



# **SIFM**

# **The One Big Beautiful Bill Act**

# **& the shifting tariff landscape**

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# Today's agenda



OBBBA highlights for businesses



Policy & politics post-OBBBA



Today's tariffs landscape



Q&A and discussion

# Broad business tax provisions

Provision	Pre-OBBBA law	Post-OBBBA law
Full expensing for certain business property	40% in 2025, 20% in 2026, eliminated in 2027	Permanent for purchases after 1/19/25
Full expensing for qualified production property	None	New allowance for full expensing of nonresidential real property used in manufacturing, production or refining of qualified products if construction begins after 1/19/25 and before 1/1/29, and PIS before 1/1/31
Treatment of R&E spending (Sec. 174)	Amortized over 5 years (domestic) or 15 years (foreign)	Full expensing permanent for domestic R&E only, for TYBA 12/31/24; election to deduct unamortized basis from 2022-24 capitalization

TYBA = Tax years beginning after, PIS = Placed in service

# Broad business tax provisions

Provision	Pre-OBBBA law	Post-OBBBA law
Business interest deduction (Sec. 163(j))	Limitation calculation based on EBIT; allows certain deemed inclusions (i.e., Subpart F and GILTI inclusions, Sec. 78 gross-up amounts, and inclusions under Sec. 956) to be included in ATI	Use of EBITDA permanent for TYBA 12/31/24; excludes from taxable income any Subpart F and GILTI inclusions, Sec. 78 gross-up amounts, and inclusions under Sec. 956; limitation applies to certain capitalized interest in TYBA 12/31/25
Charitable Contributions (Sec. 170)	Credit for up to 10% of charitable contributions pre NOL & DRD any excess could be carried forward	Deductions are limited to a 1% floor and 10% ceiling including restrictions on carryforwards
Expensing of Sec. 179 property	Aggregate annual cost limitation \$1M; phasedown begins at \$2.5M	Cost limitation increased to \$2.5M; phasedown begins at \$4M; effective for property PIS in TYBA 12/31/24

# Clean energy tax provisions

**7/4/25**

Date of enactment

**45Y, 48E, 45Q, 45U, 45X & 45Z** terminated\* for specified foreign entities & foreign-influenced entities

**12/31/25**

**45Y & 48E** begin construction deadline for projects receiving material assistance from a prohibited foreign entity

**45Z** terminated for use of feedstocks not from US, Mexico or Canada

**25C & 25D** PIS deadline

**7/3/26**

**45Y & 48E** begin construction deadline for wind & solar facilities PIS after 12/31/27

**1/1/27**

New restrictions on eligibility of integrated components for **45X**

**12/31/29**

**45Z** terminated

**45X** terminated for metallurgical coal

**1/1/30**

**45X** 3-year phaseout begins for components except wind & solar

**1/1/34**

**45Y & 48E** 2-year phaseout begins

**9/30/25**

Clean vehicle credits terminated (**25E, 30D, 45W**)

**6/30/26**

**30C** PIS deadline

**179D** begin

construction deadline

**45L** terminated

**12/31/27**

**45Y & 48E** PIS for wind & solar facilities unless construction began before 7/4/26

**45X** terminated for wind components

**45V** begin construction deadline

**1/1/31**

3-year phaseout begins for **45X** critical minerals except coal

\* For tax years beginning after

# International tax provisions

Provision	Pre-OBBBA law	Post-OBBBA law
Foreign-derived intangible income (FDII)	Effective rate set to increase from 13.125% to 16.406% for TYBA 12/31/25; allows a reduction to deduction-eligible income (DEI) by 10% of its qualified business asset investment (QBAI), known as net deemed tangible income return, to determine deemed intangible income	Effective rate increased to ~14% for TYBA 12/31/25; excludes certain income from disposition of intangible property for DEI; eliminates allocation and apportionment of interest and R&E expenditures to DEI; net deemed tangible income return eliminated; renamed “foreign-derived deduction eligible income” (FDDEI)
Global intangible low-taxed income (GILTI)	Effective rate scheduled to increase from 10.5% to 13.125% for TYBA 12/31/25; allows a net deemed tangible income return reduction to U.S. shareholder’s GILTI inclusion	Effective rate increased to ~12.6% and haircut reduced from 20% to 10% for TYBA 12/31/25 (= overall effective rate of 14%); net deemed tangible income return eliminated; renamed “net CFC tested income” (NCTI)

# International tax provisions

Provision	Pre-OBBBA law	Post-OBBBA law
Allocation of deductions for foreign tax credit limitation	Generally must allocate and apportion deductions between U.S. and foreign-source income separately within each of the Sec. 904(d) categories: GILTI, foreign branch, passive and general category income	Generally Sec. 250 deduction and certain foreign taxes are allocated to foreign-source NCTI, while no interest or R&E expenses are allocable, and other deductions are allocable only if directly connected
Base-erosion avoidance tax (BEAT)	Rate set to increase from 10% to 12.5% and special treatment for R&E credit and a portion of applicable Sec. 38 credits in BEAT formula to be removed for TYBA 12/31/25	Rate increased to 10.5% for TYBA 12/31/25; R&E credit and a portion of applicable Sec. 38 credits permanently excluded from reducing regular tax liability for purposes of computing BEAT liability

# Key implications

## Affecting how businesses plan, invest, and compete

### Financial reporting

- Public companies must account for the tax law changes during the quarter enacted (Q3 2025 financial statements and Q2 disclosures for calendar year end taxpayers).
  - This includes revaluing deferred tax assets/liabilities and updating disclosures.
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### Cash flow management

- Provisions like 100% bonus depreciation and immediate R&D expensing can significantly reduce taxable income in 2025.
  - Interest deductibility changes (EBITDA-based) may increase deductions for leveraged companies.
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### Capital expenditure planning

- The reform creates a limited-time window to fully expense qualified property used for manufacturing and production.
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### International tax strategy

- Changes to GILTI (now NCTI), FDII (now FDDEI), and FTC rules alter the effective tax rate for multinationals.

### State and local tax (SALT) exposure

- Not all states conform to federal tax law changes.
  - This creates compliance complexity and planning opportunities.
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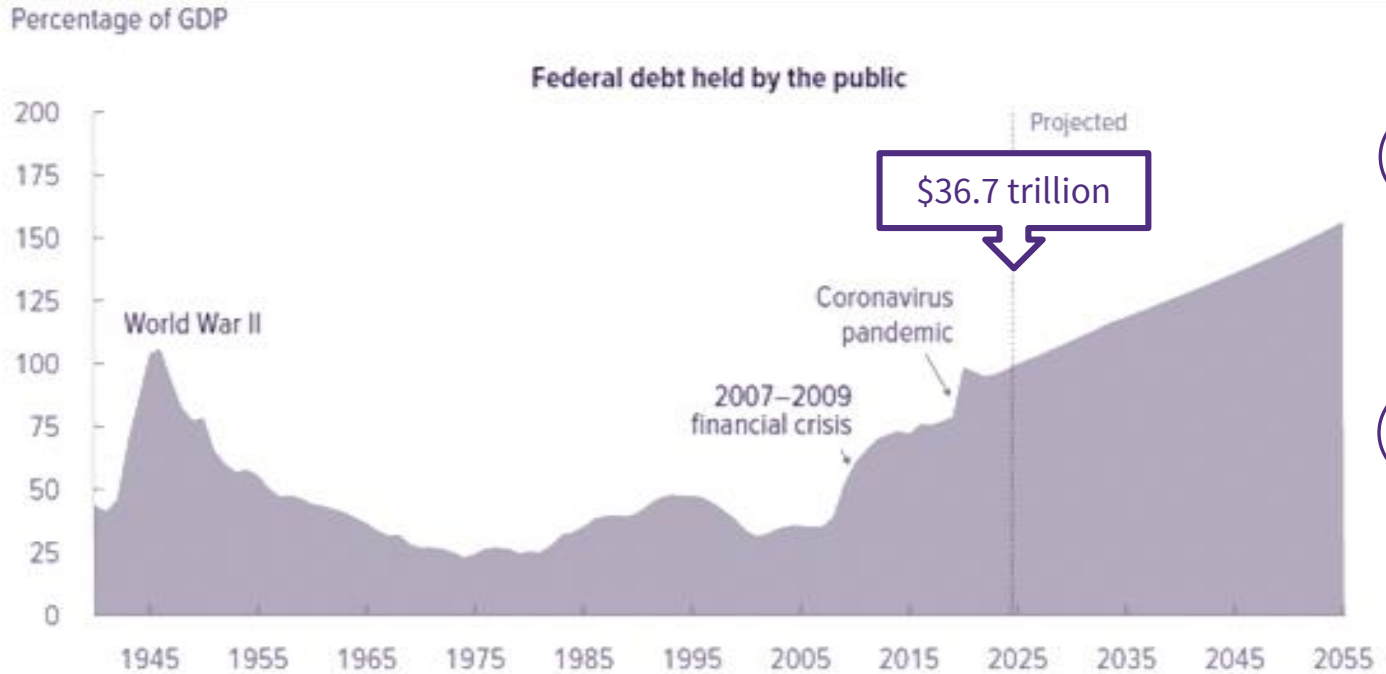
### Strategic planning and M&A

- The tax reform affects valuation models, deal structures, and post-merger integration.
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### Talent and compensation planning

- Changes to individual tax rates, SALT caps, and estate tax exemptions affect executive compensation and wealth planning.

# Something for everyone... at a high cost



**\$3.4 trillion**  
over 10 years,  
according to the  
Congressional Budget  
Office estimate of the  
bill

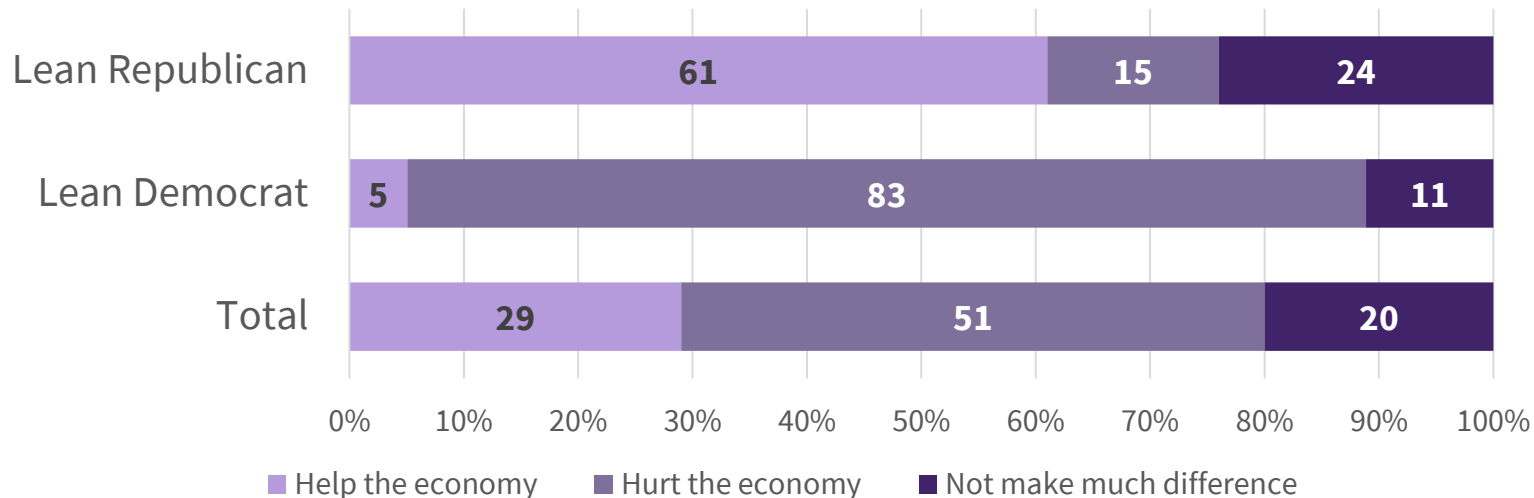


**\$700**  
billion  
in interest,  
according to outside  
estimates

Source: [“The Long-Term Budget Outlook: 2025 to 2055.”](#) Congressional Budget Office, March 7, 2025; [“Information Concerning the Budgetary Effects of H.R. 1, as passed by the Senate.”](#) Congressional Budget Office, July 1, 2025; [“The Senate OBBBA in Charts.”](#) Committee for a Responsible Federal Budget, June 30, 2025

# OBBBA & the U.S. economy

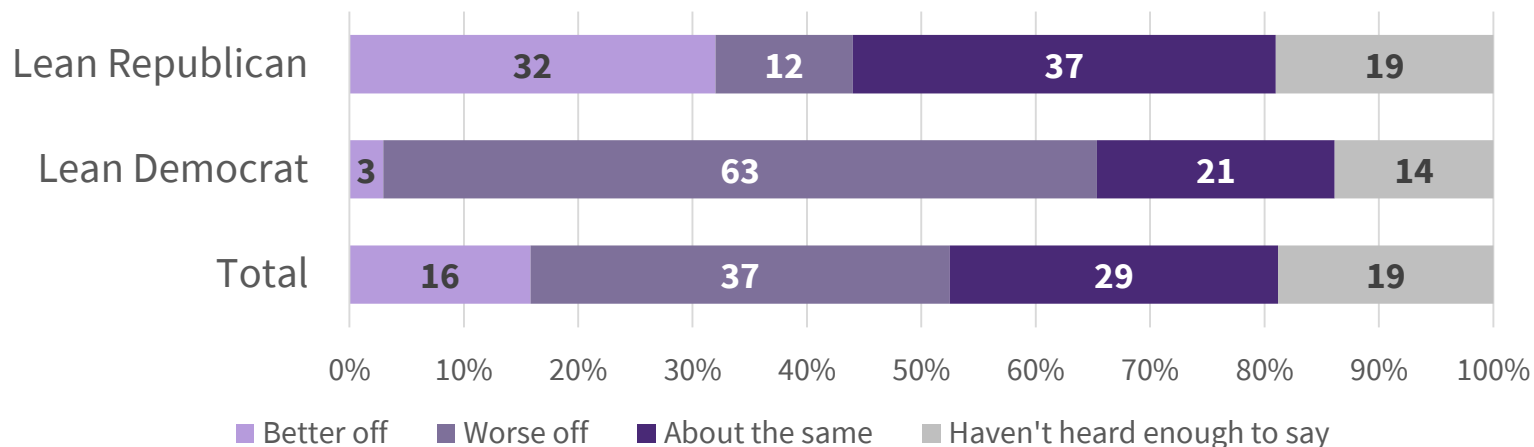
In general, do you think this spending bill will **help** the U.S. economy, **hurt** the U.S. economy, or **not make much difference**?



Source: [CNN poll](#) conducted by SSRS, July 10-13, 2025

# OBBBA & American families

In general, do you think this spending bill will make you and your family **better off**, **worse off**, or **about the same**, or **haven't you heard enough to say**?



Source: [CNN poll](#) conducted by SSRS, July 10-13, 2025

# Tariff Brief: What Leaders Need to Know (as of 8/8/25)



## Headline updates

- White House announces new tariff rates on countries that were included in 'pause' (as well as Canada). Duties on products from EU, Japan, Canada, and other major trade partners increased.
- Several informal agreements announced, but details hazy/disputed
- New duties on copper and copper components, universal suspension of de minimis exception, new transshipment penalty



## Key tariff rates

- EU is assessed at 15%, except steel/aluminum
- Canada non-USMCA products assessed 35%
- Mexico is at 25%, pending negotiations
- Japan at 15%
- Copper and copper derivatives (including components) at 50%
- 40% punitive additional tariff on products found to be transshipped



## Watchlist dates

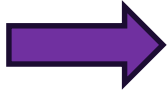
- **August 7:** New country-specific tariffs kicked in
- **August 27:** First secondary tariffs over Russian oil purchases scheduled to kick in (additional 25% baseline w/India)
- **Aug. 29:** Universal de minimis order suspension kicks in, with fixed rate categories per country
- **Nov. 10:** Expected new deadline for trade negotiations with China, pending announcement of new 90-day 'pause' at 30% baseline levels



## Market impact

- April 2 tariff news triggered market drop; revisit so far not causing as much concern
- Some retaliation/escalation fear/risk appears mitigated
- Hikes on top trade partners raise major business concerns
- Inflationary effects could ramp up in fall, as businesses deplete pre-tariff inventory.

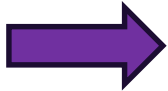
# Current state of play for U.S. tariffs



**IEEPA tariffs** – Majority of the new tariffs instituted by the second Trump administration: Canada, Mexico, China, 10% universal, additional tariffs on countries effective Aug. 7. Novel use of law, under legal challenges currently ongoing.

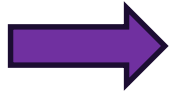


**Sec. 232 tariffs** – Steel, aluminum, copper, auto parts and completed vehicles. Ongoing investigations into pharmaceuticals, timber, lumber, semiconductors, and rare earth minerals (and derivatives, which covers broad array of products), among other items – more expected later this year.



**Sec. 301 tariffs** – Primarily focused around shipbuilding, holdover investigation from Biden administration. Were used more during the first Trump administration. New investigation into Brazil launched in July.

# Current state of play for U.S. tariffs cont.



**Highest tariffs since 1930s-40s** – Applied average rate estimated to be 18.6% - 20.1%, highest since the Great Depression. Estimates range between 11.4% - 17.7% for average effective rate, also highest since 1933 or 1943, depending on how behavior shifts with tariffs in place. In 2024 average tariffs estimated to be 2.2%.



**Substantial tax increase** – Tariffs are *ad valorem* taxes on the import/consumption of foreign products, similar to sales tax. Average new tax burden per household estimated to be \$1,219 to \$2,400 in 2025, may level off in 2026 due to substitution, but also could increase due if tariffs are in place all year. \$152 billion in federal revenue raised this year – offsets *some* but all, of estimated \$4.1 trillion deficit increase from OBBBA – but could also lower income tax revenues.



Other possible duties include **Sec. 122** tariffs (up to 15% universal for 150 days for balance of payments) and **Sec. 338** tariffs (up to 50%, retaliatory). *De minimis* exemption ended for all imports by law, beginning July 2027, but ordered by Trump this August. **Sec. 891** taxes also in play.

# How companies can prepare for tariffs

- **Revenue analysis:** Companies should analyze their revenue to re-prioritize and adapt their strategies if new policy changes could negatively impact revenue. To do this, companies should know exactly where their revenue comes from as it relates to customer segments, channels, markets and other variables, along with where the gross margin is
- **Supply chain analysis:** With this analysis of your supply chain, you can be prepared to re-balance your suppliers if policy changes make some partners more practical, less practical or entirely unavailable.
- **Risk analysis:** By identifying your risks and considering the likely impacts now, you can proactively plan different scenarios to prepare for quick and competitive action.
- **Transfer pricing:** In anticipation of the tariffs, companies operating internationally should conduct transfer pricing analyses in order to identify approaches that could reduce the uncertainties presented by tariffs. Companies should model the likely impact on their results in transactions with related parties, consider actions to eliminate or reduce the impact, and consider a procedural approach to any anticipated issues.

# A brief history of tariffs in the U.S.

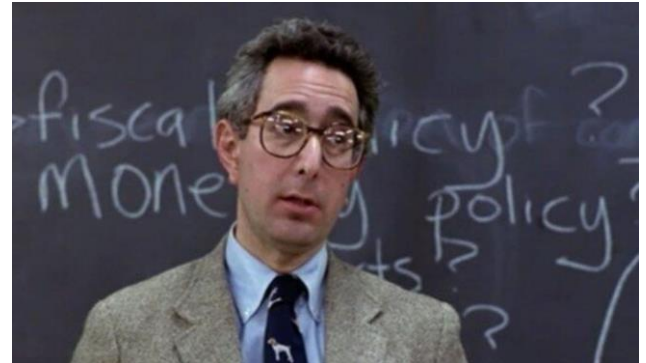
**The Tea Act (and Townshend duties)** – 1773 (and 1760s)  
Significant duties on goods, culminating in punitive duties on non-English tea

**The Tariffs Act** (first major law passed by Congress) – 1789  
5% universal tariffs to fund new federal government

**“Tariff of Abominations”** – 1828  
30-50% tariffs, nearly leads to North-South Civil War 30 years before it happens

**The “McKinley Tariff”** – 1890  
McKinley-authored pre-presidency, while in Congress. Raised average tariff on many products to ~50%, House Republicans (including McKinley) lose 93 seats in next election. Beginning of delegation of congressional tariff power to president. Blamed for contributing to worst economic depression in the U.S. until 1930.

**Smoot-Hawley Tariffs** – 1930  
Reaction to Great Depression aimed at shoring up farmers and businesses. Largely blamed for deepening the Depression, but contributes memorable scene to ‘Ferris Bueller’s Day Off’



## What will impact be in 2026 midterm elections?

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