



Tax News & Views

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GOP taxwriters take the OBBBA on the road

In a two-city tour, the House Ways and Means Committee held two field hearings to promote the law commonly called the One Big Beautiful Bill Act (OBBBA, [P.L. 119-21](#)) – a sweeping reconciliation package passed last month that addresses tax and non-tax issues. These hearings, held outside of Washington D.C., were designed to highlight the bill's anticipated impact on local economies and workforce development.

While both hearings were an opportunity for Republicans and Democrats to try and frame the public's view of the bill, roughly twice as many GOP members as Democrats participated in the discussions.

For extensive coverage of the OBBBA, see Deloitte Tax LLP's [A closer look: Inside the new tax law](#).

Selling tax cuts on tips and more in "Sin City"

The committee's first stop was Las Vegas, setting the stage for continued debate over the new law's individual tax provisions, during which House Ways and Means Committee Chairman Jason Smith (R-Mo.) made a commitment to reverse a recent limit on wagering loss deductions and restore their full deductibility (up to the taxpayer's reported gambling winnings).

Enacted under the OBBBA and set to take effect on January 1, 2026, the new provision limits the deductibility of gambling losses to 90 percent of total gambling losses incurred during the taxable year – a departure from prior law, which allowed deductions up to the amount of reported winnings. Lawmakers from both parties at the hearing criticized the change.

Chairman Smith attributed the 90 percent cap to the Senate's version of the OBBBA, noting that the House version of the bill allowed full deductibility of gambling losses up to a taxpayer's winnings. He expressed hope that the change could be reversed before it takes effect in 2026.

"For those of you concerned about this change, I can tell you that members on both sides of the aisle have heard you and I know that many members on both sides of the aisle are open to working to address it before it goes into effect on January 1st," Smith said.

Legislative efforts: In response to the newly enacted limit on wagering loss deductions under the OBBBA, lawmakers have begun introducing legislation to restore the full deduction. Rep. Dina Titus, a Nevada Democrat who spoke at the Las Vegas hearing despite not serving on the Ways and Means Committee, introduced [H.R. 4304](#) – the bipartisan "FAIR BET Act" – to restore the 100 percent deduction for gambling losses. Similar bipartisan legislation has also emerged across the Capitol – the "FULL HOUSE Act" ([S. 2230](#)) – introduced by Sen. Catherine Cortez Masto (D-Nev.) and co-sponsored by Sens. Jacky Rosen (D-Nev.), Ted Cruz (R-Texas) and Bill Hagerty (R-Tenn.). (For prior coverage, see [Tax News & Views](#), Vol. 26, No. 32, July 11, 2025.)

Targeted tax relief for workers and families: tips, overtime, and more

For most of the hearing, Chairman Smith and other GOP members of the panel promoted several of the law's new and existing individual tax provisions – including new deductions on tipped and overtime pay, a new deduction for senior citizens, and an enhancement to the child tax credit. Smith placed particular emphasis on the tipped income provision, noting that one-fifth of Las Vegas workers rely on tips for their livelihood. He also reminded everyone that Trump first proposed the tax cut on tips at a presidential campaign speech in Las Vegas last year.

According to calculations cited by Chairman Smith, the policy change will result in more than \$230 million in tax savings for tipped workers in the Las Vegas metro area, amounting to an average of a \$1,300 tax cut per worker compared to prior law. He added that the benefit would reverberate nationwide.

"What will happen here in Vegas will not stay just in Vegas, because America's 4 million tipped workers will also benefit from no tax on tips," Smith said in a nod to the famous tourism slogan – "What happens in Vegas stays in Vegas."

Workers who receive qualified tips can claim the tax break on their tipped income from 2025 through 2028, a deduction of up to \$25,000 per year that begins to phase out for taxpayers with modified adjusted gross income exceeding \$150,000 (\$300,000 for joint filers). A "qualified tip" is an amount that is paid voluntarily without any consequence in the event of nonpayment, is not the subject of negotiation, and is determined by the payor.

To support implementation of the new tipped income provision, the IRS [announced](#) it will publish a list of "occupations traditionally receiving tips" by October 2, 2025 – 90 days after the law's enactment – and outlined its intent to provide transitional relief for the 2025 tax year for individuals and employers affected by new deductions and reporting rules related to tips and overtime pay. (For prior coverage, see [Tax News & Views](#), Vol. 26, No. 33, July 18, 2025.)

Other individual tax cuts: In addition to the tipped income provision, the new law includes several other individual tax relief measures that Republicans, including Reps. Mike Kelly of Pennsylvania, Michelle Fischbach of Minnesota, and Blake Moore of Utah, highlighted during the hearing. The overtime deduction – also available from 2025 through 2028 – is limited to \$12,500 annually (\$25,000 for joint filers) and begins to phase out for taxpayers with modified adjusted gross income exceeding \$150,000 (\$300,000 for joint filers). Another new provision

highlighted was the senior deduction, available from this year through 2028, which allows individuals aged 65 and older (before the close of the taxable year) to claim an extra deduction of \$6,000 (\$12,000 for married couples where both spouses are 65 or older), with the deduction phasing out for taxpayers with modified adjusted gross income exceeding \$75,000 (\$150,000 for joint filers).

In contrast, some Democrats expressed concern about the broader implications of the bill. Although Rep. Steven Horsford (D-Nev.) has previously introduced legislation to cut taxes on tips ([H.R. 1314](#), Tipped Income Protection and Support (TIPS) Act), he and other Democrats gave limited attention to the perceived benefits of that provision – as well as other individual tax relief measures in the OBBBA – pointing instead to cuts to Medicaid and other social services used to offset the cost of the bill's new and extended tax breaks.

"Las Vegas is actually ground zero for the damage that Trump's economy is doing to workers and families and small businesses," Horsford said, later adding, "This bill is selling a lie."

Business tax relief for some, income gap for others

While the July 25 hearing in Las Vegas centered on individual income tax relief – including the widely discussed "no tax on tips" provision aimed at benefiting service industry workers – the following day's session at the Ronald Reagan Presidential Library in Simi Valley, Calif., saw a greater focus on the OBBBA's business tax provisions. The Republicans used the setting to underscore their belief that these sections of the bill will stimulate investment, innovation, and job creation.

In his opening statement, Chairman Smith stressed that the bill's business tax relief provisions – such as a more generous calculation of the amount of net business interest expense that can be deducted, immediate expensing for research and development costs, the 20 percent passthrough deduction under section 199A, and 100 percent bonus depreciation – will provide long-term certainty and strengthen the US economy as permanent features of the tax code.

"We are unleashing new incentives to build new factories and production facilities here in America. Manufacturers in America have never had more tax certainty than under Donald Trump. Pro-growth tax breaks will help American businesses invest and build here at home to beat our foreign competition abroad," [said](#) Chairman Smith.

"The One, Big Beautiful Bill pairs permanent pro-growth tax policy with the largest mandatory spending cut in American history to improve our nation's fiscal health," he added.

Other Republican taxwriters – including Reps. Adrian Smith of Nebraska, Ron Estes of Kansas, and Nathaniel Moran of Texas – echoed the importance of the OBBBA's benefits to businesses. In that context, the Ronald Reagan Presidential Library itself served as more than just a venue – it was a symbolic backdrop that reinforced the GOP's messaging.

"It's fitting that we are here today in the Ronald Reagan Presidential Library after Republicans passed the OBBBA. This historic legislation builds on President Reagan's legacy of lowering the tax burden on Americans so they can keep more of their hard-earned money," said Estes.

For their part, Democratic taxwriters – including Reps. Horsford and Judy Chu of California – pushed back, contending that the OBBBA disproportionately benefits the wealthy while doing little for working families – further maintaining that the bill will deepen income inequality and divert resources away from those who need them most. (The Joint Committee on Taxation subsequently released its estimate of the distribution of the tax provisions in the OBBBA (P.L. 119-21) ([JCX-37-25](#)); it also prepared a similar report, but relative to the current policy baseline ([JCX-36-25](#))).

Amid the broader debate, taxwriters spotlighted several specific business tax provisions in the OBBBA – emphasizing their potential economic impact and, in many cases, questioned witnesses from the business community to draw out perspectives on how these measures will affect investment, growth, and the workforce.

Business interest deduction: Rep. Smith identified the updated business interest deductibility provision, asking witness Jay Timmons, president and CEO of the National Association of Manufacturers, for his perspective on the relevant changes in the OBBBA. Timmons noted that the interest costs in the US have been higher than in other countries, and praised the revised rules as a positive step toward economic growth and job creation. The OBBBA makes permanent the calculation of adjusted taxable income to align with EBITDA (earnings before interest, taxes, depreciation, and amortization) for purposes of calculating the deduction limits for net business interest expenses, effective

for taxable years beginning after December 31, 2024.

Research and development expenses: Although not a Ways and Means Committee member, Rep. Vince Fong (R-Calif.) participated in the hearing and emphasized the importance of the OBBBA for his constituents – particularly farmers and ranchers in his agricultural district. He described the bill as a “huge step forward” and focused his attention on its research and development (R&D) provision.

Rep. Fong asked witness William Fulton, vice president of Business Development for Robinson Helicopter Company to share his perspective on the measure. Fulton stressed the importance of “predictability,” stating that the permanent nature of the provision, along with the ability to immediately deduct such expenses – will allow the company to expense R&D costs more quickly, invest in new machinery, hire more workers, and improve their business model.

Rep. Horsford, for his part, referenced both Rep. Estes’ R&D expensing legislation (American Innovation and R&D Competitiveness Act of 2025, [H.R. 1990](#)), which he supported – and the bipartisan Smith-Wyden tax package (Tax Relief for American Families and Workers Act ([H.R. 7024](#)) – which also included a similar R&D provision and had his backing. Still, he expressed concern that the broader structure of the OBBBA – including the permanent extension of certain provisions – would carry significant economic and social costs, including adding trillions of dollars to the deficit.

Under the OBBBA, new section 174A is permanently added, allowing an immediate deduction of domestic specified research and experimental expenditures paid or incurred in tax years beginning after December 31, 2024.

Section 199A: Rep. Estes voiced support for the extension of the section 199A passthrough deduction – made permanent under the OBBBA – contending that it will help small businesses “invest in their operations, hire more workers, and contribute to the local economy.”

However, House Democratic taxwriters raised concerns. Rep. Chu criticized the new provision as “just another giveaway to the wealthy,” arguing that the primary beneficiaries are larger passthrough entities. She cited data that “70 percent of the benefits flow to the wealthiest 4.5 percent of the recipients.” Rep. Jimmy Gomez of California offered a more nuanced view, stating that “a bunch of us [Democrats] actually don’t have a problem with the 199A provision – we don’t. There was a debate on our side as to how do we make it work.” Still, he argued that the broader structure of the bill “actually hurts working families.”

No OBBBA, no relief?

Republican lawmakers have consistently warned that allowing TCJA provisions to expire without congressional action would have created uncertainty for businesses, reduced incentives for investment, and ultimately raised taxes next year. These concerns were echoed during the hearing, when Rep. David Kustoff (R-Tenn.) asked Mr. Timmons to weigh in on the potential implications had the OBBBA not been enacted.

Timmons cited a private study, stating that failure to pass the OBBBA would have resulted in the loss of “6 million jobs in the American economy,” including over “1.1 million manufacturing jobs,” and a “half trillion dollars in wage loss.”

The exchange underscored GOP concerns that inaction could have triggered economic disruption, particularly for manufacturers and other business sectors reliant on tax certainty.

Moving forward

As Republican and Democratic taxwriters debated provisions in the OBBBA this past weekend, Republican Study Committee (RSC) Chairman August Pfluger of Texas announced the creation of the RSC Reconciliation 2.0 Working Group to launch efforts in crafting a robust conservative policy framework for a potential second reconciliation bill.

“The One Big Beautiful Bill represents a generational victory for the conservative movement and the American people,” [said](#) Pfluger.

“We must capitalize on the momentum we’ve generated in the first 6 months of a Republican trifecta in Washington. To fulfill the promises we made to the American people, conservatives must begin laying the groundwork for the second reconciliation bill to ensure we continue to drive down the cost of living and restore America’s promise for future generations,” he added.

Although House and Senate Republicans leaders have floated the idea of a second reconciliation bill, the formation of a working group

represents the first coordinated effort by lawmakers to develop a concrete policy roadmap for a possible follow-up package later this year. (For prior coverage, see *Tax News & Views*, Vol. 26, No. 32, July 11, 2025.)

White House policy recommendations on digital assets: Complementing the on-going discussions around a potential second reconciliation bill, the White House released its forward-looking agenda with the publication of a digital asset policy [report](#) – “Strengthening American Leadership in Digital Financial Technology.” The report outlines potential areas for IRS and Treasury guidance, along with legislative recommendations, to address a range of tax-related digital asset issues. (For prior coverage of Rep. Max Miller’s (R-Ohio) proposed approach to digital taxation, see *Tax News & Views*, Vol. 26, No. 34, July 25, 2025.)

Alongside the report, the White House issued a [fact sheet](#) emphasizing the need for modernized tax rules, stating that “[o]ur tax rules must align with new technologies and eliminate compliance hurdles for both individuals and businesses engaged in activities involving digital assets.”

The President’s Working Group on Digital Asset Markets, which was established in [Executive Order 14178](#) on January 23, 2025, authored this report. In it, the group urged the federal government to take a more proactive stance on digital asset policy.

“[The Working] Group encourages the Federal government to operationalize President Trump’s promise to make America the ‘crypto capital of the world’ and adopt a pro-innovation mindset toward digital assets and blockchain.”

Appointments for legislative outreach: Alongside these policy recommendations, the administration is also moving to strengthen its legislative outreach through key appointments. On Thursday, the Senate Finance Committee considered the nomination of Derek Theurer – a veteran congressional staffer nominated in April to serve as Deputy Under Secretary for legislative affairs – the liaison between the Department and Congress. Theurer, who has already been working for Treasury Secretary Scott Bessent in a counselor capacity, would, if confirmed, help foster dialogue between the Department and lawmakers on key policy issues, including in the development of regulations necessitated by the passage of the recently enacted OBBBA as well as on future legislative initiatives. (For prior coverage, see *Tax News & Views*, Vol. 26, No. 14, April 11, 2025.)

“If confirmed,” he said during his nomination hearing, “I look forward to continuing to partner with you on the important work undertaken by this committee.”

Before joining the administration, Theurer held multiple high-level positions on Capitol Hill, including serving as chief tax counsel for the House Ways and Means Committee and most recently as senior policy advisor to House Speaker Mike Johnson (R-La.). He also was a Senate staffer during the development and passage of the Tax Cuts and Jobs Act ([P.L. 115-97](#)).

During the same hearing, the panel considered the nominations of Bryan Switzer to be a Deputy United States Trade Representative; Gustav Chiarello III to be an Assistant Secretary of Health and Human Services; and Michael Stuart to be General Counsel of the Department of Health and Human Services. At press time, votes in the Finance Committee to advance those nominees had yet to be scheduled.

In other news, the Finance Committee advanced Jonathan McKernan to be Under Secretary of the Treasury Department for Domestic Finance by a vote of 14-13, a role that involves oversight of federal debt management, financial markets, and fiscal operations.

Steven Grodnitzky and Aaron Lorenzo

Tax Policy Group
Deloitte Tax LLP

Treasury and IRS release interim guidance simplifying application of CAMT to partnerships

In an effort touted as a way to reduce compliance burdens and costs, the Internal Revenue Service and the Department of the Treasury issued interim guidance ([Notice 2025-28](#)) announcing their intent to partially withdraw certain corporate alternative minimum tax (CAMT)

proposed regulations and issue revised proposed regulations applying the CAMT to partnerships and CAMT-entity partners. The CAMT regime was enacted as part of President Biden's signature legislation – the Inflation Reduction Act ([P.L. 117-169](#)) in 2022.

Interim guidance

The interim guidance outlines rules that are anticipated to be reflected in forthcoming proposed regulations. The guidance addresses a variety of topics related to the CAMT, including the following:

- Top-down elections;
- Limited taxable-income elections;
- Reasonable methods to determine partners' distributive shares of modified FSI (financial statement income);
- Reporting requirements;
- Additional methods to account for partnership contributions and distributions; and
- Financial Statement Income (FSI) attributable to certain transactions.

In general, for taxable years beginning before the date on which forthcoming proposed regulations are published in the Federal Register or other guidance is published in the Internal Revenue Bulletin, taxpayers may choose to apply the guidance in this Notice, including for purposes of filing amended returns or administrative requests.

In addition, and generally until final regulations take effect, taxpayers can alternatively choose to follow the existing proposed regulations without having to follow any of the additional modifications or guidance described in the Notice. The taxpayer and all related group members are required to apply the chosen set of proposed rules (Prop. Treas. Reg. §1.56A-5 can now be followed separately from Prop. Treas. Reg. §1.56A-20 and vice versa) consistently for the entire year. This alternative approach also applies for purposes of filing an amended return or administrative adjustment request.

Finally, taxpayers can optionally continue to rely on Notice 2023-7 for partnership contributions and distributions in taxable years ending on or before September 13, 2024.

The proposed regulations at issue ([REG-112129-23](#)) were released on September 12, 2024, along with [Notice 2024-66](#), which provides guidance providing relief from certain additions to tax for a corporation's underpayment of estimated income tax to the extent the underpayment is attributable to the corporation's CAMT liability. (For prior coverage, see [Tax News & Views](#), Vol. 25, No. 27, September 13, 2024.)

On December 26, Treasury and the IRS published in the Federal Register technical corrections to the CAMT proposed regulations. (For prior coverage, see [Tax News & Views](#), Vol. 26, No. 4, January 24, 2025.)

Steven Grodnitzky

Tax Policy Group
Deloitte Tax LLP

OBBA enacted: Key tax changes for individuals and corporations

Recent enactment of the law commonly referred to as the One Big Beautiful Bill Act (OBBA) brings sweeping changes to the tax landscape, with major provisions affecting both private wealth taxpayers and corporations – topics explored in the following summaries and resources.

GOP's 'One Big Beautiful Bill Act' brings permanence to many tax provisions affecting private wealth taxpayers

A [document](#) from Deloitte Tax LLP summarizes a few of the law's main provisions affecting high net-worth taxpayers and their effective dates, while also offering insight into what policymakers in Washington may focus on next. Among some of the highlighted provisions are the

permanent section 199A deduction, permanent alternative minimum tax exemption and phaseout thresholds, permanent limit on “excess business losses” of noncorporate taxpayers, and other related provisions.

These updates are designed to help affected taxpayers stay informed about the latest legislative developments.

Tax News & Views webcast: Corporate alternative minimum tax (CAMT): Key considerations of OBBBA

The budget reconciliation bill H.R. 1, commonly referred to as the One Big Beautiful Bill Act was enacted on July 4, 2025, and introduces significant changes to tax provisions that may reduce corporate taxable income and increase CAMT for applicable corporations. In this webcast, we'll discuss: (1) an overview of CAMT; (2) OBBBA tax provisions that impact regular taxable income (e.g., section 163(j), bonus depreciation, and section 174); and (3) ASC 740 considerations for AMT credit. Check out our upcoming webcast on **August 13, 2025, at 11:00 a.m. EST**. [Register today.](#)

Steven Grodnitzky

Tax Policy Group
Deloitte Tax LLP

A note on our publication schedule

The House has adjourned for its traditional summer recess and the Senate is poised to do the same in the coming days. Barring any significant, unexpected developments on the tax policy front, the next edition of *Tax News & Views* will be published the week of September 1, when lawmakers return to Capitol Hill.

Jon Traub

Managing Principal, Tax Policy
Deloitte Tax LLP

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