSIP number		2 Check if basis reported to IRS <input type="checkbox"/>	3a Reported to IRS: <input type="checkbox"/> Gross proceeds <input type="checkbox"/> Net proceeds		
5 Check if loss is not allowed based on amount in 1f <input type="checkbox"/>		3b Check if proceeds from: <input type="checkbox"/> Reserved for future use <input type="checkbox"/> QOF	4 Federal income tax withheld \$		
6 Gain or loss: <input type="checkbox"/> Short-term <input type="checkbox"/> Ordinary <input type="checkbox"/> Long-term		7 Check if 1f is only cash <input type="checkbox"/>	8 Check if broker relied on customer-provided acquisition information <input type="checkbox"/>		
9 Check if digital asset is a noncovered security <input type="checkbox"/>		10			
11b If 11a checked, number of transactions		11c For aggregate reporting of specified NFTs, aggregate gross proceeds reported in 1f that are attributable to first sales by creator or minter \$	12a Number of units transferred in		
14 State name		15 State identification no.		13	
				12b If transferred in, provide transfer-in date	
				16 State tax withheld \$ \$	

CORRECTED (if checked)

FILER'S name, street address, city or town, state or province, country, ZIP or foreign postal code, and telephone no.		Applicable checkbox on Form 8949	OMB No. 1545-2330 2025 Form 1099-DA	Digital Asset Proceeds From Broker Transactions
		1a Code for digital asset		
		1b Name of digital asset		
FILER'S TIN	RECIPIENT'S TIN			Copy B For Recipient This is important tax information and is being furnished to the IRS. If you are required to file a return, a negligence penalty or other sanction may be imposed on you if
RECIPIENT'S name		1c Number of units		
Street address (including apt. no.)		1d Date acquired	1e Date sold or disposed	
		1f Proceeds \$	1g Cost or other basis \$	
City or town, state or province, country, and ZIP or foreign postal code		1h Accrued market discount \$	1i Wash sales loss disallowed \$	
		2 Check if basis reported to IRS <input type="checkbox"/>	3a Reported to IRS: <input type="checkbox"/> Gross proceeds <input type="checkbox"/> Net proceeds	
Account number				

		\$		2 Check if basis reported to IRS <input type="checkbox"/>		3a Reported to IRS: <input type="checkbox"/> Gross proceeds <input type="checkbox"/> Net proceeds		required to file a return, a negligence penalty or other sanction may be imposed on you if this income is taxable and the IRS determines that it has not been reported.
Account number				3b Check if proceeds from: <input type="checkbox"/> Reserved for future use <input type="checkbox"/> QOF		4 Federal income tax withheld \$		
CUSIP number				7 Check if 1f is only cash <input type="checkbox"/>		8 Check if broker relied on customer-provided acquisition information <input type="checkbox"/>		
5 Check if loss is not allowed based on amount in 1f <input type="checkbox"/>		6 Gain or loss: <input type="checkbox"/> Short-term <input type="checkbox"/> Ordinary <input type="checkbox"/> Long-term						
9 Check if digital asset is a noncovered security <input type="checkbox"/>		10				11a Check if gross proceeds reported in 1f is an aggregate amount for: <input type="checkbox"/> Qualifying stablecoins <input type="checkbox"/> Specified NFTs		
11b If 11a checked, number of transactions		11c For aggregate reporting of specified NFTs, aggregate gross proceeds reported in 1f that are attributable to first sales by creator or minter \$		12a Number of units transferred in		12b If transferred in, provide transfer-in date		13
14 State name			15 State identification no.			16 State tax withheld \$ \$		

Form 1099-DA

- 2025
 - Mandatory reporting of gross proceeds and voluntary reporting of basis information
- 2026 and beyond
 - Mandatory reporting of gross proceeds and of basis information for covered securities and voluntary reporting of basis information for non-covered securities
- Brokers
 - Any person who, in the ordinary course of a trade or business, stands ready to effect sales of digital assets to be made by others
 - Regularly offers to redeem digital assets that were created or issued by taxpayer, or
 - Effect dispositions of customers' digital assets as an agent, a dealer or digital asset middleman

Form 1099-DA

- Brokers will need to provide Form 1099-DA to taxpayers by Feb. 17, 2026, for 2025
- Decentralized Finance (DeFi) brokers and some foreign brokers are not required to file Form 1099-DA
- Tax professionals should:
 - Review and reconcile all transactions which may be spread over multiple exchanges, wallets and accounts
 - Apply appropriate cost basis methods and document findings
 - Accurately categorize income events

Covered Security

- Digital asset acquired after 2025 for
 - Cash
 - Stored-value cards
 - Different digital assets
 - Or any property or services the disposition of which the broker is required to report in an account for which the broker provided custodial services
- A digital asset is a covered security only if it was acquired in an account for which the broker provided custodial services and was held in that account until the broker effects the disposition of the digital asset
- Acquiring a digital asset includes granting an option and entering into a forward contract

Where to Report on Other Forms

- Schedule 1 (Form 1040), *Additional Income and Adjustments to Income*
 - Income from forks, staking, mining, lending, etc.
 - Report on Line 8v
- Employees who receive digital assets as compensation for employment
 - Report the income as other wages on Page 1 of Form 1040
- Independent contractors
 - Receive digital assets as compensation for their services
 - Report on Schedule C

Notice 2025-7

- Allows digital asset investors who trade through a broker to use one of two alternate methods to make an adequate identification of digital asset units sold during 2025
- Regulations permit taxpayers to make an adequate identification of the units to be sold, disposed of, or transferred by specifying this information to the custodial broker no later than the date and time of the sale or other disposition
- If taxpayer fails to make an adequate identification of units sold through a broker
 - Default rule is FIFO must be used
- Note – to qualify for relief, must make identification prior to time of sale, disposition or transfer

Qualified Small Business Stock (QSBS)

- C corporation needs to satisfy three corporate level requirements under §1202
- Following requirements must exist prior to issuance
 - Original issuance requirement
 - Gross Aggregate asset requirement
 - Active trade or business requirement

Original Issuance Requirement

- Acquired in an original issue in exchange for:
 - Money
 - Other property
 - As compensation
- Types of clients
 - Workers of start-ups
 - Incentive stock options (ISOs)
 - §83(b) elections
 - Founders and small business owners
 - Investors

Gross Aggregate Asset Requirement

- Corporation holds cash and other aggregate assets totaling:
 - \$75 million or less – post July 4, 2025
 - Indexed for inflation
 - \$50 million – pre-July 4, 2025

Active Trade or Business Requirement

- On the stock issuance date and during substantially all of the period in which the stock is held, the corporation meets an active trade or business requirement that at least 80% of the value of the corporation's assets are used in a qualifying trade or business
 - Includes start-up activities, research & experimentation, and in-house research

Not All Business Qualify

- Under §1202(e), a qualified trade or business includes any business other than:
 - Any trade or business involving the performance of services in the fields of health, law, engineering, architecture, accounting, actuarial science, performing arts, consulting, athletics, financial services, or brokerage services, or
 - Any trade or business operating as a hotel, motel, restaurant, bar, or similar business, or
 - Any trade or business operating as a farm or dealing in rental of real property, or
 - Any trade or business where the principal asset of such trade or business is the reputation or skill of one or more of its employees
 - Any banking, insurance, financing, leasing, investing, or similar business

Industries That Qualify

- Corporation needs to be developing or producing a product for businesses or consumers
 - Manufacturing equipment
 - Electronics & industrial equipment
 - Tangible personal products
 - Consumer goods – food, apparel, food & beverage, health products
- Technology startups
 - Software development
 - Biotech
 - Hardware innovation

Per-Issuer, Per Shareholder, Gain Exclusion

- Prior to July 4, 2025
 - The per-issuer, per shareholder gain exclusion cap was \$10 million or ten times the aggregate adjusted basis of the original issuance value and never indexed for inflation
- For QSBS acquired after July 4, 2025
 - The per-issuer gain exclusion cap increases to the greater of \$15 million or ten times the aggregate adjusted basis of the individual taxpayer's stock at original issuance
 - §1202(b)(1)
 - Starting after 2026, indexed for inflation
 - \$7.5 million of married filing separately

Tiered Gain Exclusion with Reduced Holding Periods

- QSBS acquired after 7/4/2025
 - 3 years = 50%
 - 4 years = 75%
 - 5 years = 100%
- QSBS acquired before 7/4/2025 & after 9/27/10
 - 5 years = 100%
 - < 5 years = 0%
- QSBS before 2/18/09
 - 50%
- QSBS after 2/17/09 and before 9/28/10
 - 75%

§1045 – Rollover of Gain for QSBS

- Any taxpayer, except for corporations, can elect to roll over capital gain from the sale of QSBS held for more than 6 months if qualified replacement stock is acquired within 60 days
 - Replacement stock must meet the active trade or business requirement for the six-month period following its purchase
- Report gain on Form 8949
 - File on or before due date, including extensions
 - Election on Form 8949

§1045 – Rollover of Gain for QSBS

- Why?
 - When QSBS stock not held long enough for exclusion
- Unlimited rollovers
- Each replacement company gets its own exclusion amount
- If cannot find a suitable QSBS in 60 days
 - Create a new C corporation that actively seeks to acquire another company meeting QSBS criteria

Tax Planning with QSBS

- Choice of entity planning
- Change of entity planning
- Gifting QSBS shares
 - Multiple exclusions
 - Timing of gifts
 - Documentation

Tax Planning with QSBS

- Entrepreneurs/Small Business Owners
 - Choice of entity
 - Qualified trade or business
 - Gross assets test
- Investors
 - Original issue stock
 - Convertible debt
- Start-up Employee
 - §83(b) election
 - Incentive stock options
 - AMT break-even calculations

2026 Retirement Figures Update

- Notice 2025-67 for 2026 Retirement Figures Update
- IRA contribution increased from \$7,000 to \$7,500
 - Catch up increased from \$1,000 to \$1,100
- The SIMPLE contribution limit for businesses with 25 or more employees is increased from \$16,500 to \$17,000
 - Catch-up contribution amount for most employees age 50 and older is increased from \$3,500 to \$4,000 (\$5,250 for employees aged 60, 61, 62, or 63).
 - For businesses with fewer than 26 employees, the contribution limit is increased from \$17,600 to \$18,100 and the general catch-up contribution limit remains at \$3,850;
- The annual contribution limit for IRC §§401(k), 403(b), 457 governmental plans, and the federal government's Thrift Savings Plan is increased from \$23,500 to \$24,500
 - Catch-up contribution limit for most employees 50 and older is increased from \$7,500 to \$8,000.
 - Employees aged 60, 61, 62, and 63 can make a catch-up contribution of up to \$11,250
- The qualified charitable distribution (QCD) limit is increased from \$108,000 to \$111,000.
 - Once in a life-time QCD to CGA rollover increased from \$54,000 to \$55,000

2026 Optional Standard Mileage Rates

- IRS Notice 2026-10 (December 29, 2025)
- Beginning 1/1/26, the standard mileage rates for the use of a car, van, pickup truck, or panel truck are:
 - 72.5 cents/mile for business use
 - Up 2.5 cents from 2025
 - 20.5 cents/mile for medical purposes
 - Down 0.5 cents from 2025
 - 20.5 cents/mile for moving purposes for qualified active-duty members of the Armed Forces and intelligence community
 - Down 0.5 cents from 2025
 - 14 cents/mile driven in service of charitable organizations
 - Unchanged from 2025

Bonus Depreciation & §179 Expensing

- 100% Bonus depreciation permanently
 - Qualified assets acquired after January 19, 2025
 - Assets acquired 1/1/25 to 1/19/25
 - 40% bonus depreciation
 - However, may elect to use 40% bonus depreciation if bought after 1/20/2025 and before 1/19/2026
- New §168(n) bonus depreciation for Qualified Production Property (QPP)
 - Nonresidential US real property
 - Manufacture/produces agricultural, chemical, or refines personal property
 - 10-year recapture rule

Bonus Depreciation & §179 Expensing

- §179 expensing increase from \$1,250,000 to \$2,500,000 after 12/31/2024
- §179 phaseout begins at \$4,000,000
 - Annual inflation adjustments hereafter
- Elect or not elect?
- Don't forget about
 - Qualified real estate improvements (QRE)
 - Qualified improvement property (QIP)

Portability Pitfalls and the Rowland Case

- Basic Exclusion Amount
 - 2025 = \$13,990,000
 - 2026 = \$15,000,000
- Portability – introduced in 2010
 - When first spouse dies
 - Safeguard the estate exemption that the deceased spouse's estate did not use
 - Deceased Spouse Unused Exemption (DSUE)
 - Add to the surviving spouse's estate exemption
 - Use DSUE first for taxable gifts
 - Timely prepare Form 706 – Estate Tax Return
 - Even if not required

Portability Pitfalls and the Rowland Case

- Why do it?
 - No way to predict the future of estate tax
 - For income tax purposes
 - Back up the FMV of the assets on the first death
 - Have proper values of the assets involved
 - Beneficiaries may want the information
 - Getting precise information on assets may be helpful to fulfilling obligation of personal administrator (executor) or successor trustee under the deceased spouse's revocable trust

Estate of Billy Rowland v. Comr.

- TC Memo 2025-76
- Exercise due diligence to prepare a complete and timely Form 706
 - Determine value of all assets involved
- Surviving spouse's estate incurred a \$1.5 million additional estate tax when it was denied the predeceased spouse's DSUE amount
 - First spouse's estate tax return was not properly completed or timely filed

Estate of Billy Rowland v. Comr.

- Predeceased spouse's return failed to include valuation information for each property listed in the schedules
 - Relaxed valuation reporting requirements for marital and charitable deduction property under Reg. 20-2010-2(a)(7)(iii) did not apply where the return incorrectly applied the relaxed treatment across the board
 - Where the value of the property passing to the family charitable foundation and surviving spouse "related to, affected, or was needed to determine" the value of other property passing to the trusts for the predeceased spouse's grandchildren

Estate of Billy Rowland v. Comr.

- Form 706
 - Listed various assets
 - Real estate and shares of the Rowland family business
 - Did not spell out the values of each assets
 - Tax Court – decisive flaw
 - For nontaxable estate, IRS allows estate to leave off specific values on the estate tax return if the assets are left to a spouse or charity
 - Fay Rowland named children, grandchildren and friends among her heirs
 - Estate not allowed to use these relaxed rules
 - Estate argued the regulations were murky and they substantially complied
 - It was unfair
 - If knew about it sooner, could have applied for a Private Letter Ruling

[*3] The executor did not file the return for Fay’s Estate by the extended deadline. He ultimately mailed the Form 706, United States Estate (and Generation-Skipping Transfer) Tax Return (Fay’s Return), on December 29, 2017, which the Internal Revenue Service (IRS) received on January 2, 2018.

The header of the first page of Fay’s Return displayed the phrase “FILED PURSUANT TO REV PROC 2017-34 TO ELECT PORT SEC 2010(c)(5)(A).” Fay’s Return reflected a gross estate of \$3 million and payments to 13 named beneficiaries, totaling \$1,401,000. It calculated a DSUE amount of \$3,712,562, derived from the following inputs:

<i>Item</i>	<i>Amount</i>
Basic Exclusion Amount ³	\$5,450,000
Estimated Gross Estate	(3,000,000)
Estimated Total Allowable Deductions	1,500,000
Adjusted Taxable Gifts	(237,438)
Total DSUE	3,712,562

After the DSUE calculation, Fay's Estate completed the Form 706 schedules by listing various assets in which Mrs. Rowland held an interest at the time of her death. Each of the provided schedules featured the same stock text:

Note. If the value of the gross estate, together with the amount of adjusted taxable gifts, is less than the basic exclusion amount and the Form 706 is being filed solely to elect portability of the DSUE amount, consideration should be given as to whether you are required to report the value of assets eligible for the marital or charitable deduction on this schedule. See the instructions and Reg. section 20.2010-2T(a)(7)(ii) for more information. If you are not required to report the value of an asset, identify the property but make no entries in the last three columns.

Gift Tax

- 2025 & 2026 Annual exclusion = \$19,000
- Estate of DeMuth v. Commissioner (TC Memo 2022-72, affirmed by 3rd Circuit)
 - Checks written before death but not cashed until after death were not completed gifts
 - Wrote \$464,000 in checks before death
 - 1 check cleared before death
 - 10 cashed afterward
 - Therefore, had to be included in decedent's gross estate
 - No annual gift exclusion

Other Topics OBBBA

- Trump Accounts
- Opportunity Zones
- 529 Plans
- Health Savings Accounts
- New deductions
 - No Tax on Tips
 - No Tax on Overtime
 - No Tax on Car Loan Interest
 - Enhanced Senior Deduction

Tax Provision Effective Dates

- Pre-2025 & Retroactive Provisions
 - §174 – Research and experimentation (2022-2024)
 - Must amend by July 4, 2026
 - Last 2 quarters of 2021
 - ERC claims filed by January 31, 2024
 - Extension of limitation on assessment
 - 6-years for assessment of ERC-related amounts
 - 6-years for credit/refund of income tax deduction

Tax Provision Effective Dates

- 01/01/2025
 - Increased standard deduction
 - Senior deduction (2025-2028)
 - Auto loan deduction (2025-2028)
 - No tax on tips (2025-2028)
 - No tax on overtime (2025-2028)
 - SALT deduction limit at \$40,000 (2025-2029) (2030 = \$10,000)
 - Increased child tax credit to \$2,200
 - §179 increase to \$2,500,000
 - Research expense deduction
 - Increase in 1099-K and 1099-NEC reporting limits
 - PTC payment cap eliminated
 - Enhancement of adoption credit
 - New overall limitation on itemized deductions

Tax Provision Effective Dates

- 1/19/25
 - 100% Bonus depreciation
 - Qualified production property expensing

Tax Provision Effective Dates

- 7/4/25
 - Additional expenses treated as qualified higher education expenses for purposes of 529 accounts
 - QSBS expansion

Tax Provision Effective Dates

- 01/01/2026
 - .5% AGI charitable deduction floor
 - HSA enhancements
 - High income itemized deduction phase-out
 - Mortgage insurance premiums
 - Trump accounts (7/4/26)
 - Increase floor for business interest deduction limit
 - Increase credit for employer childcare facilities
 - Estate basic exclusion = \$15,000,000
 - Non-itemizers' charitable deduction for individuals
 - 1% floor on corporate charitable deduction
 - Excise tax on remittance transfers
 - Limitation on wagering losses
 - No free snacks

Tax Provision Effective Dates

- 01/01/2027
 - Credit of up to \$1,700 for contributions to scholarship-granting organizations
 - PTC not available to ineligible aliens
 - New Opportunity Zone designations

Phaseouts Ranges OBBBA (AGI/MAGI)

- SALT Deduction
 - \$500,000 - \$600,000
- Itemize Deduction Limitation
 - Single/HOH = \$626,000 +
 - MFJ = \$751,000 +
- Senior Deduction
 - Single/HOH = \$75,000 - \$175,000
 - MFJ = \$150,000 - \$250,000
- No Tax on Tips
 - Single/ HOH = \$150,000- \$400,000
 - MFJ = \$300,000 - \$5500,000
- No Tax on Overtime
 - Single/HOH = \$150,000- \$275,000
 - MFJ = \$300,000 - \$550,000
- Auto Loan Interest
 - Single/HOH = \$100,000 - \$150,000
 - MFJ = \$200,000- \$250,000
- Child Tax Credit
 - Single/HOH = \$200,000 - \$244,000
 - MFJ = \$400,000 - \$444,000

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