



2025 WICPA BUSINESS & INDUSTRY FALL CONFERENCE

YOUR SOURCE FOR KEY UPDATES & INSIGHTS ON TIMELY ISSUES

HIGHLIGHTED TOPICS:



DEMYSTIFYING AI FOR ORGANIZATIONAL RESULTS

Get the latest breakthroughs, strategies and best practices to harness AI effectively



NAVIGATING CROSSCURRENTS: POLICY, MARKETS & THEMES IN THE AGE OF TRUMP

Discover the investment opportunities that exist in today's economic environment



TAX UPDATE: KEY LEGISLATIVE DEVELOPMENTS & PLANNING IMPLICATIONS

Learn how new tax policy developments may affect year-end planning strategies

TUESDAY, SEPT. 9 | BROOKFIELD CONFERENCE CENTER & WICPA CPE LIVESTREAM

2025 WICPA BUSINESS & INDUSTRY FALL CONFERENCE

MATERIALS AT A GLANCE

The following materials are from the morning sessions of the 2025 WICPA Business & Industry Fall Conference held on Tuesday, Sept. 9, including:

- Demystifying AI for Organizational Results
- Cybersecurity From the Trenches to the Board Room
- Tax Update: Key Legislative Developments & Planning Implications

**VIEW THOUSANDS OF ADDITIONAL IN-PERSON AND
ONLINE CPE OPPORTUNITIES AT [WICPA.ORG/CPECATALOG](https://www.wicpa.org/cpecatalog)**

Your money works here.®



Tailored solutions, trusted expertise.



Associated Bank Private Wealth provides individuals, organizations and institutions with customized financial and wealth planning solutions built around your goals.

Retirement Plan Services - A results-driven approach to employer sponsored retirement plans that reduces administrative burdens and helps employees achieve financial success.

Private Banking - Exclusive accounts, tailored financial solutions and customized lending for your unique needs.

Investment Management and Trust - Tailored investment strategies, wealth management and comprehensive trust services to protect and grow your legacy.

Institutional Services - Expert guidance and robust financial solutions to help organizations reach their goals.

Learn more at AssociatedBank.com/PrivateWealth.

Deposit and loan products are offered by Associated Bank, N.A. Loan products are subject to credit approval and involve interest and other costs. Please ask about details on fees and terms and conditions of these products. Relevant insurance coverage, if applicable, will be required on collateral. Associated Bank, N.A. Member FDIC.



Investment, Securities and Insurance Products:

NOT FDIC INSURED	NOT BANK GUARANTEED	MAY LOSE VALUE	NOT INSURED BY ANY FEDERAL GOVERNMENT AGENCY	NOT A DEPOSIT
------------------	---------------------	----------------	--	---------------

Associated Bank and Associated Bank Private Wealth are marketing names AB-C uses for products and services offered by its affiliates. Securities and investment advisory services are offered by Associated Investment Services, Inc. (AIS), member FINRA/SIPC; insurance products are offered by licensed agents of AIS; deposit and loan products and services are offered through Associated Bank, N.A. (ABNA); investment management, fiduciary, administrative and planning services are offered through Associated Trust Company, N.A. (ATC); and Kellogg Asset Management, LLC® (KAM) provides investment management services to AB-C affiliates. AIS, ABNA, ATC, and KAM are all direct or indirect, wholly-owned subsidiaries of AB-C. AB-C and its affiliates do not provide tax, legal or accounting advice. Please consult with your advisors regarding your individual situation. (1/25) W147533

Payroll

Time & Labor

Human Resources

Talent Management



Connecting business to employee

**Finally, the experience
that you and your
employees deserve.**

B2E Solutions pairs industry-leading human capital management (HCM) software with one-to-one client service to help businesses build and nurture stronger connections with their employees. When the experience matters — businesses choose us.

Connect with us at
b2esolutionsinc.com



A Technology Performance Company

Your technology performance deserves laser-focused attention.

CTaccess is an extension of our company. They keep our company on track, prepared for the future and up & running.



The Full Spectrum of IT Services. NO MORE hassles and NO MORE hidden costs. We'll be the most transparent, proactive, and responsive IT partner you'll ever have in your corner.

What is IT? When we talk about IT, we're referring to your entire infrastructure: computers, servers, internet, cyber security, email, the cloud, phones, and all the things that keep your company and your people running day to day. Our job is to make sure all of those essential functions are working at their peak and continuously improving so that you can focus on your mission.

When your technology is running at its peak, you can focus on what you do best. We make that possible.

Our IT Services

- **Managed Service Provider**
- **Co-Managed Service Provider**
- **Cyber Security: Managed Security Service Provider**
- **IT Consulting & Project Support**
- **Cloud UCaaS (Phone Systems)**
- **Mac Support**

Don't leave your business to chance

Simplify HR compliance and focus on growth

Business can be risky. One misstep in HR compliance could be costly.

In this guide, you'll discover tips on navigating the ever-changing HR compliance landscape and how something as simple as an employee handbook can help safeguard your company.

Find out if you're putting your business at risk and how Insperity can support you through HR compliance challenges.

Get your guide now.



FULL-SERVICE HR
EMPLOYEE BENEFITS
HR TECHNOLOGY

 **Insperity**[®]
HR that Makes a Difference[®]





What are you doing to launch your business forward?

In a dynamic market environment, having the right partner to solve emerging challenges is critical to stay future ready. Jefferson Wells provides the financial solutions and expertise in risk and compliance, finance and accounting, tax services, and business optimization that organizations need to fuel business performance.

LEARN MORE ABOUT OUR TAILORED SOLUTIONS AT [JEFFERSONWELLS.COM](https://www.jeffersonwells.com).

CONTACT ONE OF OUR WISCONSIN LOCATIONS:

APPLETON 920.378.8103 • MADISON 608.828.2730 • MILWAUKEE 262.758.0650



**Jefferson
Wells**[®]
ManpowerGroup

yes and

**World-Class
Expertise.
Individual
Attention.**

**NO COMPROMISES,
NO MATTER WHAT.**



With M3 you get it all. The personal guidance you need to protect and grow your business. A team with the resources and drive to provide unparalleled service. Don't settle for less than **yes + and**.



Your Industry Advocate +
Your Cutting-Edge Strategic Advisor

m3ins.com | 800.272.2443

CYBER
THREATS ARE
INCREASING
EVERY DAY.

75%

of accounting firms believe they would only be able to survive **three to seven days** after a ransomware attack.

Source: www.cpapracticeadvisor.com



Choose Ontech to protect your data

1

Expertise in Cybersecurity

Robust security for your sensitive data

2

Compliance with Regulations

AICPA Code of Conduct & IRS Guidelines

3

Proactive Monitoring/Support

Respond quickly to minimize downtime

4

Customized Solutions

Designed to meet specific CPA firm needs

5

Training & Awareness

Helping your staff recognize cyber threats



Ontech's tailored solutions and transparent billing make us the ideal choice for CPAs and accountants. Don't wait to safeguard your data. Contact Ontech Systems today for a **FREE risk assessment** of your network!

75%

of accounting firms believe they would only be able to survive **three to seven days** after a ransomware attack.

Source: www.cpapracticeadvisor.com

CPA firms are increasingly targeted due to their access to sensitive financial information. Since 2014 reported data breaches of CPA firms have increased **over 80%** with ransomware extortion incidents rising to **over 40%** since 2018.

Choosing Ontech to manage your CPA firm's IT & protect your data can offer several advantages:

- Expertise in Cybersecurity:** Our staff specializes in cybersecurity to ensure your firm's sensitive financial data is protected against the latest threats. We always implement robust security measures & regular security audits.
- Compliance with Regulations:** Ontech helps ensure your firm complies with industry regulations and standards, such as the AICPA Code of Professional Conduct and IRS guidelines for safeguarding taxpayer data.
- Proactive Monitoring and Support:** We provide continuous monitoring to detect & respond to potential threats quickly. This proactive approach minimizes downtime and keeps your operations running smoothly.
- Customized Solutions:** Our team offers tailored IT solutions to meet the specific needs of CPA firms. This includes secure cloud services, data backup and recovery, and network management.
- Training and Awareness:** They also provide training for your staff to recognize and respond to cyber threats, enhancing your firm's overall security posture.

Our tailored solutions, transparent billing, and commitment to minimizing technical issues make it an ideal choice for CPA's and accountants. Let us help safeguard your critical data!



Get a free risk assessment of your firm's network today at www.ontech.com!

**WE'RE WITH
YOU FOR LIFE**

**PAYROLL
COMPLETE**

Bridging the Gap Between Everyday and Payday
A Division of Waukesha State Bank



**FROM YOUR
CLIENT'S
FIRST HIRE TO
GROWING
THEIR TEAM**

The people part of your client's business is so much more than payroll. Time. HR. Benefits. Compliance. Training. Hiring. And great reporting. At Payroll Complete, we connect the soft side of human resources to the data your clients need to make decisions. We pair real customer service with robust technology. And we bridge the gap between everyday and payday human resources needs. It's a complete solution from a caring team.

Set up your clients for success at PayrollCompleteWaukesha.com



**SPECTRUM
PATHWAY**
GROUP 401(K) PLAN

An Innovative 401(k) Plan Solution

We are thrilled to announce the launch of our Pooled Employer Plan (PEP) Spectrum Pathway Group 401(k) Plan.

Spectrum Pathway Key Features

A powerful retirement solution that allows multiple employers to pool assets into one 401(k) plan with less administrative hassle, shared costs, and maximum flexibility.

Simplified Administration

Easy Setup & Maintenance

Shared Admin & Plan Costs

Plan Design Flexibility

For 30 years, Spectrum Investment Advisors has helped businesses make the most of their retirement benefits. Whether you're starting fresh or enhancing an existing plan, our dedicated team will guide you every step of the way. **Contact us today.**



Spectrum Investment Advisors

6329 West Mequon Rd.
Mequon, WI 53092
262-238-4010
www.spectruminvestor.com

Spectrum Investment Advisors, Inc. is an SEC registered investment adviser located in Mequon, WI. Registration with the SEC does not imply a certain level of skill or training. Our Privacy Notice, as well as our Form ADV Parts 2A and 2B and our Form CRS are available for you to view at: <https://spectruminvestor.com/disclosures/>

WE'RE WITH YOU FOR LIFE

Waukesha State Bank 

Member FDIC



**FROM COVERING
EXPENSES TO
EXPANDING
YOUR FOOTPRINT**

In life, they say it's the journey that counts — like the one from your first day open to breaking ground on a brand-new space. With our commercial banking solutions, we can help determine which loans or programs are best, so you can celebrate how far you've come and set your vision for what's next. From your firsts, lasts, and everything in between, at Waukesha State Bank we're with you for life.

Empower your business' growth at [WaukeshaBank.com](https://www.WaukeshaBank.com).

**BEST
RESULTS** 
Your People. Your Organization.

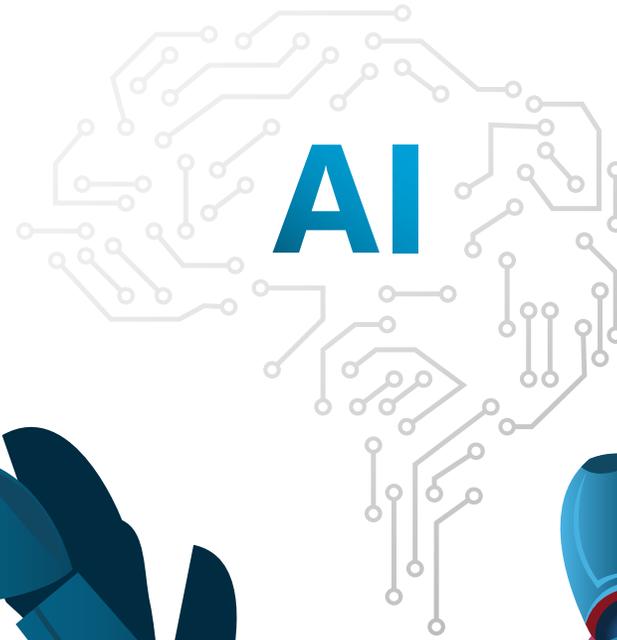


Updates and SMB Transformation

Mike Burkesmith, Founder/CEO
Mike@bestresults.ai



 [linkedin.com/in/leectruax/](https://www.linkedin.com/in/leectruax/)



Live Survey (local)

CRUCIAL AI QUESTIONS

The Fuzziest Areas of Tax Work

- **Business Expense Deductibility**
 - Meals, travel vs. commuting, 'ordinary & necessary' tests
- **Depreciation & Asset Classification**
 - Useful life, §179 vs. capitalization, real estate splits
- **Reasonable Compensation (S Corporations)**
 - Balancing salary vs. shareholder distributions
- **Personal vs. Business Use Allocations**
 - Vehicles, phones, home office ratios
- **Valuation Questions**
 - FMV for property, closely held stock, charitable contributions

Current Reality



BEST
RESULTS AI
Your People. Your Organization.

Reality:

YOUR Employees, and Client Empl's, Already Use AI

- Over 75% of knowledge workers currently leverage “Bring Your Own AI” (BYOAI) & AI tools
- Usage and outcomes are inconsistent (“hit or miss”)
- Employees often don’t communicate AI use or outcomes, creating hidden risks and missed opportunities for the organization



**BEST
RESULTS AI**
Your People. Your Organization.

Needs:

Organizational Imperatives:

Develop **clear AI policies and procedures** to address:

- Data Privacy & Security
- Standards and Acceptable Uses

Standardize AI model considerations:

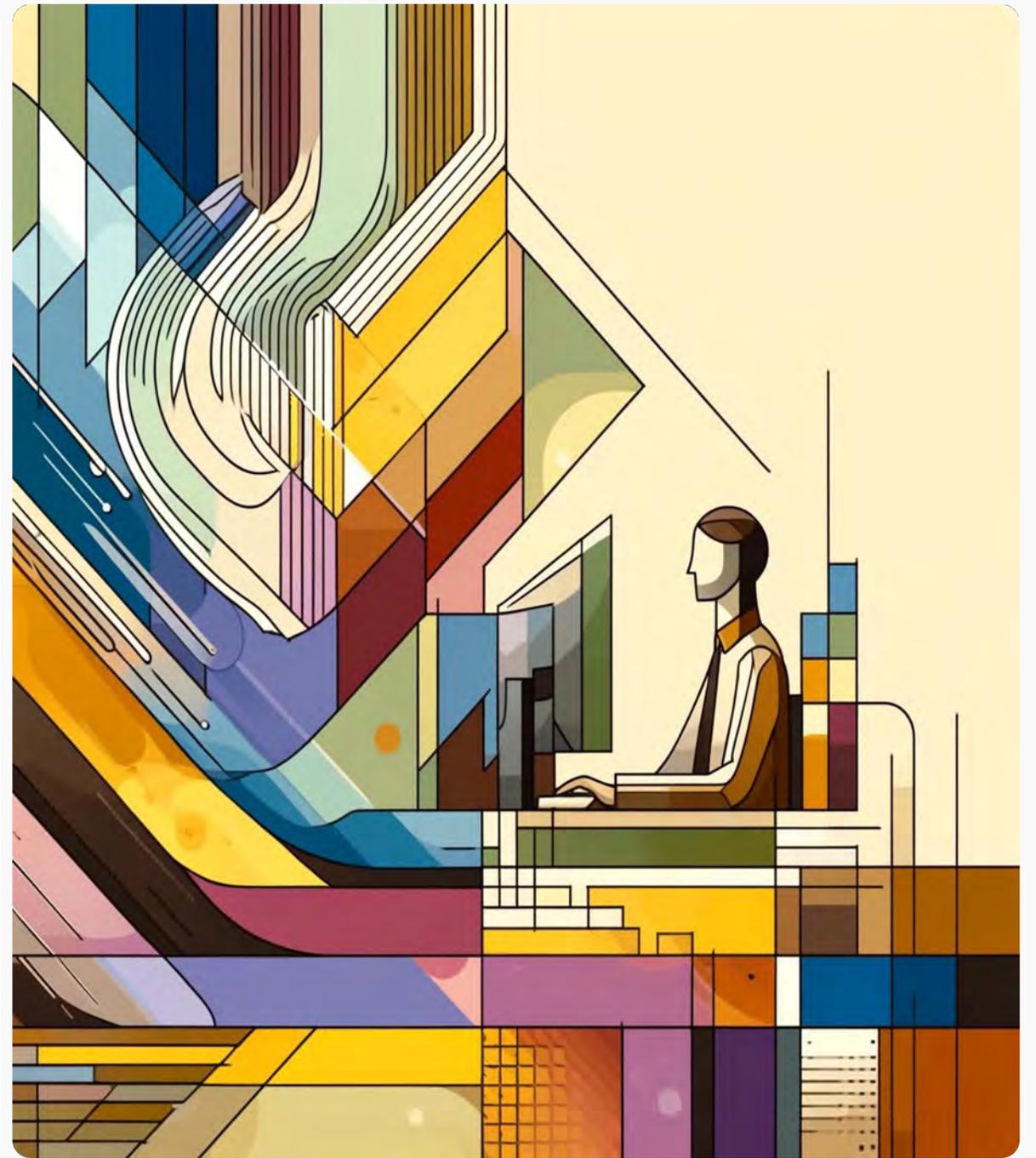
- Align AI tools to organizational strategy and goals
- Ensure integration via APIs with existing applications and systems

Create an **AI-Powered Organization and workforce**



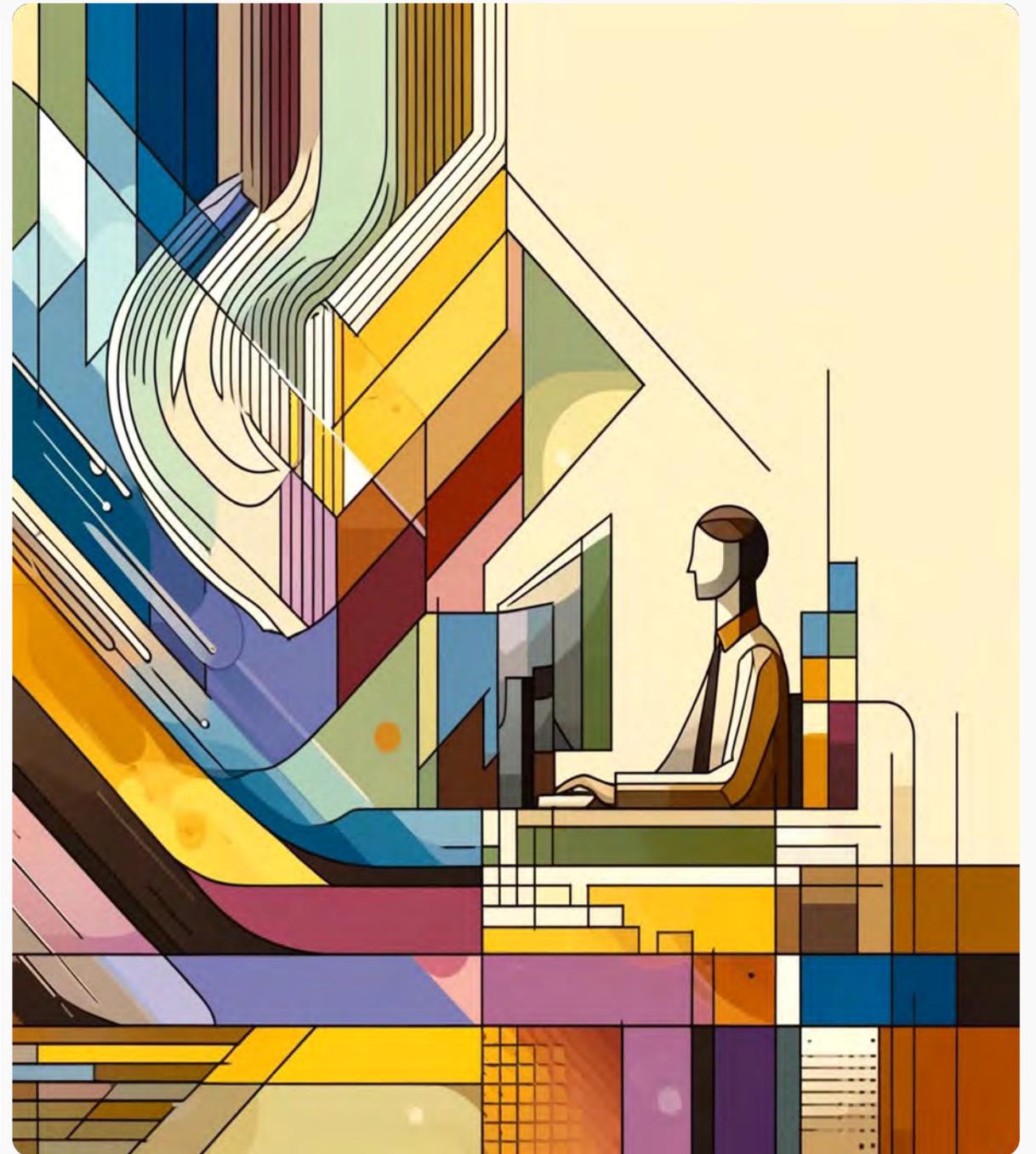
AI by the numbers...

Not the numbers most people look at.



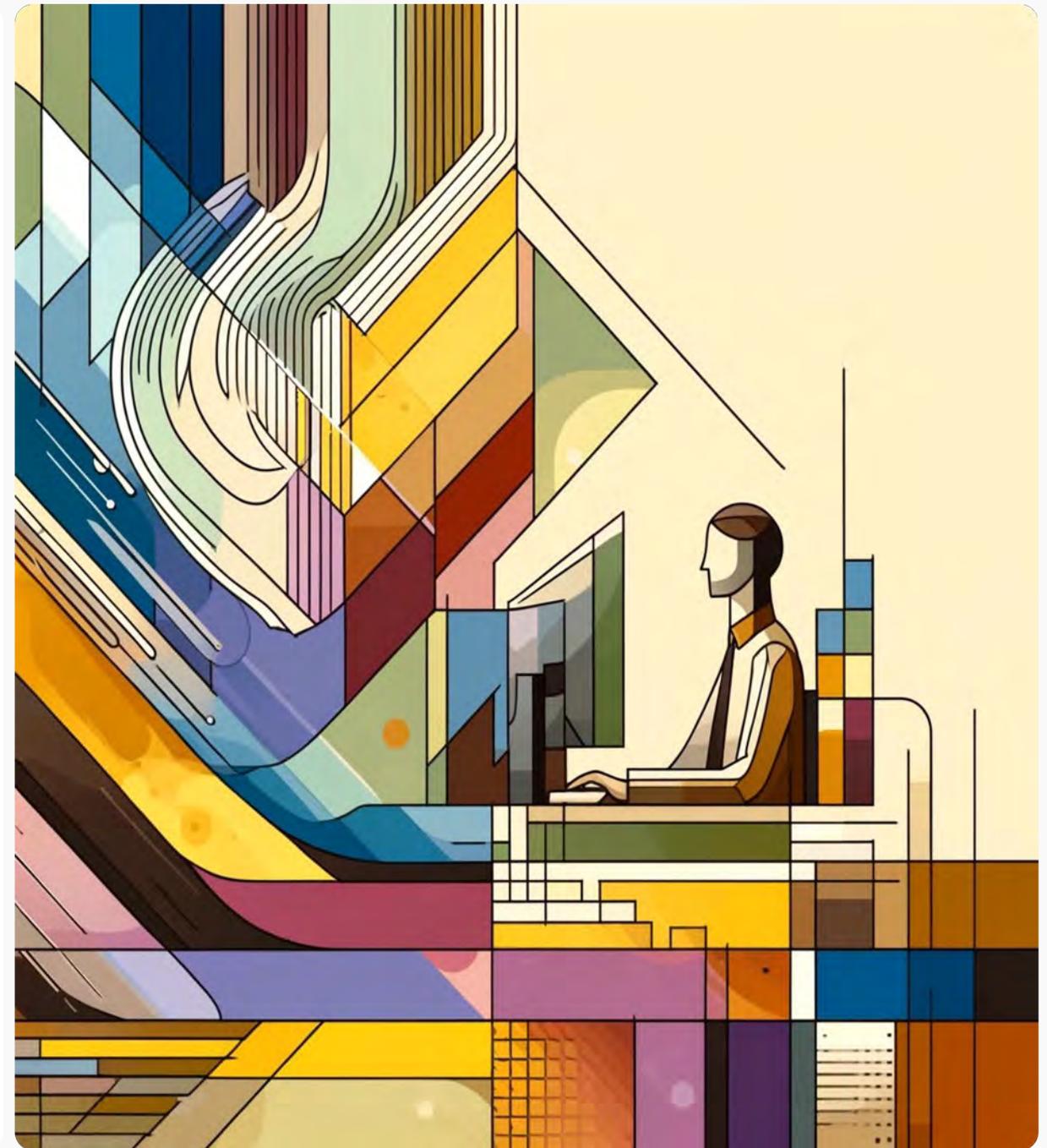
1. Employees want it

75%-80% of global knowledge workers are using AI at work. The majority of these users started using it in the last 12 months



2. Gains Reported by Power Users

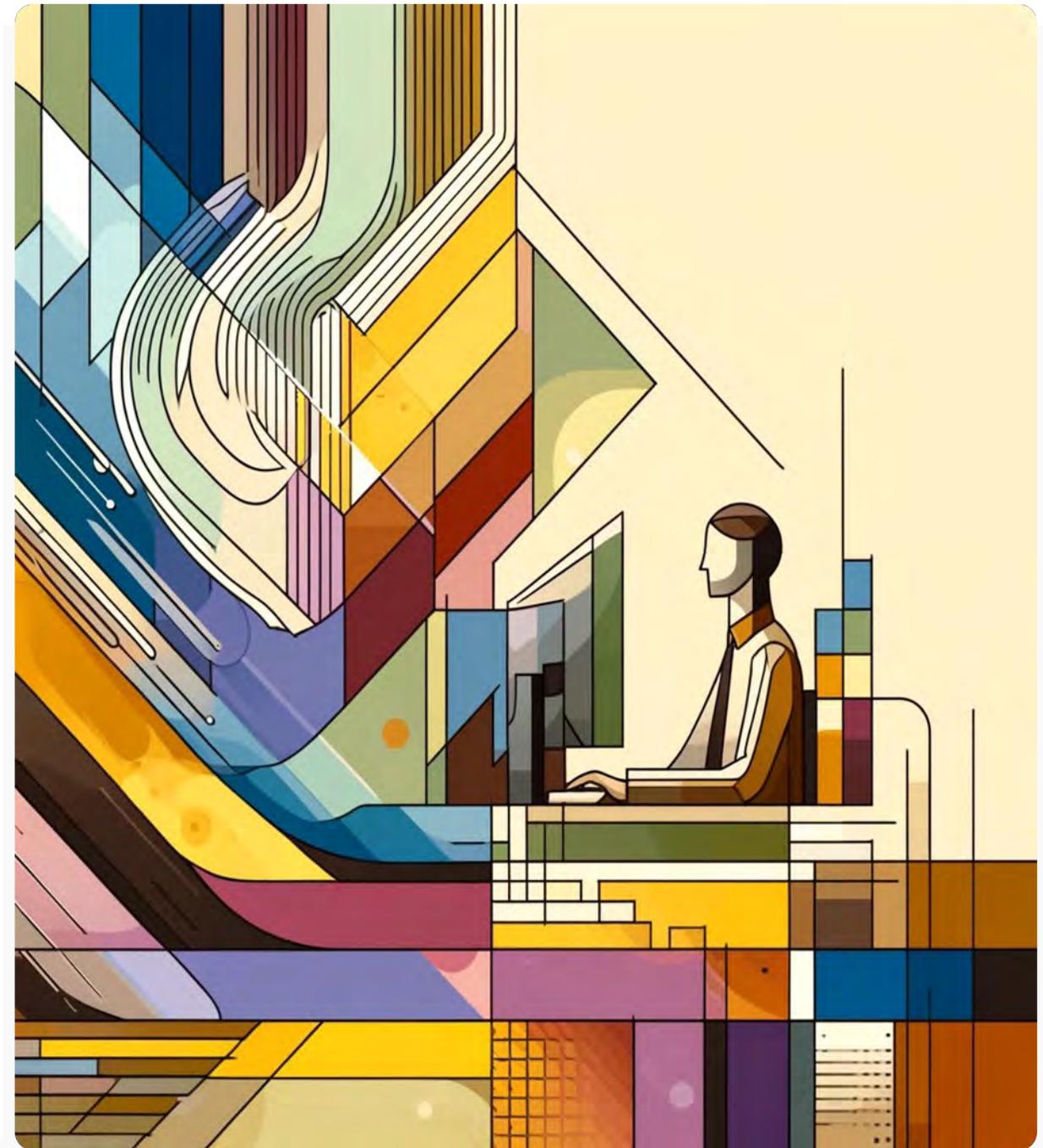
91% say AI helps them **save time**,
93% say it helps them **focus on their most important work**,
92% say it helps them **be more creative**, and
91% say it helps them **enjoy their work more**.



3. Companies are hiring for it

66%+ of leaders say they wouldn't hire someone without AI skills.

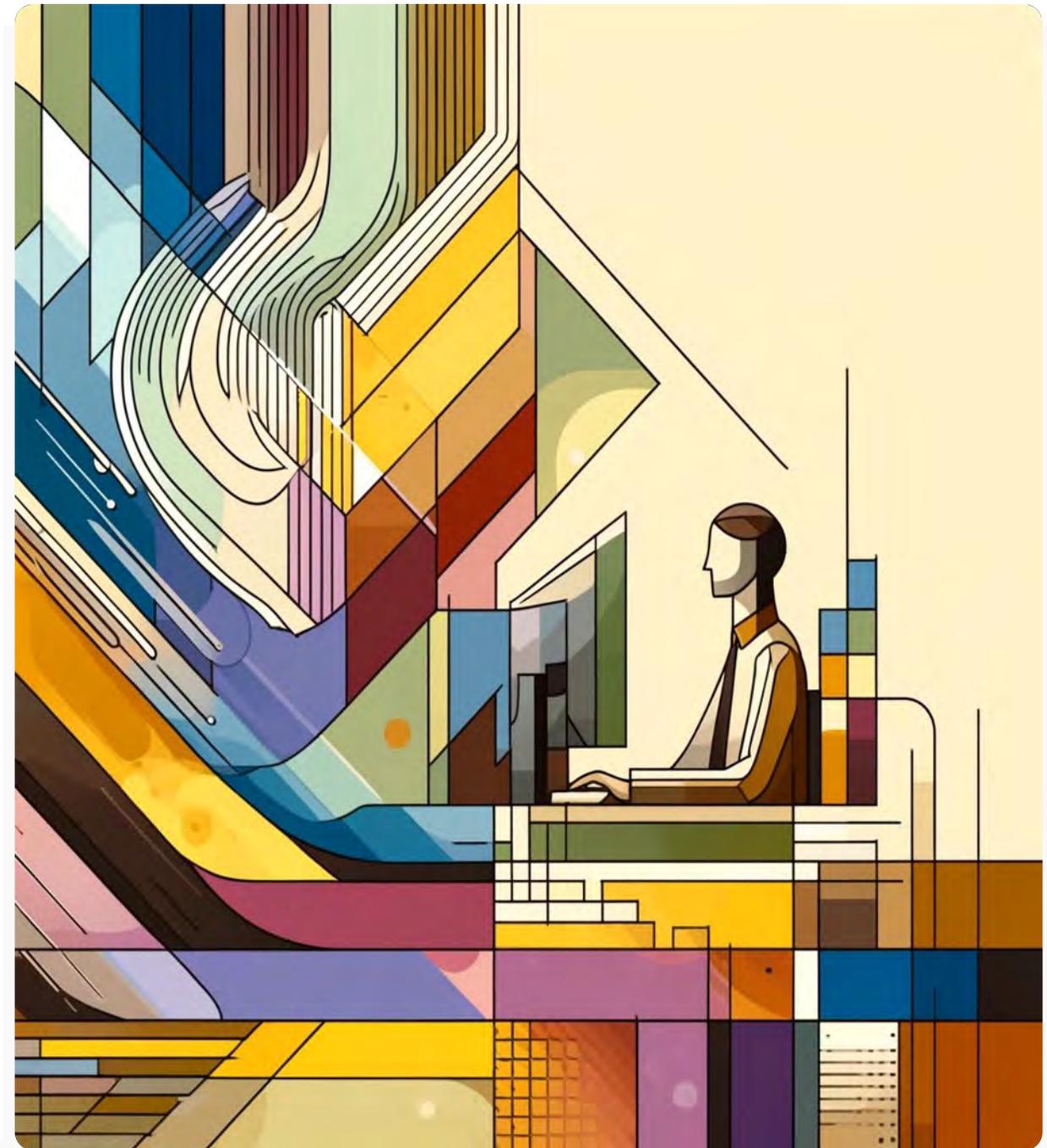
71% say they'd rather hire a less experienced candidate with AI skills than a more experienced candidate without them.



4. These numbers will only go up

These numbers have gone from 0 to >70% in less than 18 months, and...

the AI is as bad as it's ever going to be.



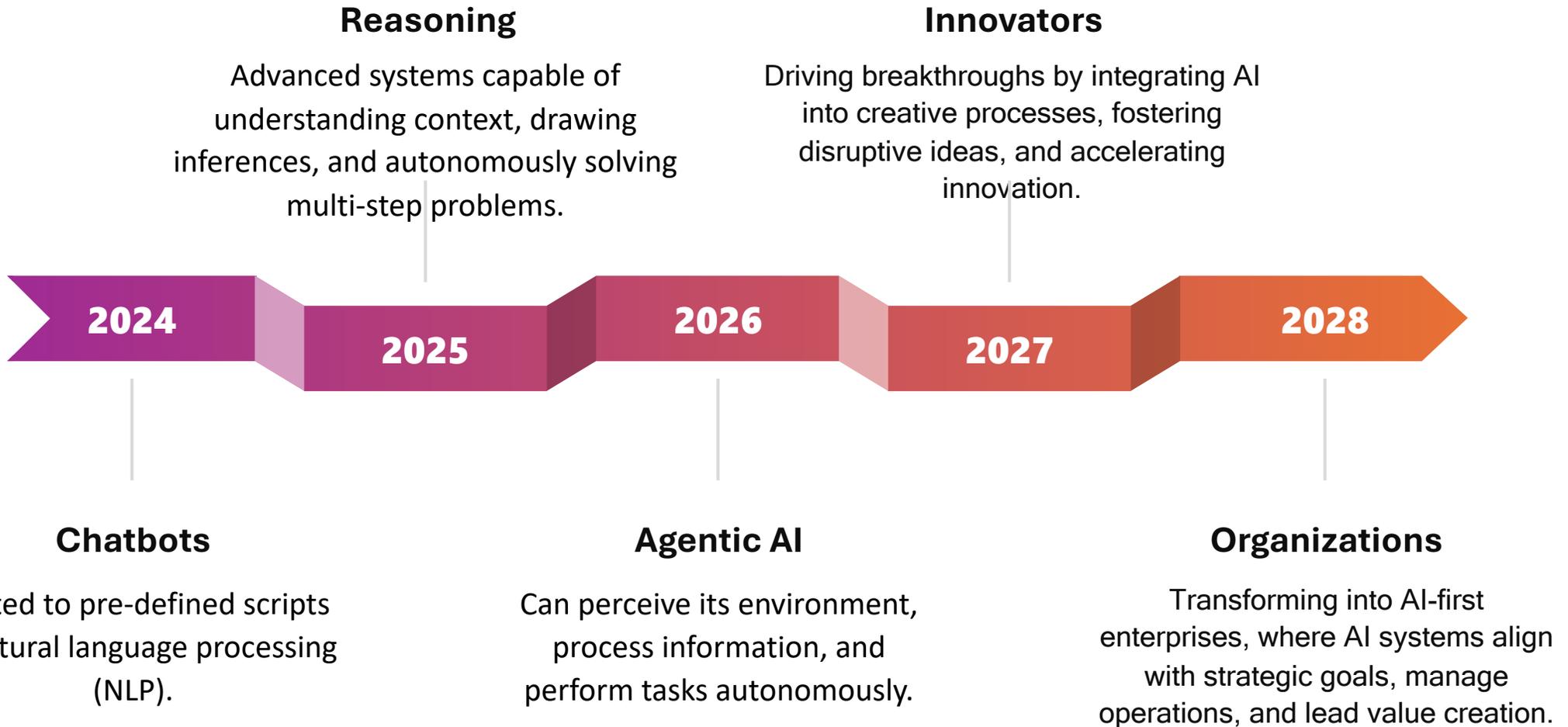
OpenAI Imagines Our AI Future



Stages of Artificial Intelligence

Level 1	Chatbots, AI with conversational language
Level 2	Reasoners, human-level problem solving
Level 3	Agents, systems that can take actions
Level 4	Innovators, AI that can aid in invention
Level 5	Organizations, AI that can do the work of an organization

AI Timeline “Guess”



Which AI to choose?

Claude

Good for chats

(fast, but not as smart)

Claude 4 Sonnet

Good for work

(smarter, lower errors, but slower)

Claude 4 Opus

Good for hard problems

(very slow, very limited use)

Claude 4 Opus Extended
thinking

ChatGPT

Good for chats

(fast, but not as smart)

GPT5 Auto

Good for work

(smarter, lower errors, but slower)

GPT5 Auto

Good for hard problems

(very slow, very limited use)

GPT5 Pro

Gemini

Good for chats

(fast, but not as smart)

Gemini 2.5 Flash

Good for work

(smarter, lower errors, but slower)

Gemini 2.5 Pro

Good for hard problems

(very slow, very limited use)

Gemini 2.5 Pro

(right now, there is no extended thinking
version, probably coming soon)

Real Work Now Getting Done With AI

AI can now get real work done,
better, faster, and cheaper.



//[What's holding you back?](#)

AI Psychological Journey

Human -> Human^{AI} empowerment.

Indifference

Fear

Letting Go

Confidence

Transformation



Demo: Outbound sequence of high conversion emails...

An illustration of a Multi-Professional Services Agency

Prediction: What's going to happen in 2026?

EVALUATE & Act

**Fire OR re-purpose
people???**

Hire people???

The three things all
organizations will do

Prediction: What's going to happen in 2025?

EVALUATE

Fire people

Hire people

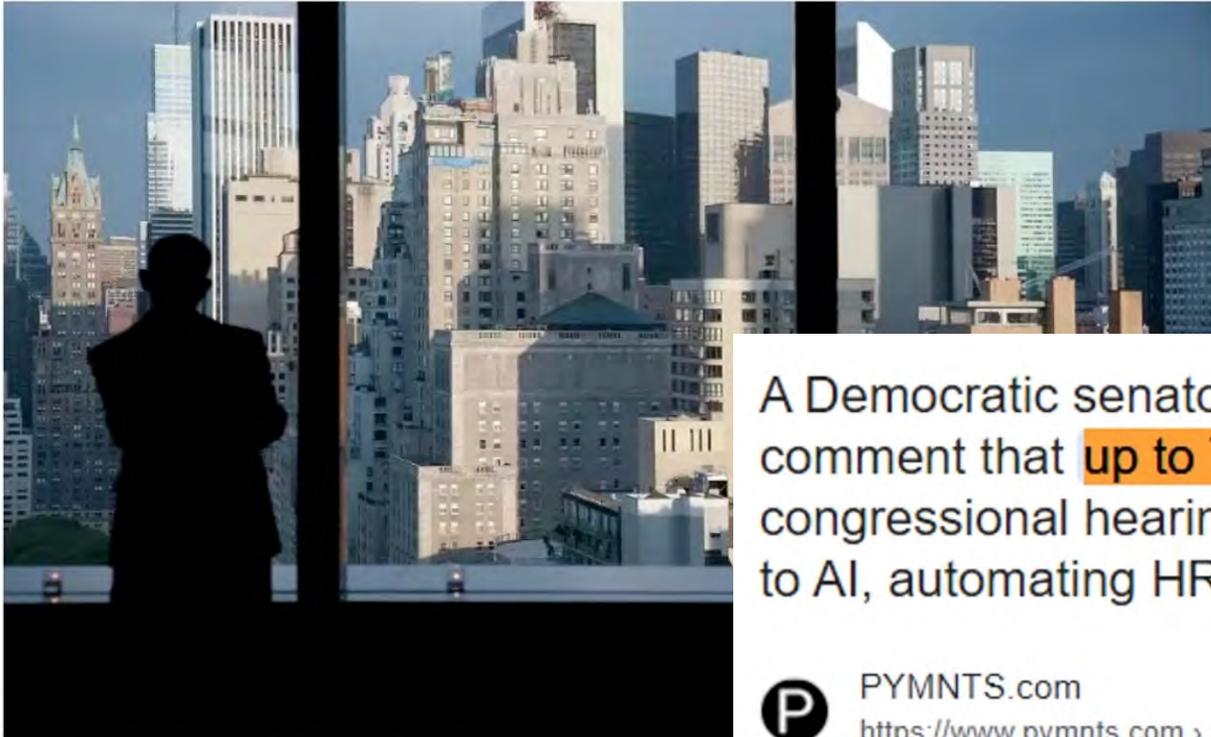
How can AI help us
be more productive?

Business Insider goes 'all-in on AI,' laying off 21% of staff

By **Olivia Hebert**, News Reporter
May 30, 2025



in 2025?



A Democratic senator grilled OpenAI CEO Sam Altman about his private comment that **up to 70% of jobs could be replaced by AI**, during a congressional hearing this week. IBM and Duolingo are cutting jobs due to AI, automating HR and phasing out contract roles. 9 May 2025



PYMNTS.com

<https://www.pymnts.com> > artificial-intelligence-2 > sen... ⋮

Senator Grills Altman on if AI Could Eliminate Up to 70% of Jobs

FILE: Business Insider laid off about one fifth of its workforce Thursday, department and drew swift criticism.

James Gritz/Getty Images

Prediction: What's going to happen in 2025?

EVALUATE

**Fire people OR re-
purpose people**

Hire people



38 out of their
40 data
scientists...

Almost all companies
will make decisions
based on AI skills.



Andrew Wilkinson ✓

@awilkinson

Subscribe



I'm hiring an AI-first Director of Finance for one of my companies.

You:

- Don't use Google (maybe Gemini)
- Can do the work of 10 people by using AI - you are advanced with ChatGPT/Claude/Perplexity
- Have automated all drudge work and book keeping with AI tools
- Would never hire a lawyer unless you absolutely had to
- Have trained custom projects/GPTs on company financials / analysis and know how to build on the fly models and dashboards

Most of all:

- Are a strategic thinker/conductor vs an accountant. Bean counter < Bean grower.

Is this you? Email ben@follypartners.com

Example of a
\$billionaire
hiring manager
post

Prediction: What's going to happen in 2025?

EVALUATE

**Fire people OR re-
purpose people**

Hire people

You will be launched
into a market that
requires these skills...

What Is Happening?



Needed Skilled Prompt Engineers

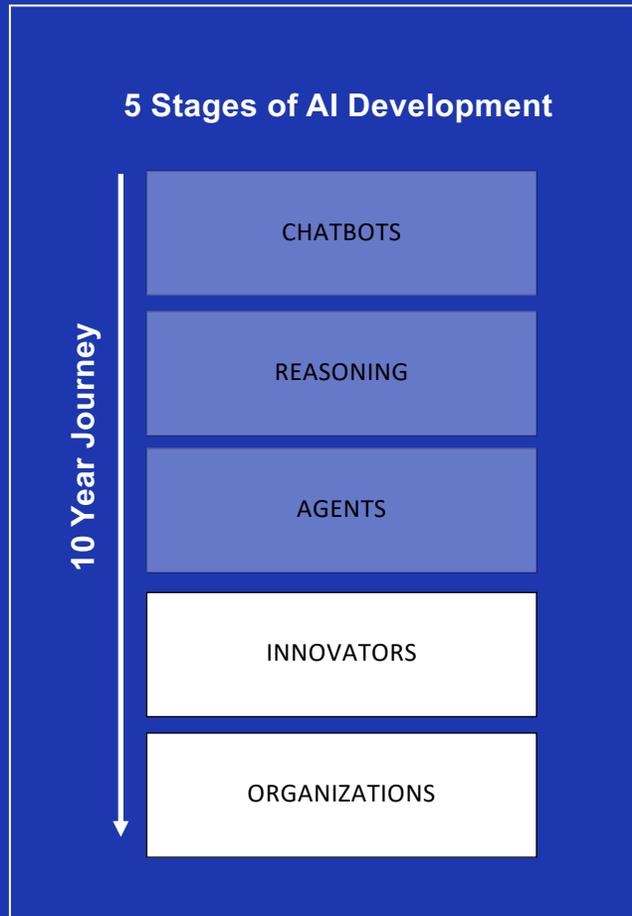
What Is Happening?



Needed Skilled Prompt Engineers

Need AI Workflow Masters

What Is Happening?



Needed Skilled Prompt Engineers

Need AI Workflow Masters

Will Need Agentic Workflow Masters

AI ROI Opportunities for CPA Offices NOW

AI Opportunity	Mechanism	Reported Benefit
Transaction automation (Basis)	Auto-entry and validation of client data	~30% time savings
AI agents WITH QuickBooks	Workflow automation in CAS	~12 hours/month saved
Big Four agentic platforms	Task automation and risk management focus: workflows	Administrative reduction + enhanced value
Roll-up integration (Crete)	Scaling via acquisitions + AI embedding...are your staff ready?	Efficiency, expansion
AI tax helpers	Chatbots for common queries & deep research (tax code), now moving to supporting draft 1040s, 1120S and 1120	~20% time savings, 65% AI query handling
Generative agents in ERP (FinRobot)	Autonomous workflow orchestration up to CFO level	40% less time, 94% fewer errors

//[The elephant in the room](#)

Can AI really help me and my team do our jobs better?

Our work with 80+ organizations proves that AI can do 10-70% of your knowledge work for you so you can expand your territory with your newly freed up time.



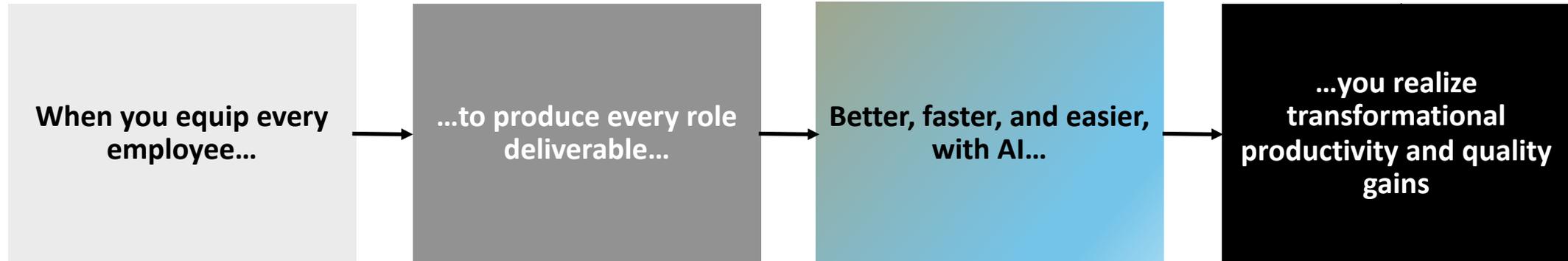
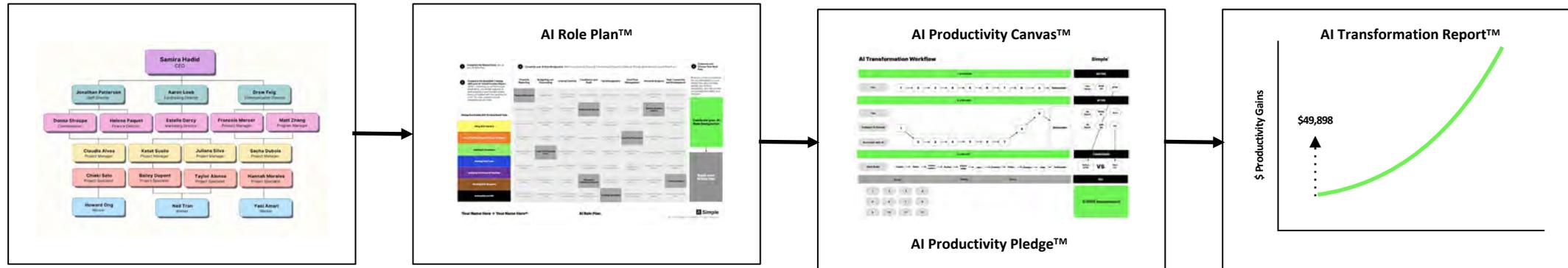
It knows your job

It knows how it can help you do it better, faster, and easier

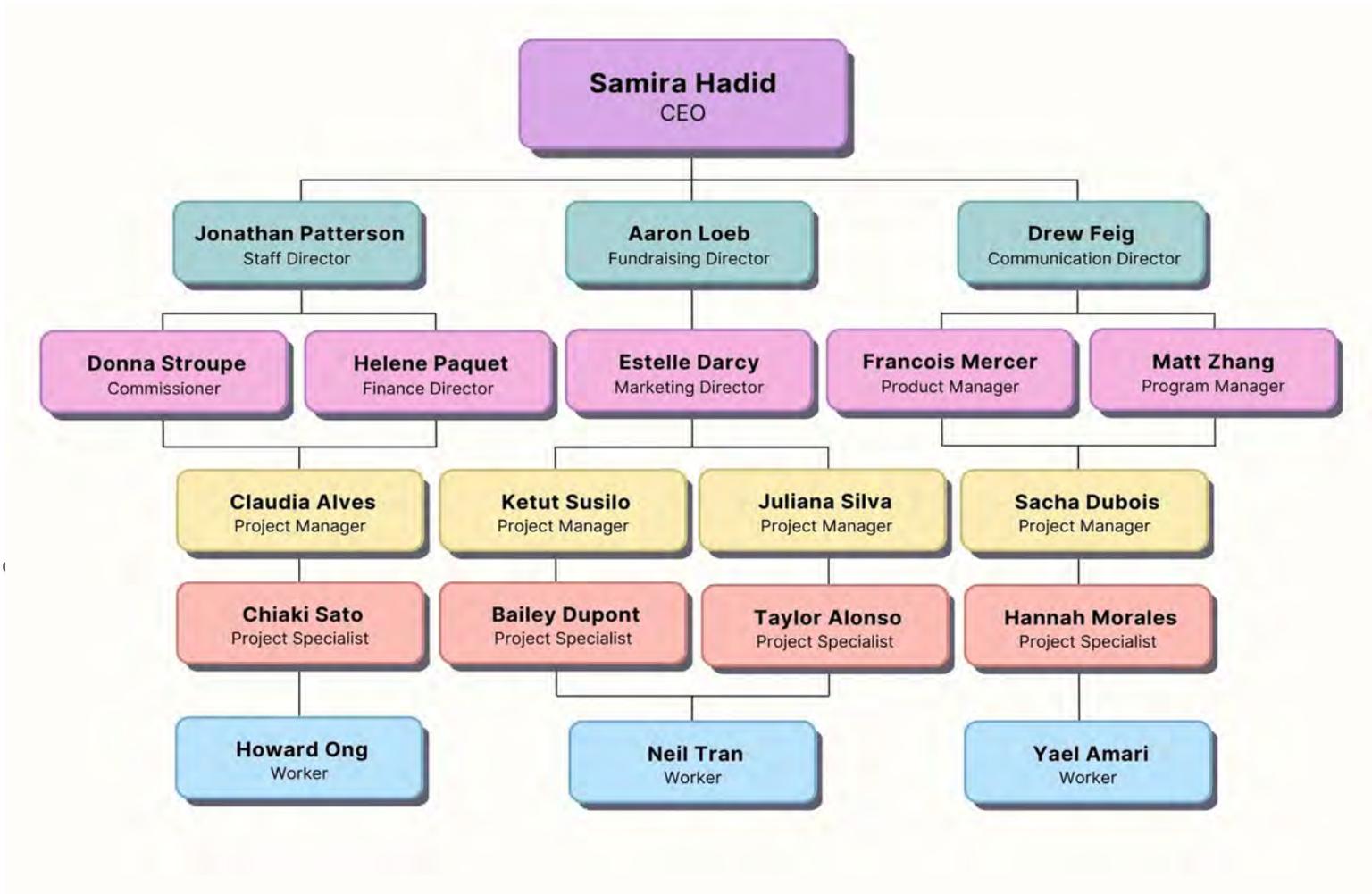
For every deliverable, for every role, in every organization

AI Empowerment Method™

Our Philosophy and Approach



When you enable every knowledge-oriented employee..



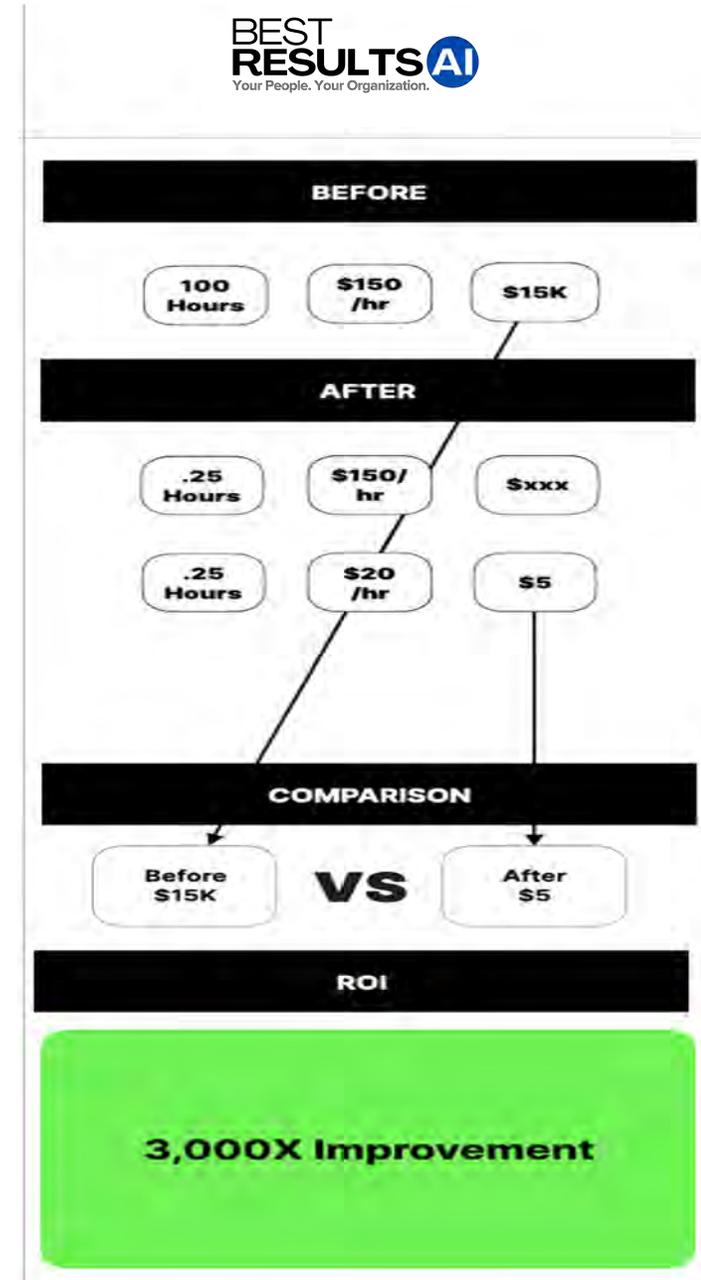
...to produce each of their role deliverables...

Courses	AI Skills Black Belt	Financial Planning	Budgeting and Forecasting	Financial Reporting	Internal Controls	Compliance and Audit	Cash Flow Management	Financial Analysis	Team Leadership and Development
White Belt	Getting Comfortable With The Base Model Tools	Financial Planning Templates	Budget Plans	Monthly Financial Reports	Internal Controls Documentation	Compliance Checklists	Cash Flow Statements	Financial Analysis Reports	Team Meeting Agendas
Yellow Belt	Using AI In Your Role	Dispositional Financial Plans	Forecast Reports	Quarterly Financial Reports	Control Assessment Reports	Internal Audit Requirements	Liquidity Reports	Variance Analysis Reports	Performance Review Templates
Orange Belt	Using AI As Your Cognitive Super Assistant	Strategic Financial Plans	Budget Vs. Actual Reports	Year-End Financial Statements	Risk Assessment Reports	Audit Preparation Documents	Working Capital Reports	Profitability Reports	Employee Training Schedules
Green Belt	Building AI Assistants	Scenario Planning Documents	Budget Revisions	Consolidated Financial Statements	Control Implementation Plans	Audit Findings Reports	Cash Flow Projections	Cost-Benefit Analysis Reports	Succession Planning Documents
Blue Belt	Building 100X Tools	Capital Allocation Plans	Long-Term Financial Forecasts	Ad-Hoc Financial Reports	Compliance Monitoring Reports	SOX Compliance Documentation	Treasury Management Plans	Break-Even Analysis Reports	Mentorship Program Outlines
Purple Belt	Exploring The Future Of Your Role	Financial Risk Management Plans	Scenario Analysis Reports	Financial Disclosure Documentation	SOX Compliance Reports	External Audit Coordination	Forecast Accuracy Reports	Sensitivity Analysis Reports	Conflict Resolution Plans
Brown Belt	Working With AI Agents	Investment Planning Documents	Forecast Adjustment Logs	Management Reports	Regulatory Notifications	Regulatory Compliance Reports	Funding Requirement Analysis Reports	Investment Analysis Reports	Training Materials
Black Belt	Mentoring through the Human → Human^{AI} process	Cost Management Strategies	Capital Expenditure Forecasts	DAAP Compliance Reports	Control Environment Documentation	Compliance Certification Records	Cash Flow Management Strategies	RBI Analysis Reports	Employee Development Plans

AI Transformation Path **Finance Manager → Finance Manage^{AI} (AIHRSP)**

BEST RESULTS AI
Your People. Your Organization.

...transformational results occur.



//[How is this different?](#)

Provable ROI down to the individual level

The AI Empowerment Method™ is the only solution that enables you and every knowledge-oriented employee, to produce every role deliverable, better, faster, and easier, via AI.

That gives you and every employee the tools and training to produce 64 of their actual day-to-day role specific deliverables with AI, out of the box.

Role	Deliverable	Without AI	With AI	Productivity Gains Multiplier
Lawyer	Updates on new regulations for clients	5 Hours	10 Minutes	30X
CFO	Reconciling bank statements to prepare for an IRS audit	20 hours	2 hours	10X
Marketing Manager	Writing product description updates for 42,000 distinct products	2 hours	5 minutes	24X
Hiring Manager	Resume review for a high turnover position	50 hours	1 hour	50X
Data Analyst	Analyze complex data sets and create actionable findings	3 days	3 hours	8X
Executive Coach	Creation of a development plan for a CFO	40 hours	40 minutes	60X
Director of Human Resources	A detailed policy and procedure	2 hours	30 minutes	4X
COO	Creating growth strategies and action plans for the company	10 Days	4 Days	2.5X



// [What's in it for me?](#)

A more efficient, engaged, and effective way of working.

After completing the 10-Session Empowerment Workshop series, you and your team will be **more efficient**, **more engaged**, and **more effective**.

These scores are averaged from groups of AI Empowerment Workshop Series™ Graduates, reflecting on AI and its impact on their work life and results.

Increased Efficiency	Using AI saves me at least 30 minutes per day.	8.4
	Using AI makes my workload more manageable.	7.8
	AI has improved my work-life balance.	7.7
Increased Engagement	AI helps me focus on more fulfilling work.	8.7
	AI helps me enjoy my work more.	8.2
	Using AI makes me feel more motivated.	7.8
Increased Effectiveness	AI has helped me be more "creative" in my role.	9.0
	AI helps me be & feel more productive.	8.8
	The quality of the AI responses I have gotten are equal to or better than responses I would have gotten on my own.	8.2



// How do I get started?

Book an AI Role Plan Conversation

I will help you craft a custom AI Role Plan for you and up to 5 of your direct reports in less than 15 minutes.

OR

You can connect to discuss any questions on the presentation or the AI Skills Black Belt cohort and certification.



// [Moving Forward](#)

AI Empowerment Workshops™

Empowering you and your team to greater performance, quality and impact:

10 Workshop sessions, AI Certification:

- Live 75 min. Virtual Workshops
- ~ 60 min. individual “homework” weekly
- Valuable super-powered “meta prompts”
- Increasing AI “muscle” and confidence
- Focused on participants’ real work deliverables
- 1-year LMS access to workflows and assets

~~\$2,995~~ per participant, Discounted to \$2,495



[ACCESS THE DISCOUNT](#)





**BEST
RESULTS** **AI**
Your People. Your Organization.

Cybersecurity

From the Trenches to the Board Room

September 9, 2025

By: William Caraher

CIO & Director of Operations / von Briesen & Roper



William Caraher

Chief Information Officer | MBA, CISSP, MCSE,
CRE | Fiduciary Board Member Providing
Cybersecurity CISO/CIO/COO Expertise

Greater Milwaukee · [Contact info](#)



von Briesen & Roper, s.c.



Marquette University

Adjunct Professor in the Marquette MBA Program,
Undergraduate Management/Marketing Departments
Marquette Law School

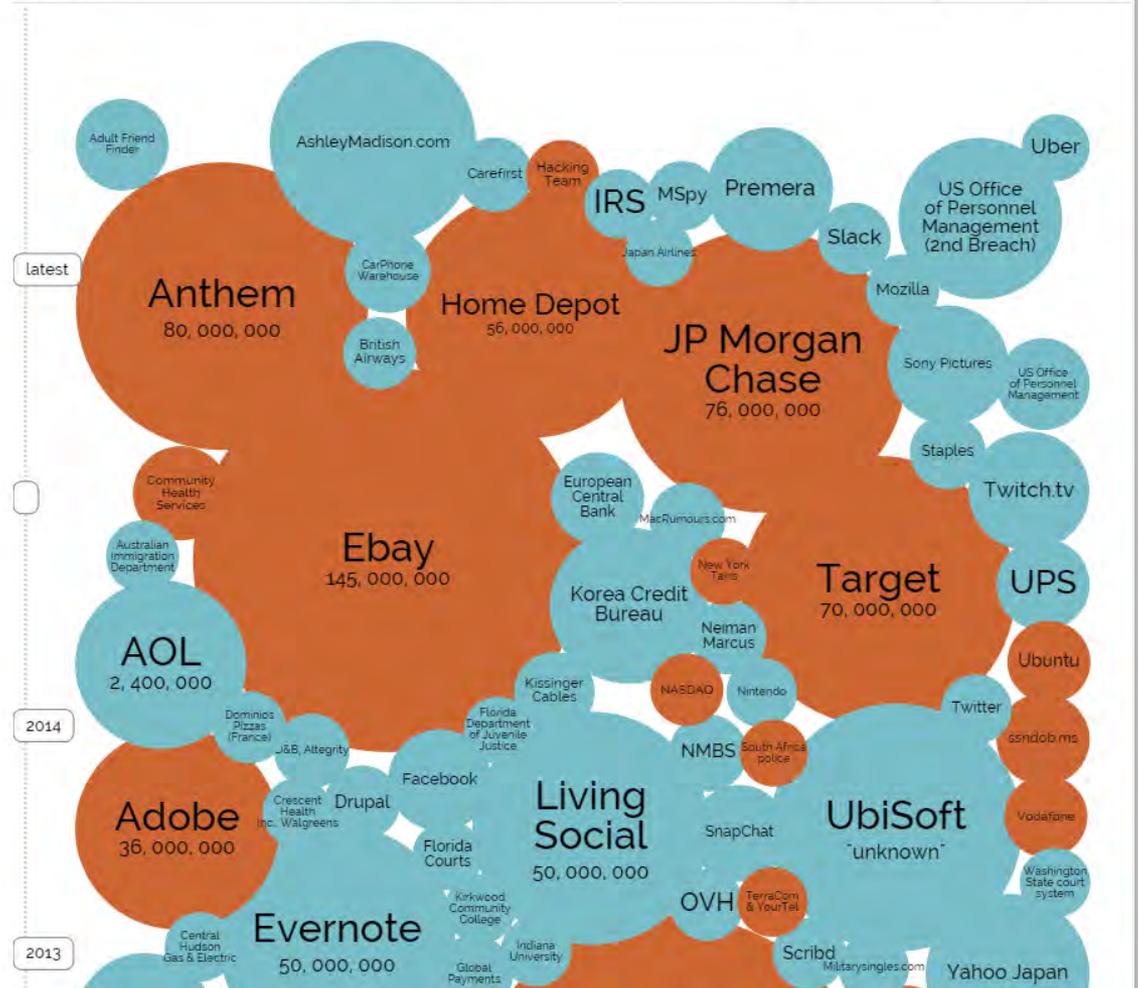
Education: UW Madison / DePaul University Chicago / Marquette

World's Biggest Data Breaches

Selected losses greater than 30,000 records
(updated 11th August 2015)

interesting story

YEAR BUBBLE COLOUR YEAR METHOD OF LEAK BUBBLE SIZE NO OF RECORDS STOLEN DATA SENSITIVITY SHOW FILTER



2013 - 2015

World's Biggest Data Breaches & Hacks

Selected events over 30,000 records stolen

UPDATED: July 2025



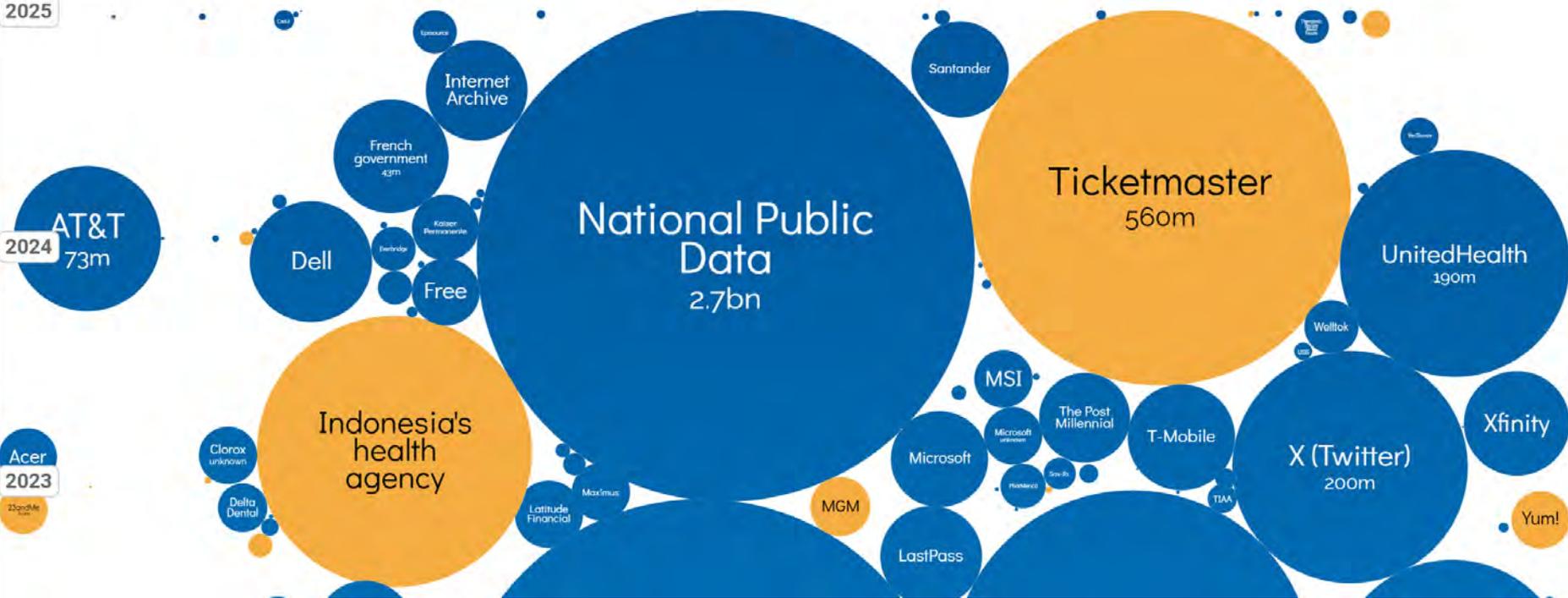
size: records lost filter

search...

2025

2024

2023



2023 - 2025

Two Key Resources for Cyber Incidents

- Verizon Data Breach Investigations Report
 - 2025 Annual Cybersecurity Report
<https://www.verizon.com/business/resources/reports/2025-dbir-data-breach-investigations-report.pdf>

- Mandiant (Google Cloud)
 - 2025 M-Trends Report
<https://services.google.com/fh/files/misc/m-trends-2025-en.pdf>

...if you prefer video: A Third Resource

- RSA Annual Conference (RSAC) on YouTube

The image shows a screenshot of the RSA Conference YouTube channel page. At the top left is the YouTube Premium logo. A search bar contains the text "keynote rsa 2025". To the right of the search bar are icons for a microphone, a plus sign labeled "Create", and a notification bell. Below the search bar is a dark blue banner with the RSAC logo (a green circle with "RSAC" and "Cybersecurity, Together" below it) and a circular video thumbnail showing two people. Underneath the banner is the channel's profile picture, a dark blue circle with a white "C" and a green dot. To the right of the profile picture is the channel name "RSA Conference" with a verified badge, followed by "@RSAConference · 99.7K subscribers · 4.8K videos". Below this is a short description: "RSAC™ is a premier global cybersecurity event and community brand dedicated to emp... more" and a link to "rsaconference.com and 1 more link". A black "Subscribe" button is positioned below the description. At the bottom of the page are navigation tabs: "Home", "Videos" (which is underlined), "Live", "Podcasts", "Playlists", and a search icon.



Figure 5. Known initial access vectors in non-Error, non-Misuse breaches (n=9,891)

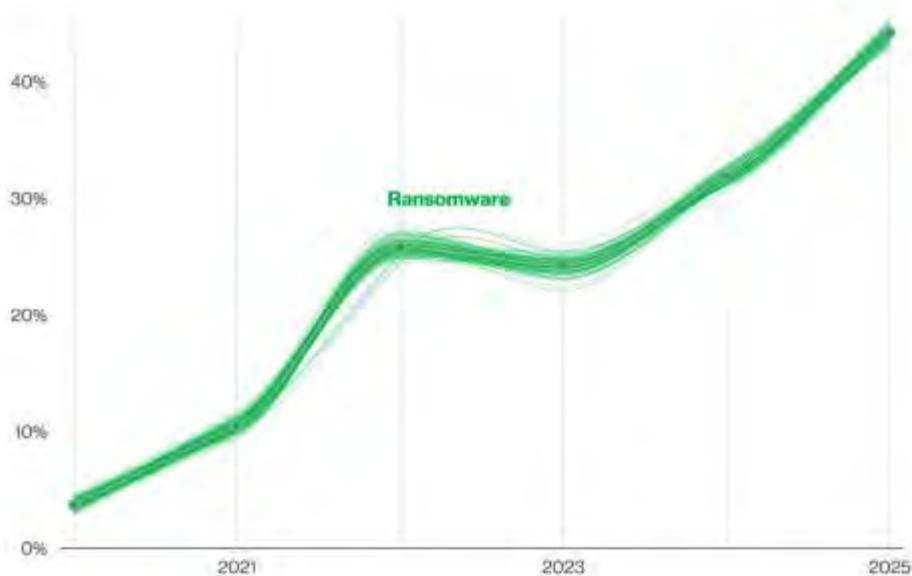


Figure 6. Ransomware action over time in breaches (n for 2025 dataset=10,747)



Figure 7. Select key enumerations in breaches

AI Impact on Cybersecurity

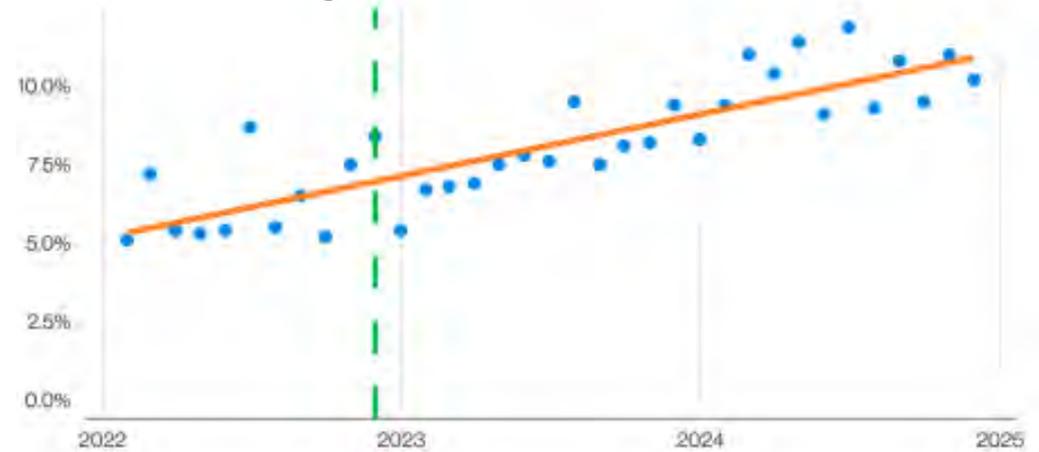


Figure 23. Percentage of AI-assisted malicious emails over time

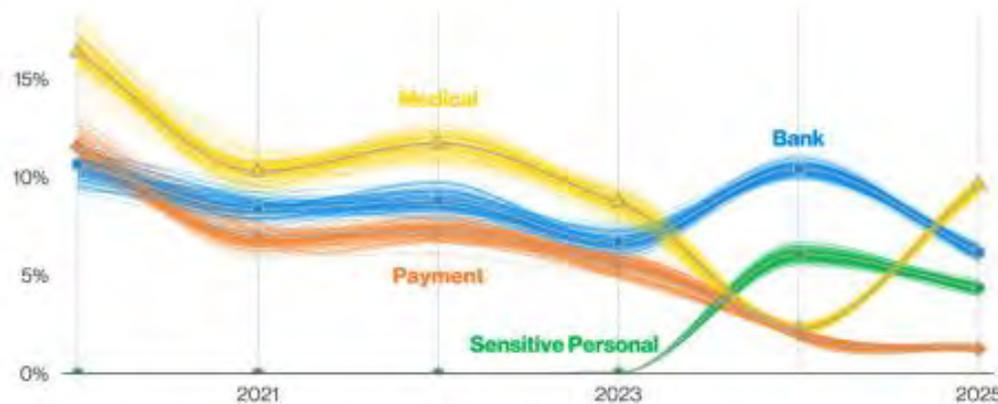


Figure 38. Select Data varieties over time in breaches

Figure 46.

For the calendar year 2024, the median ransom paid comes up as \$115,000, which is a decrease from \$150,000 in the previous year.

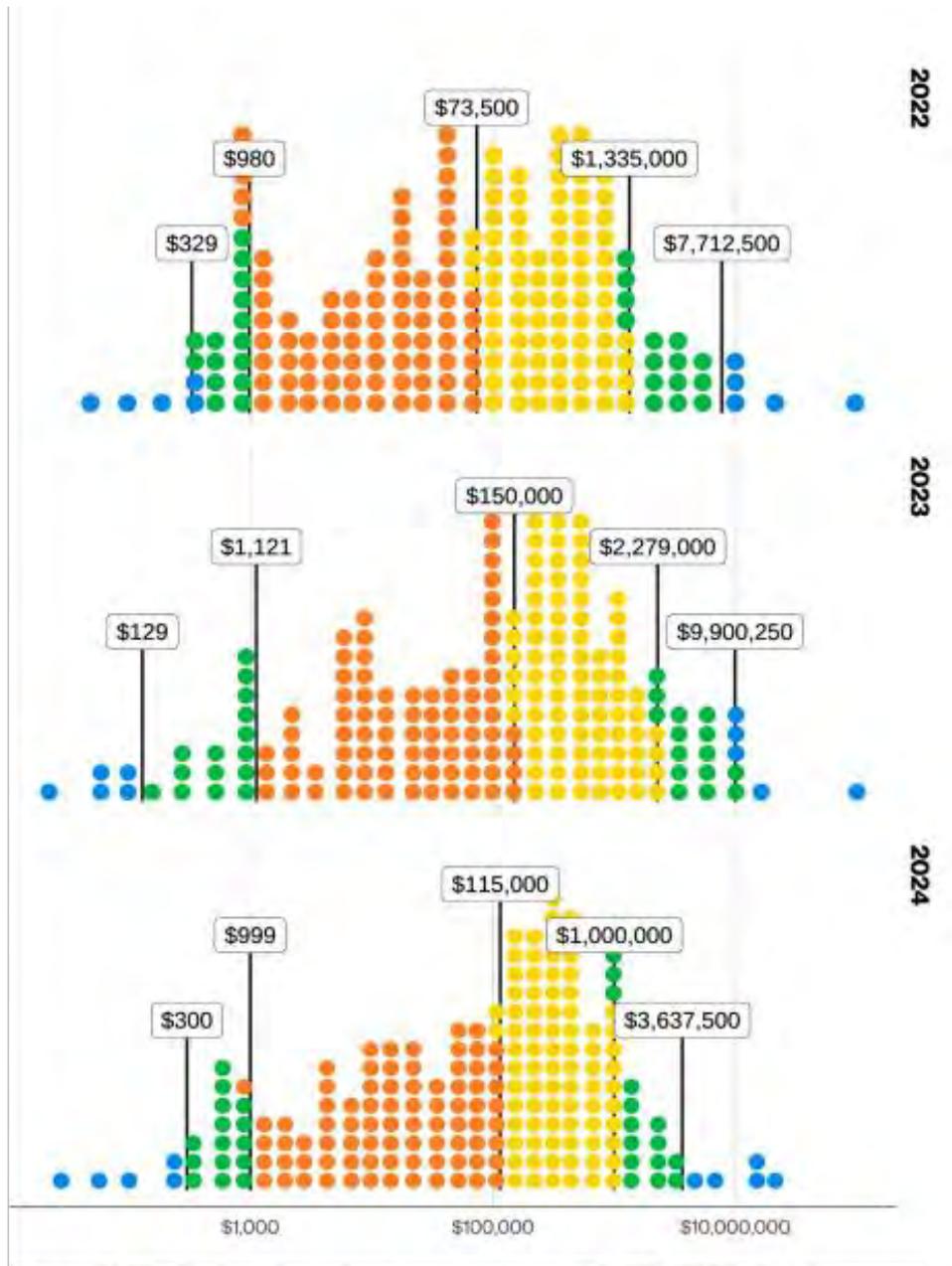


Figure 46. Distribution of loss due to ransom payment in USD (2022-2024) (n for 2022=664 – each dot is 3.32 events) (n for 2023=462 – each dot is 2.31 events) (n for 2024=351 – each dot is 1.75 events)



Figure 47. Percentage of ransoms not paid in Ransomware incidents per calendar year

One theory as to why the ransoms are decreasing in price is because fewer organizations are willing to pay the ransoms demanded (Figure 47).

According to data from our ransomware negotiation contributors, in 2022, approximately 50% of victims refused to pay the ransom, and in 2024, that number increased to 64% of nonpayers.



BUSINESS NEWS

Cyberattack cost MGM Resorts about \$100 million, Las Vegas company says

The company said it deliberately shut down a number of services “to mitigate risk to customer information” after the hack last month.



U.S. NEWS

Two Vegas casinos fell victim to cyberattacks, shattering the image of impenetrable casino security



1 of 11 | An error message is displayed on a machine at MGM Grand in Las Vegas, Tuesday, Sept. 12, 2023. MGM Resorts said a cybersecurity attack affected casino floors in Las Vegas and other states. (K.M. Cannon/Las Vegas Review-Journal via AP)

MGM Resorts said the incident began Sunday, affecting reservations and casino floors in Las Vegas and other states. Videos on social media showed video slot machines that had gone dark. Some customers said their hotel room cards weren't working. Others said they were canceling their trips this weekend.

The situation entered its sixth day on Friday, with booking capabilities still down and MGM Resorts offering penalty-free room cancellations through Sept. 17. Brian Ahern, a company spokesperson, declined Friday to answer questions from The Associated Press, including what information had been compromised in the breach.

By Thursday, Caesars Entertainment — the largest casino owner in the world — confirmed it, too, had been [hit by a cybersecurity attack](#). The casino giant said its casino and hotel computer operations weren't disrupted but couldn't say with certainty that personal information about tens of millions of its customers was secure following the data breach.

The security attacks that [triggered an FBI probe](#) shatter a public perception that casino security requires an "Oceans 11"-level effort to defeat it.

"When people think about security, they are thinking about the really big super-computers, firewalls, a lot of security systems," said Yoohwan Kim, a computer science professor at the University of Nevada, Las Vegas, whose expertise includes network security.

It's true, Kim said, that casino giants like MGM Resorts and Caesars are protected by sophisticated — and expensive — security operations. But no system is perfect.

Insider Threat

(they already have access)...

Summary

While the Privilege Misuse pattern is typically insiders, this year there has been an increase in Partner actors. Most are motivated by direct financial gain, but we also see Espionage in this pattern; it has decreased over last year's high.

What is the same?

The majority of breaches are caused by Internal actors using their company-granted access to steal data.

Frequency	825 incidents, 757 with confirmed data disclosure
Threat actors	Internal (90%), Partner (10%), External (3%), Multiple (3%) (breaches)
Actor motives	Financial (89%), Espionage (10%), Grudge (5%), Convenience (2%), Fun (2%), Other (2%), Ideology (1%) (breaches)
Data compromised	Personal (72%), Other (37%), Internal (36%), Bank (15%) (breaches)

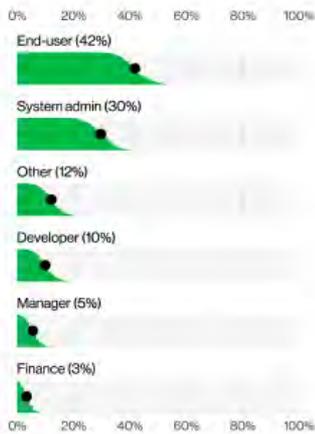


Figure 67. Top Actor varieties in Privilege Misuse breaches (n=91)

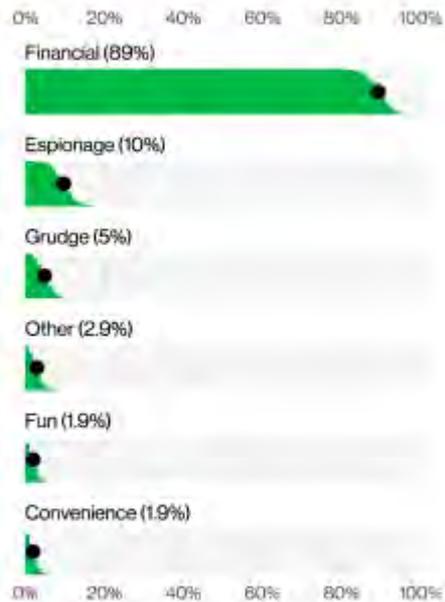
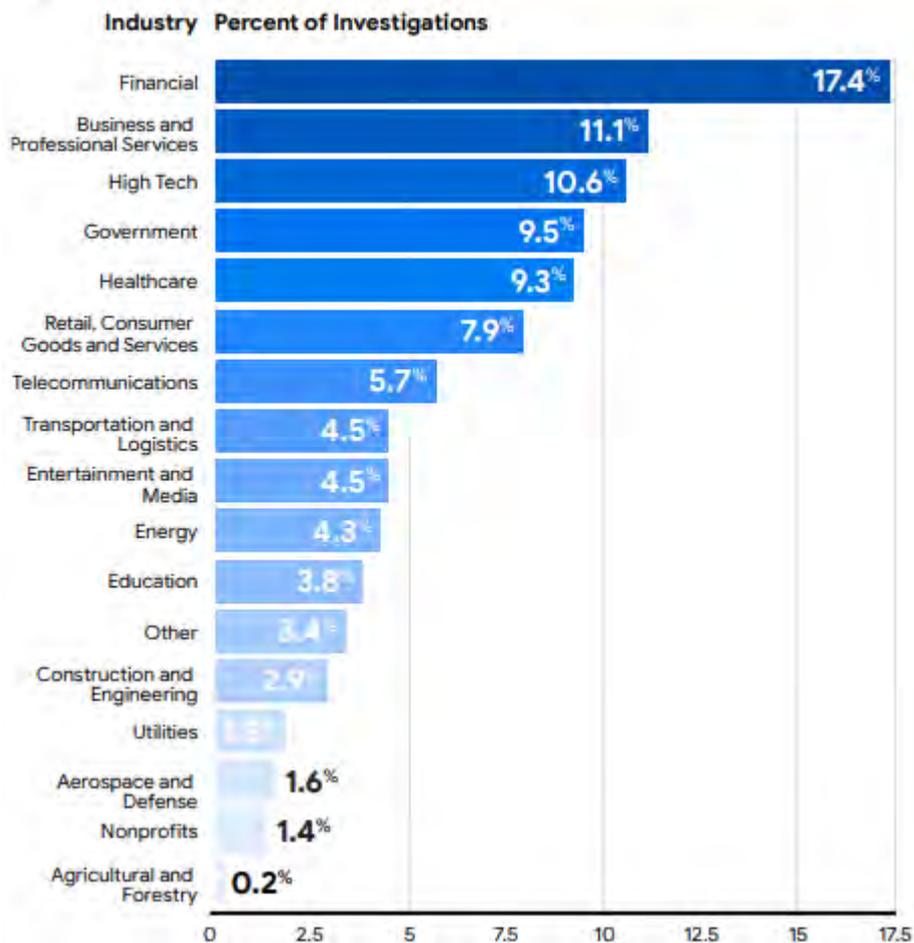


Figure 68. Top Actor motives in Privilege Misuse breaches (n=103)

Mandiant Trends 2025



Targeted Industries, 2024

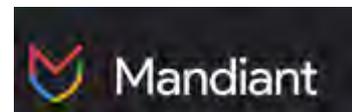


Mandiant Trends 2025

Global Dwell Time Distribution, 2018-2024

Year	≤ 1 week	8 to 30 days	31 days to 6 months	> 6 months to 1 year	> 1 year to 5 years	5 years or more
2018	15.0%	16.0%	36.0%	13.0%	18.0%	1.0%
2019	22.2%	18.5%	29.2%	9.3%	18.5%	2.3%
2020	35.3%	17.2%	26.7%	6.6%	13.0%	1.2%
2021	37.4%	17.7%	26.2%	10.7%	7.8%	0.2%
2022	42.0%	16.0%	24.0%	7.0%	11.0%	1.8%
2023	43.3%	22.7%	22.3%	5.4%	6.0%	5.3%
2024	45.1%	17.6%	23.9%	5.9%	7.0%	0.5%

Dwell Time = Time between attack/intrusion and detection
 Also Called-- Advanced Persistent Threat (APT)



APT

(ADVANCED PERSISTENT THREAT) LIFECYCLE

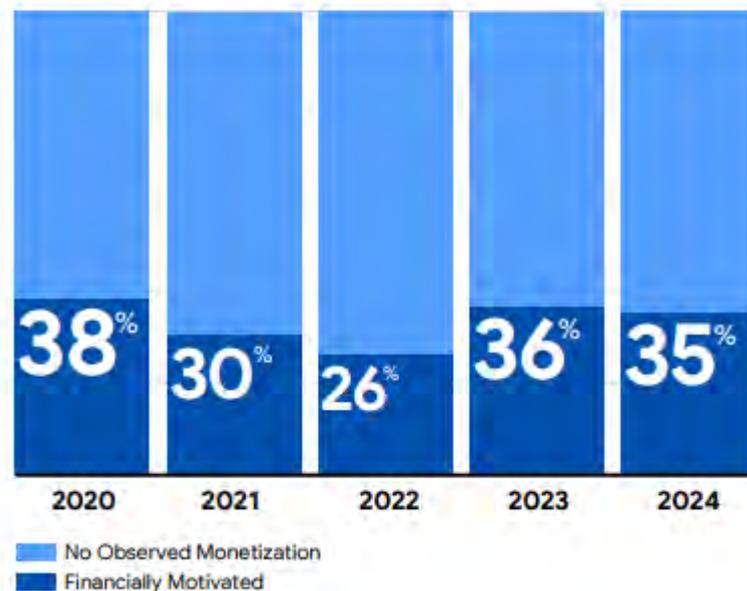


Cloud Compromises & Financial Gain

Cloud Initial Infection Vectors, 2024



Financial Gain, 2020-2024



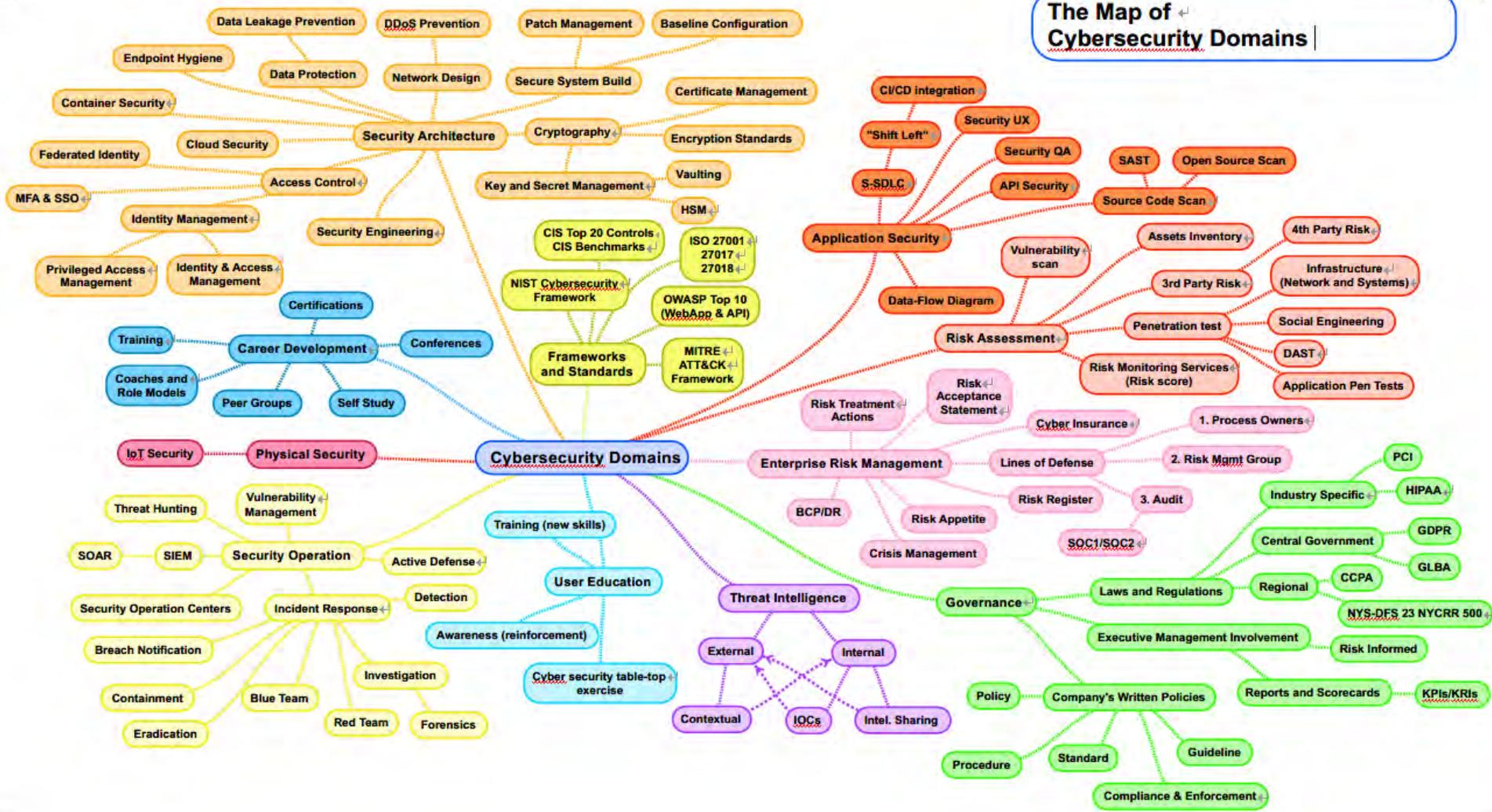
**Why isn't InfoSec
Fixed/Solved by Now?**

Well... It's Complicated

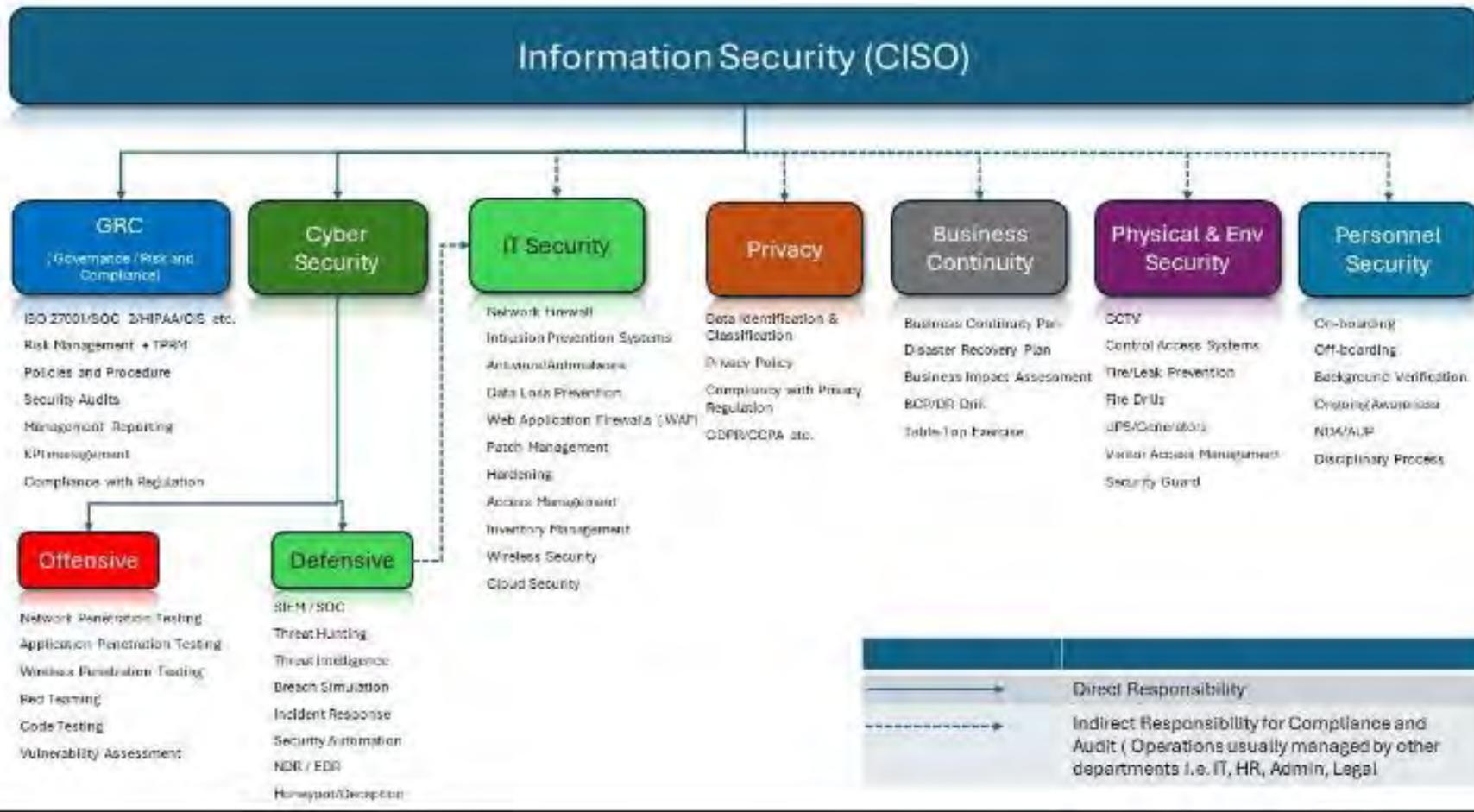


The Cybersecurity Domains

The Map of Cybersecurity Domains



Cybersecurity Domains Simplified



8 Main Types of Cybersecurity Attacks



<https://fortifydata.com/blog/what-are-the-8-main-cyber-security-threats/>

Payment Scams

THE FACE OF THIS DOCUMENT HAS A COLOURED BACKGROUND ON WHITE PAPER

Xymox Technologies Inc 9099 W Dean Road Milwaukee, WI 532242852	The Bank of Nova Scotia Station Place D'Armes Montreal, QC H2Y 3E9	59438
		DATE 09 10 2015 MMDDYYYY

PAY ***THREE HUNDRED FIFTY THOUSAND AND 00/100 US DOLLARS*** **\$***350,000.00USD**

TO THE ORDER OF
von Briesen & Roper, s.c.
411 East Wisconsin Avenue, Suite 1000
Milwaukee, WI 53202

Memo: Star Micronics

PER _____
PER _____

THE BACK OF THE DOCUMENT CONTAINS AN ARTIFICIAL WATERMARK-HOLD AT ANGLE TO VIEW

⑈059438⑈ ⑆47696⑈002⑆ 06223⑈11⑈

3.4 Security versus Usability

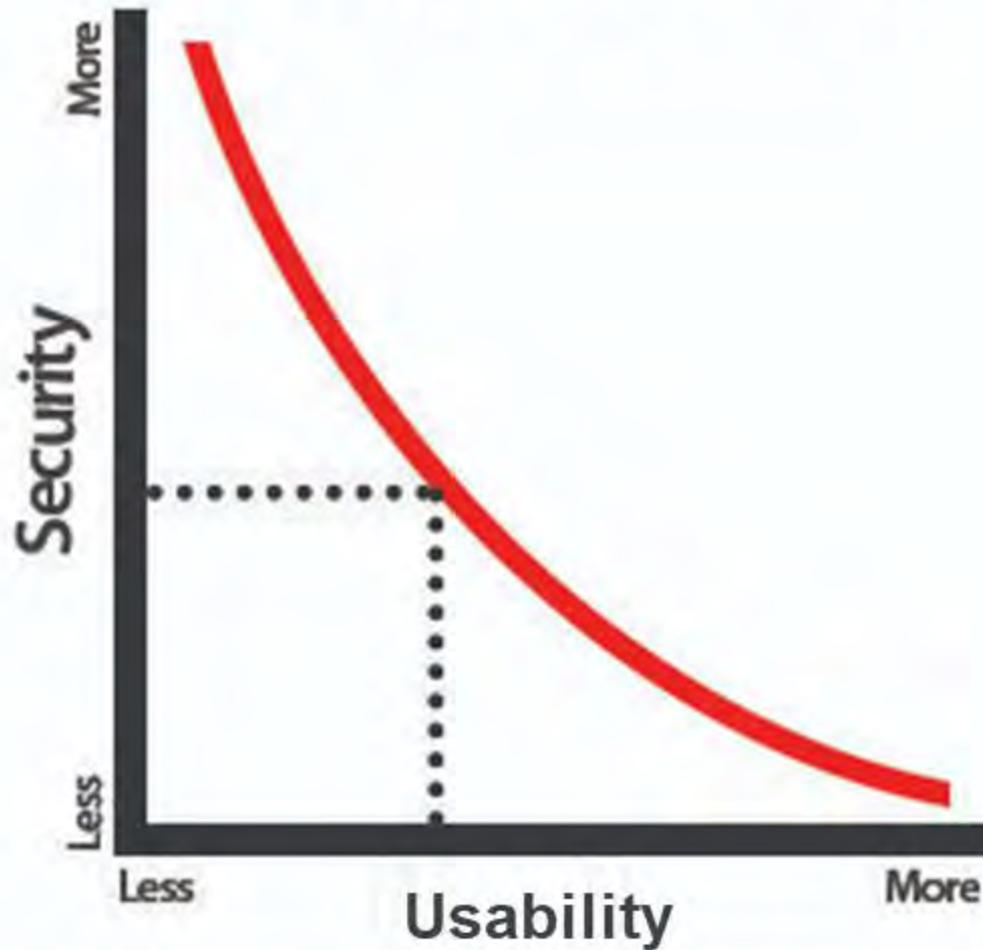
Finding the Right Balance...



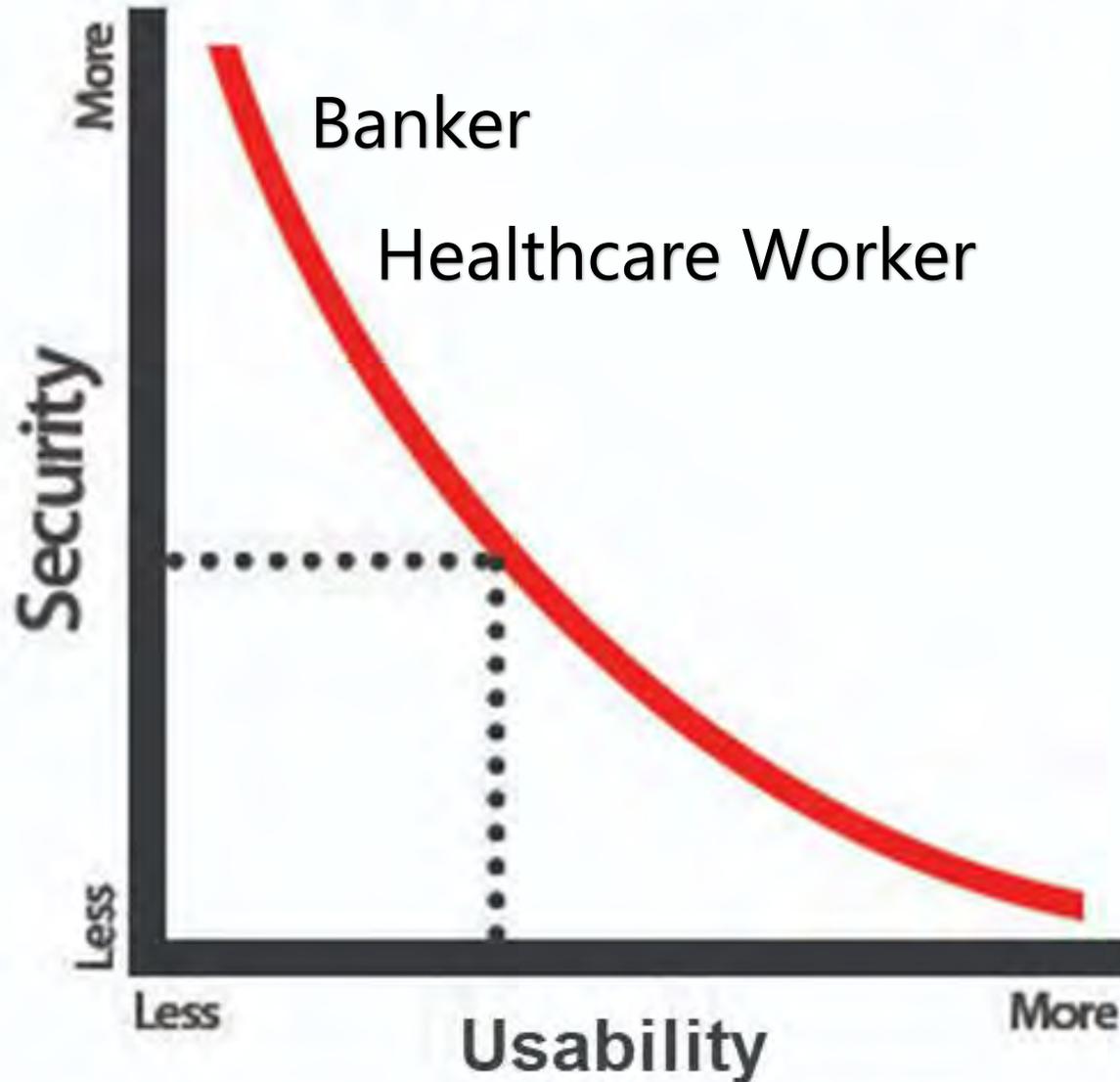
SECURITY

USABILITY

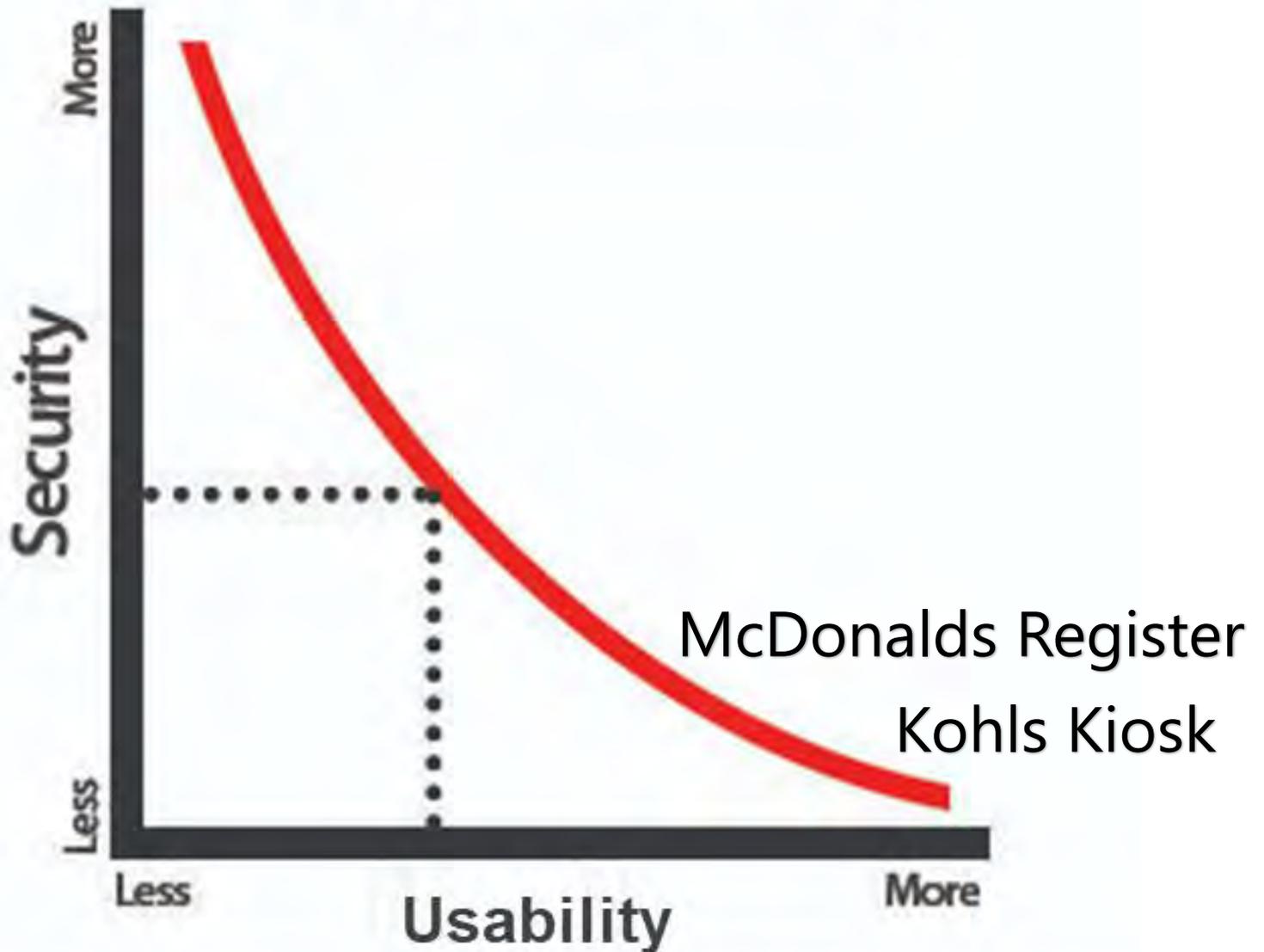
Security vs. Usability



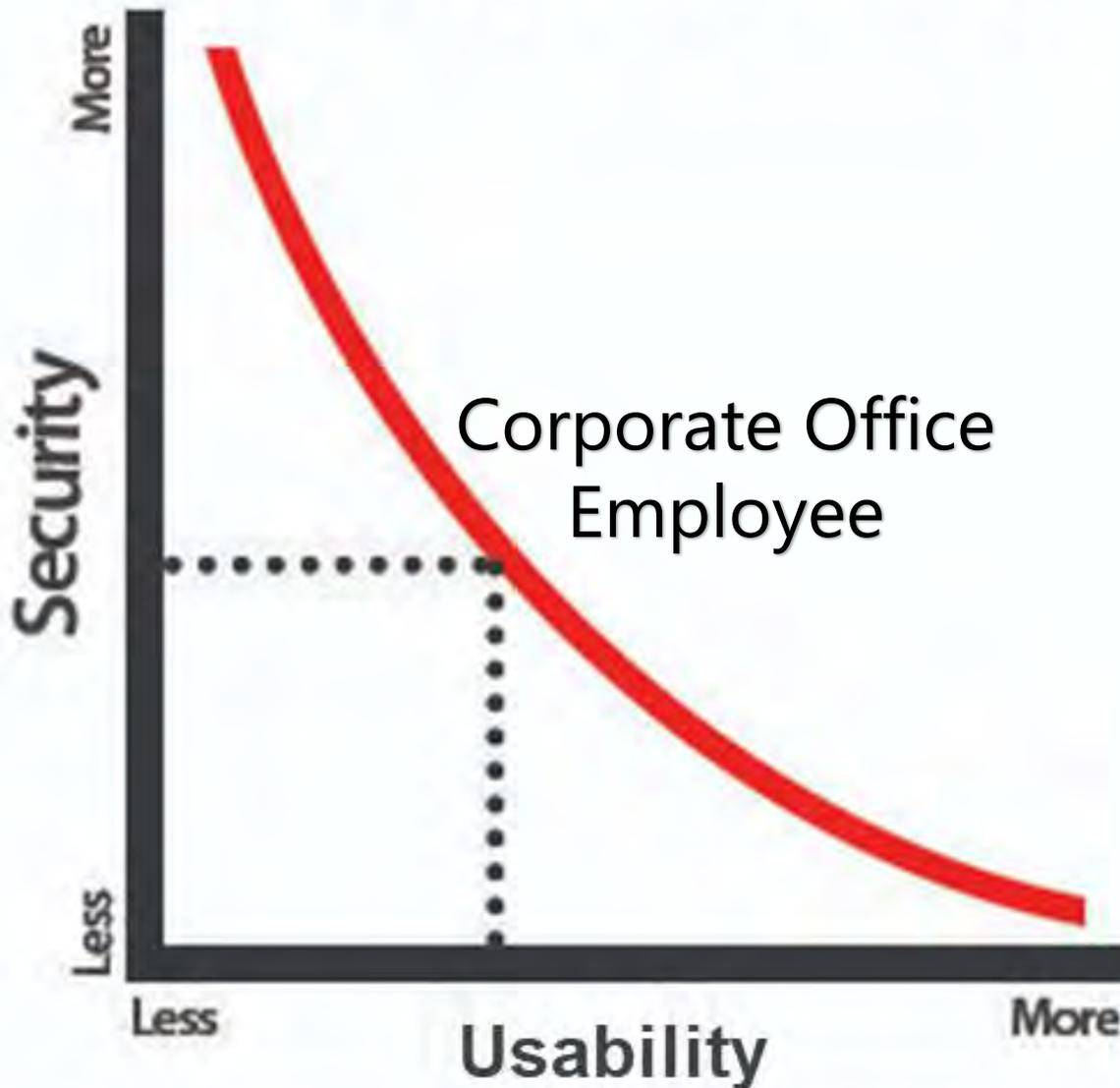
Security vs. Usability



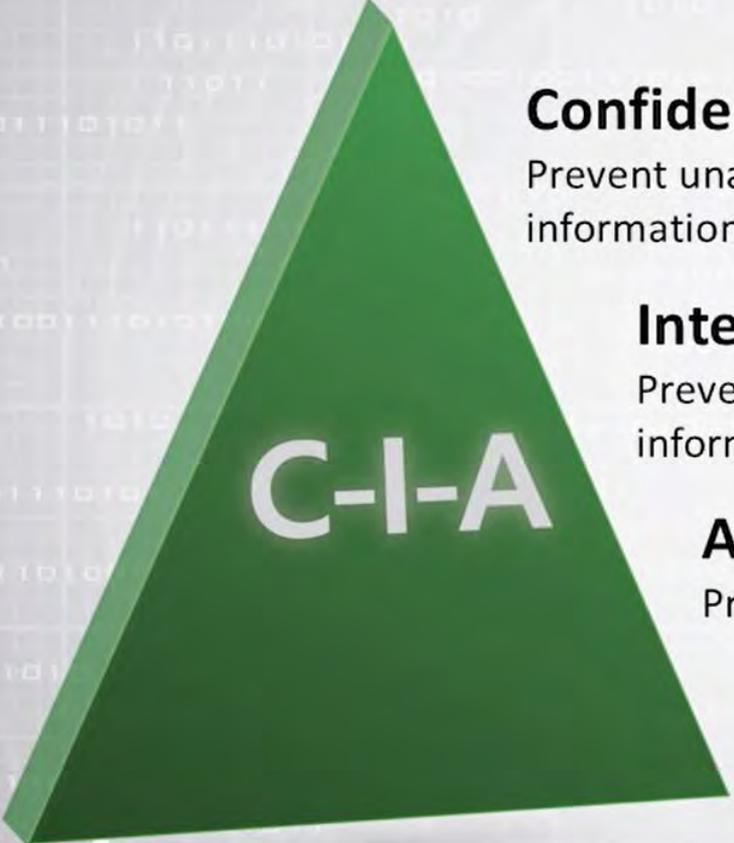
Security vs. Usability



Security vs. Usability



C-I-A Triad



Confidentiality

Prevent unauthorized disclosure of sensitive information

Integrity

Prevent unauthorized modification of systems and information

Availability

Prevent disruption of service and productivity

... the fundamental security principles upon which all information security functions are based

Hardware

Software

Data

Procedures

People

**Technical
Safeguards**

Identification and
authorization
Encryption
Firewalls
Malware protection
Application design

**Data
Safeguards**

Data rights and
responsibilities
Passwords
Encryption
Backup and
recovery
Physical security

**Human
Safeguards**

Hiring
Training
Education
Procedure design
Administration
Assessment
Compliance
Accountability

State-sponsored	The Actor or group is employed by the government of a nation-state.
Individual	A specific person or group acting on their own, and not a member of any other Actor threat category.
Hacktivist	An actor that performs attacks in order to draw attention to a cause (such as free speech or human rights), or hinder the support of a cause. If the cause is political, and/or designed to inflict terror, they are instead considered a Cyber terrorist.
Cyber terrorist	Actor carries out an attack designed to cause alarm or panic with ideological or political goals. Alternatively, if the actor is party to a known terrorist organization.
Organized Crime	Groups of criminals that intend to engage in illegal activity, most commonly for monetary profit. Attacks are designed to either extort money from the target, or the actors are funded to carry out an attack.
Identity Unknown	Actor is not identified within the document, either by handle or affiliation.
Organization	Organizations not specifically associated with information security but having some affect over the information security space.
Information Security	Includes organizations or persons from, or whose actions affect, the Information Security sector. These are security researchers, computer scientists, antivirus vendors, CERTs, threat intelligence (non-state-sponsored).
Law Enforcement/Authority	Will include anyone involved in law enforcement (police, police cyber crime units, courts, judges) as well as attorneys and lawyers.

Threat Actors

<https://www.surfwatchlabs.com/threat-categories#Actor>

SOCIAL ENGINEERING

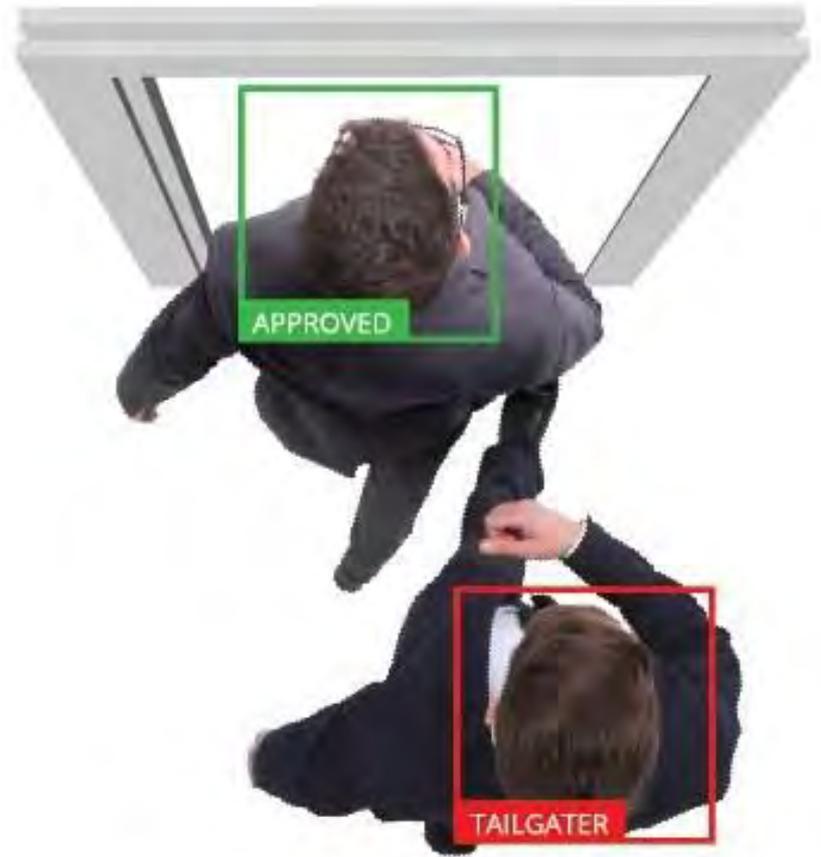
The clever manipulation
of the natural human
tendency to trust.



Shoulder Surfing



© Cengage Learning 2015



Tailgating

Impersonation Attempts

- Urgent Email from the CEO!

Who are the main targets of CEO fraud?



Finance department



Human resources



IT department



Executive team



WHALING

- Targets executives
- Impersonates a trusted source - not necessarily C-level

Executive Liability in Cyber-Incidents?

Takeaways From the Dismissal of SEC Claims Against SolarWinds and Its CISO

August 7, 2024

Skadden Publication / Cybersecurity and Data Privacy Update

Brian V. Breheny, Raquel Fox, William E. Ridgway, David A. Simon, Joshua Silverstein, Kyle Wiley

↑
**BACK TO
TOP**

The U.S. District Court for the Southern District of New York has dismissed many of the Securities and Exchange Commission's (SEC's) claims against software development company SolarWinds and its chief information security officer (CISO).

In its [detailed July 18, 2024, opinion](#), the court allowed only a limited category of the SEC's claims to proceed. The SEC had alleged SolarWinds and its CISO made materially misleading statements and omissions about the company's cybersecurity practices and risks in public disclosures.¹

This case represents the SEC's attempt to expand its authority to regulate internal accounting controls and is the first time the SEC has charged a CISO individually.

Company sues worker who fell for email scam

© 5 February 2019



An office worker who transferred her employer's cash to an online fraudster allegedly ignored a warning telling her she was falling victim to a scam.

Patricia Reilly is said to have received a message from bankers about con artists trying to fool employees that their bosses wanted them to make payments to companies.

She had earlier received a number of email messages which appeared to be from her boss Yvonne Bremner.

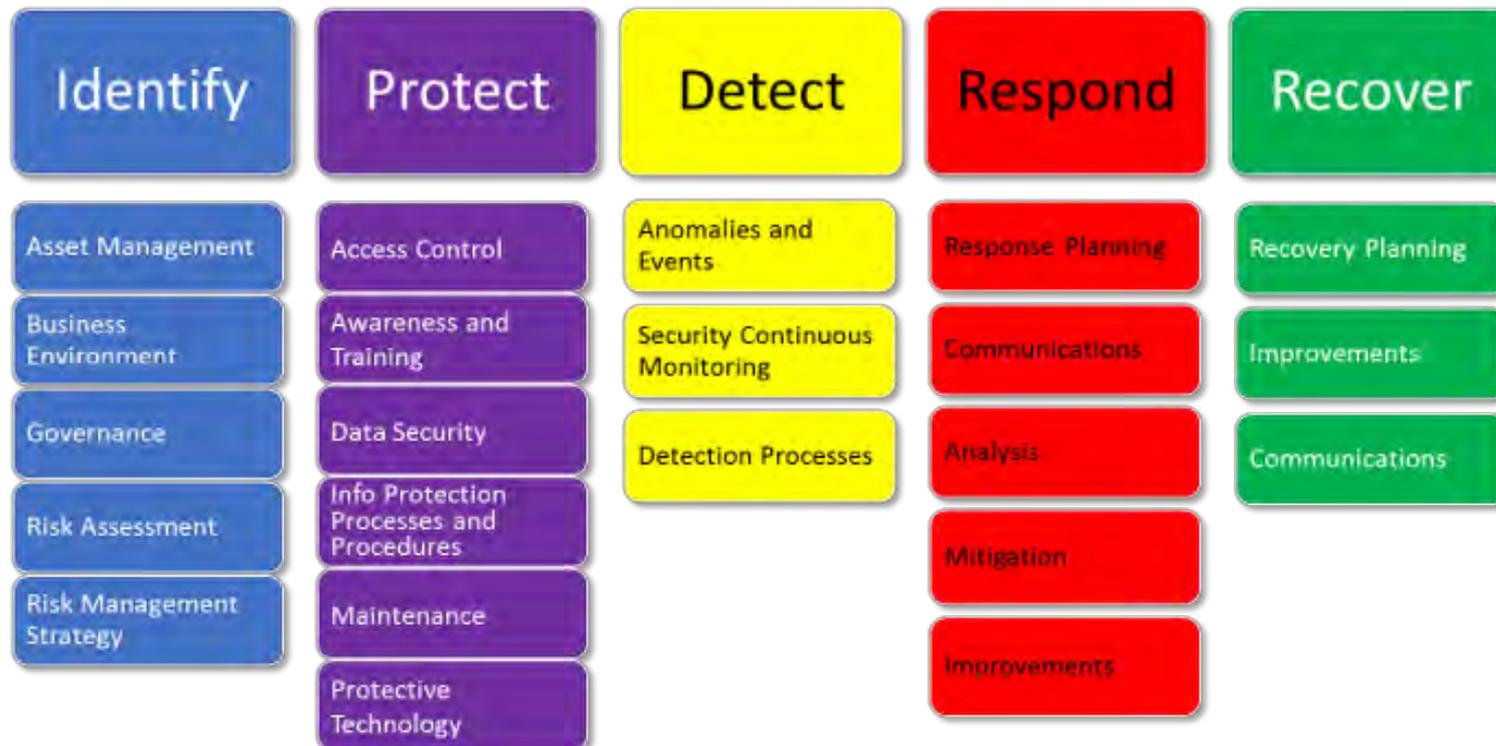
But they were sent by an imposter.

Ms Bremner is managing director of Glasgow firm Peebles Media Group, which is suing Mrs Reilly at the Court of Session in Edinburgh.

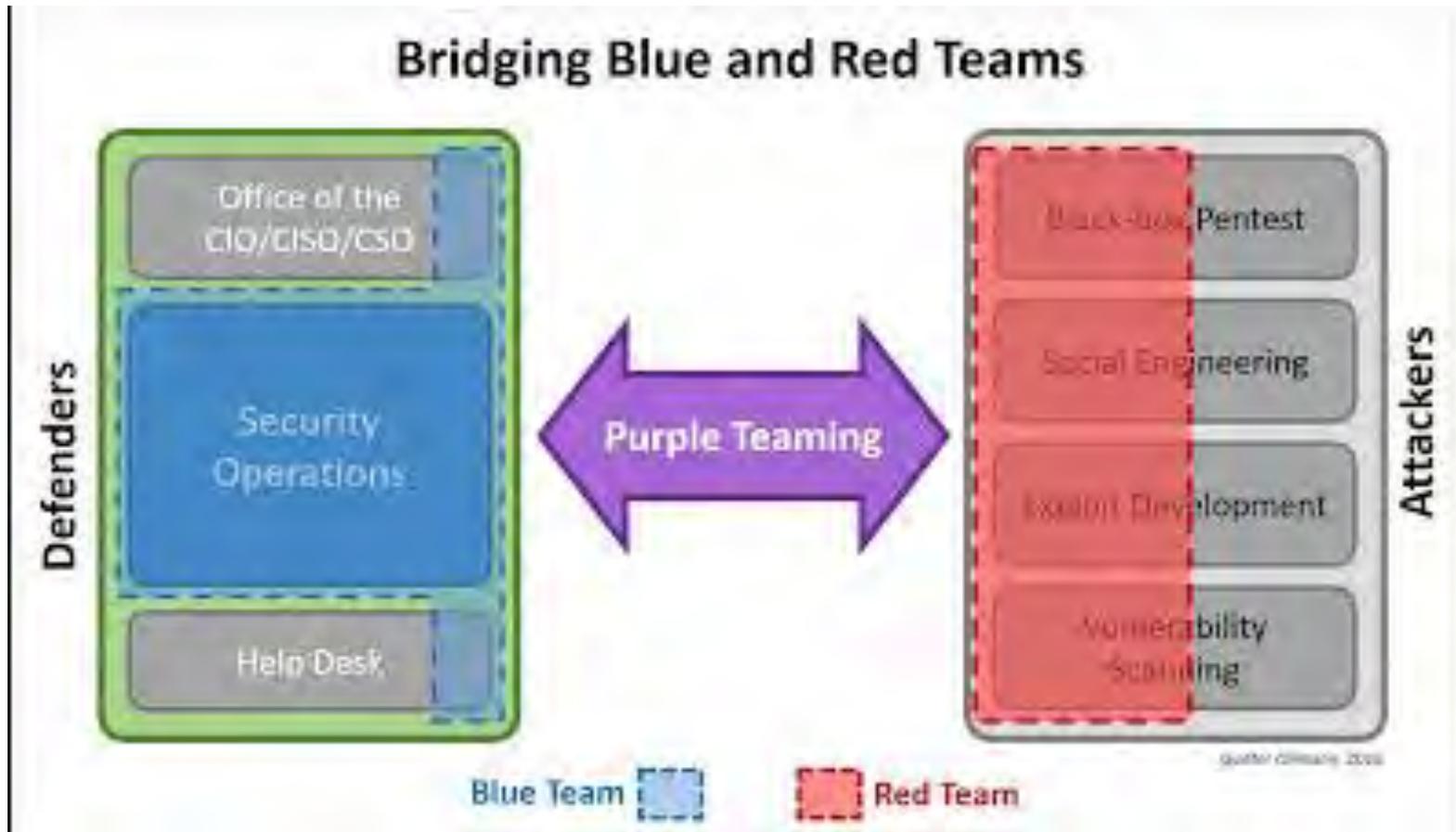
<https://www.bbc.com/news/uk-scotland-glasgow-west-47135686>

Incident Response

NIST Cyber Security Framework



Blue Team vs. Red Team



Incident Response Plan (IRP)

- IRP – Full Plan
- IRP – Playbook (short and sweet)
- Have Both Documents Printed and Offline



DATA

BUSINESS

PLAN

IDEA

BUSINESS'S

METRICS

GOAL

RESULTS

POTENTIAL

OBJECTIVE

STRATEGIC
SYSTEM
IDEA

SALES

STUDY

PROCESS
ANALYSIS

DATA

REVIEW
INDICATOR
PERFORMANCE

DATA

TIME

EXECUTIVE

SUCCESS

DEFINE

TARGET

IMPROVE
IMPLEMENT
COMPANY
PROGRESS
DASHBOARD

STRATEGY

GROWTH

MEASURE
MANAGE

DIRECTION

ACHIEVE

LEARNING
PROCESS

NUMBERS

COMMUNICATIONS

OPTIMIZED

400

is the average number of data sources per organization.

Source: **Matillion**

- ▶ Over 50% of executives say they are driving business innovation with data.
- ▶ 92% of data leaders say their company got measurable business value from data and analytics investments.
- ▶ 98% of data leaders think they'll see a return on their data investments in 2023.
- ▶ 4 out of 10 companies have seen measurable benefits and cost savings from data and analytics initiatives.
- ▶ 22% of chief executive officers believe using data effectively to develop new products and services is an important source of their growth in the next five years.

MetaData: Data About the Data

FOUR MAIN TYPES OF METADATA



Data Classification



Public

Data that may be freely disclosed to the public

Marketing materials, contact information, price lists



Internal Only

Internal data not meant for public disclosure

Battlecards, sales playbooks, Organizational charts



Confidential

Sensitive data that if compromised could negatively affect operations

Contracts with vendors, employee reviews



Restricted

Highly sensitive corporate data that if compromised could put the organization at financial or legal risk.

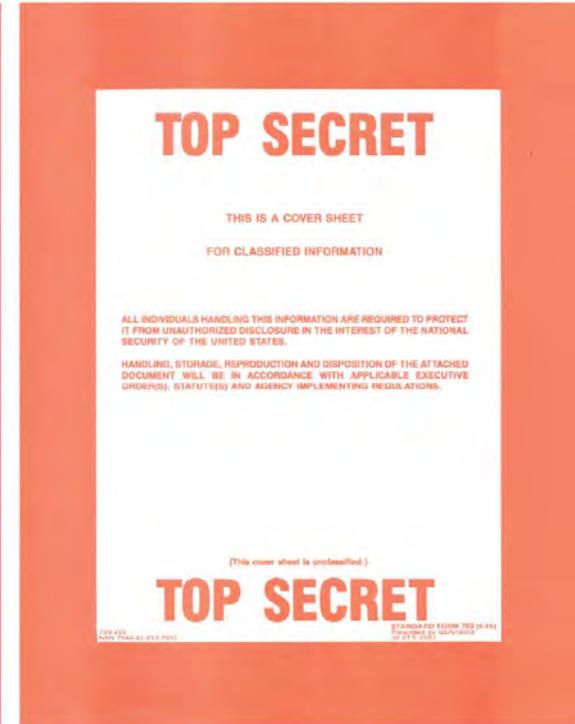
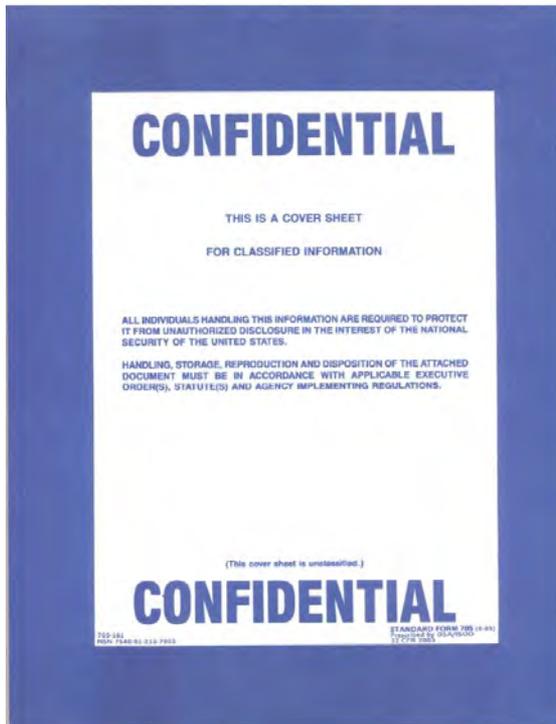
IP, credit card information, social security numbers, PHI

Data Classification US Government – 3 Levels

SF-705

SF-704

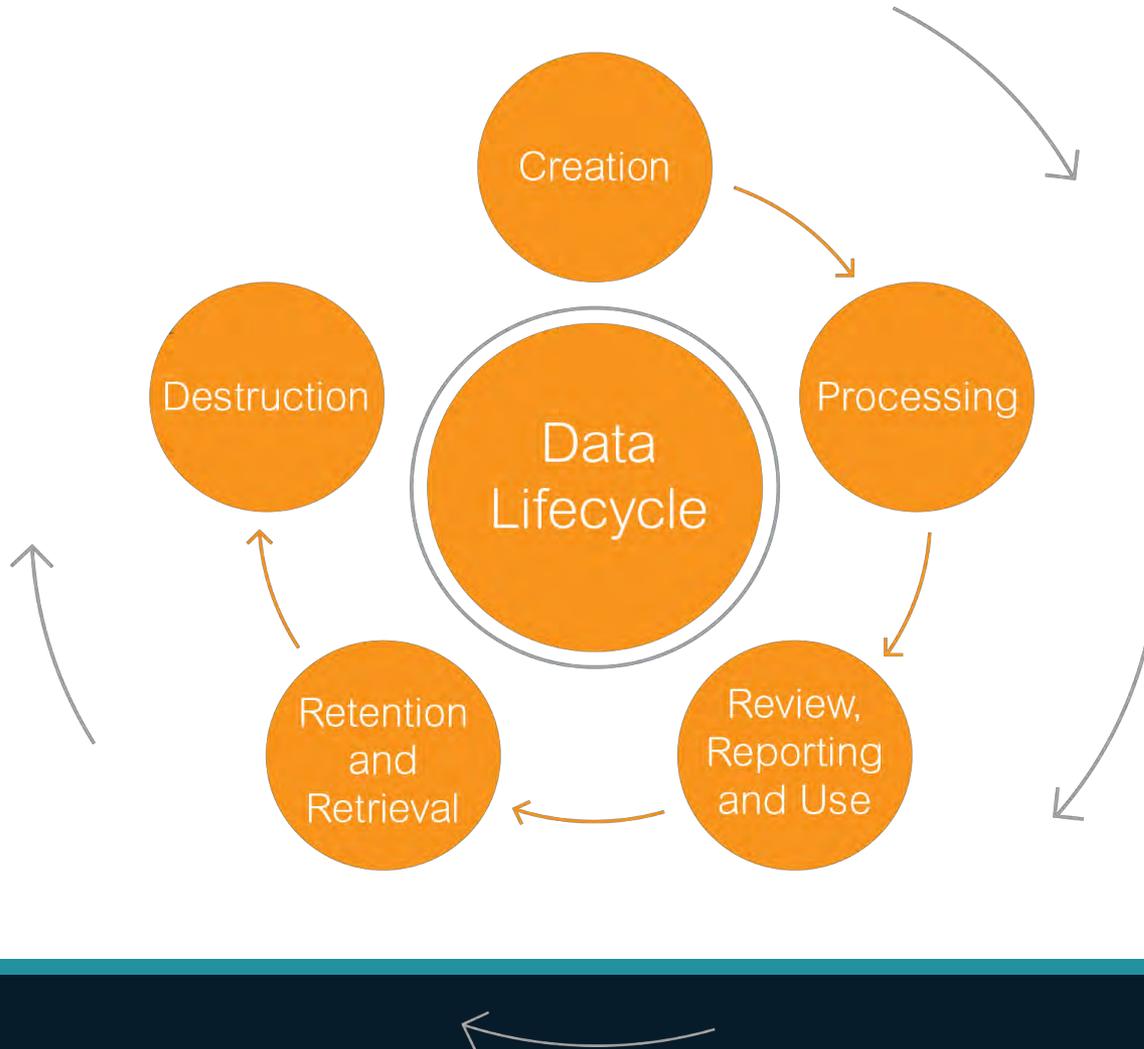
SF-703



(a) National Security Information (hereinafter "classified information") shall be classified at one of the following three levels:

- (1) "Top Secret" shall be applied to information, the unauthorized disclosure of which reasonably could be expected to cause exceptionally grave damage to the national security.
- (2) "Secret" shall be applied to information, the unauthorized disclosure of which reasonably could be expected to cause serious damage to the national security.
- (3) "Confidential" shall be applied to information, the unauthorized disclosure of which reasonably could be expected to cause damage to the national security.

Data Lifecycle Management



Cyber Risk Mitigation Strategy Assuming the Worst Case - Ransom

1. Data Backups
2. Cyber-Insurance Policy

Costs of Recovery



The Business Must Decide:
 How long can we survive being down?
 How much data can we lose?

Least Privilege

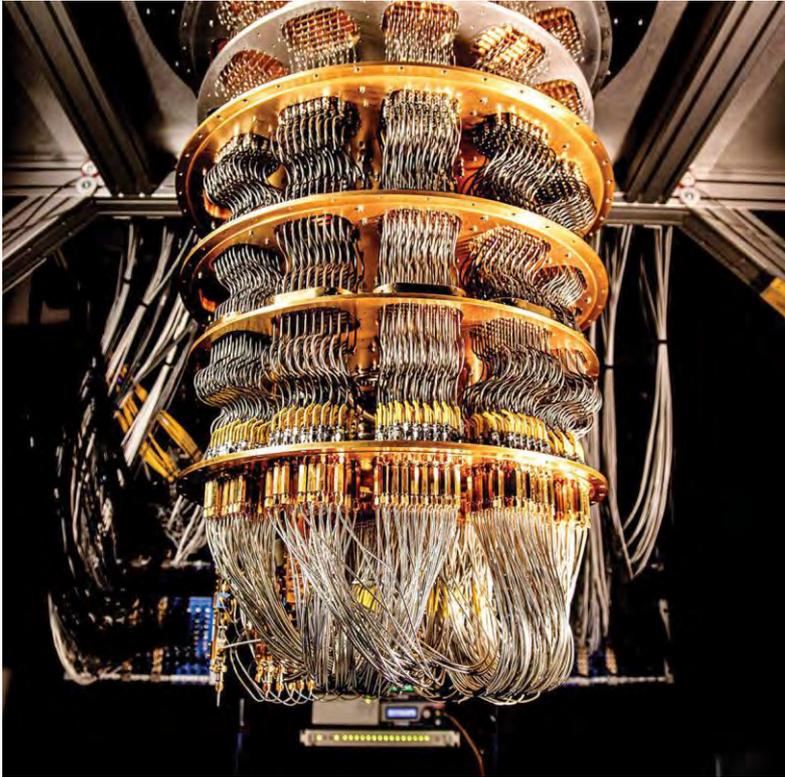


The principle of least privilege stems from the idea that users should only have access to the resources that they need so they can adequately perform the duties that they are required to do.

What's Next: AI

The increasing sophistication of AI-driven cyberattacks—and the urgent need for stronger defenses—poses significant risks not just for IT departments, but for the entire enterprise. As organizations become more connected and data-dependent, their exposure to financial, operational, and reputational harm grows.

Quantum Computing - Encryption



A typical computer would need a billion years to decrypt the current RSA-2048 standard encryption. A functioning quantum computer may possibly achieve a break-in in under two minutes. Q-Day, as called by quantum researchers, is the time when powerful quantum computers might use Shor's method to break all public key systems that depend on integer factorization and other security techniques. It will make today's security mechanisms obsolete. Governments, standards groups like NIST, and cybersecurity experts warn that the countdown to Q-Day has already begun. NIST's Post-Quantum Cryptography Project is working to standardize new cryptographic algorithms that are resistant to quantum assaults.

What's Next: Proactive Approach

A proactive cybersecurity posture is essential.

This means prioritizing continuous monitoring, enhanced threat intelligence, and well-documented incident response protocols—measures that reduce the likelihood of costly disruptions and regulatory exposure.

Cybersecurity should be viewed as a core business risk, not simply a technology concern.

What's Next: Fiduciary Necessity

According to Cybersecurity Ventures, cybercrime costs are projected to reach \$10.5 trillion USD by year-end, underscoring the material impact these risks have on the bottom line.

Risk assessments, internal controls, and financial reporting adequately address cybersecurity threats. Strong governance in this area is no longer optional—it's a fiduciary necessity.

How Firms Can Keep Cybersecurity Top of Mind

A security-first culture

A company's culture shapes how its people think and behave – and respond to risk. If cybersecurity is seen by colleagues as a box-ticking exercise, they won't take it sufficiently seriously. Once security thinking is built into the company's DNA and processes, people will start to recognise and respond to threats more readily.

Leading from the front - Leaders set the tone: if company executives talk about cybersecurity, attend training, and highlight best practice, it tells their workforce "this matters." CISOs need leaders and line managers to collectively bring cybersecurity into everyday company conversations.

Collective responsibility - A strong cybersecurity culture is inclusive, with everyone from finance teams to facility managers understanding they have a role to play. This means CISOs and leaders making it clear that cyber security isn't just IT's job; it's a shared business priority.

Security awareness shouldn't be confined to a quarterly memo or email; executives need to bring it into team meetings, 'town halls', and daily discussions. Leaders can reinforce good security habits by recognising employees who have reported suspicious activity and sharing their stories of intelligent responses that averted potential incidents.



Welcome



Eric Trost, CPA, MST
President & Principal
troste@sva.com



Dan Glomski, CPA, ABV, CVA, MST
Principal
glomskid@sva.com



Craig Maternowski, CPA
Principal
maternowskic@sva.com

Individual Taxes: TCJA Provisions Made Permanent

Individual Taxes: TCJA Provisions Made Permanent

Tax Provision	The Past: Tax Cuts and Jobs Act	The Present: One Big Beautiful Bill Act
Individual Income Tax Rates	10%, 12%, 22%, 24%, 32%, 35%, 37% *Expires after 2025; rates revert to pre-TCJA levels	10%, 12%, 22%, 24%, 32%, 35%, 37% *Makes TCJA rates permanent, indexed for inflation after 2025
Standard Deduction	Increased Standard Deduction *Expires after 2025; revert to lower pre-TCJA levels	Increased standard deduction, permanent *For 2025: \$15,750 (Single & MFS) / \$23,625 (HoH) / \$31,500 (MFJ)
Personal Exemptions	Suspended for 2018-2025; allowed in 2026	Permanently terminated

Individual Taxes: TCJA Provisions Made Permanent

Tax Provision	The Past: Tax Cuts and Jobs Act	The Present: One Big Beautiful Bill Act
Child Tax Credit	\$2,000 per qualifying child (partially refundable) *Reverts to \$1,000 after 2025	\$2,200 per qualifying child (partially refundable - \$1,700 for 2025), indexed for inflation, permanent *Permanent increase to phaseout threshold – AGI exceeding \$200,000 (Single/MFS/HoH) / \$400,000 (MFJ)
Other Dependent Credit	\$500 per qualifying dependent, non-refundable *Expires after 2025	\$500 per qualifying dependent, non-refundable with added residency requirement, permanent
Alternative Minimum Tax	Higher exemption and phaseout thresholds *Expires after 2025	Higher exemption and phaseout thresholds, permanent
Estate & Gift Tax Exemption	\$13.61 million per individual (2024, inflation-adjusted) *Reverts to ~ \$5 million (indexed) after 2025	\$15 million exemption (indexed from 2026), permanent

Individual Taxes: TCJA Provisions Made Permanent

The Future

Tax Provision	Impact on YOU
Individual Income Tax Rates	Permanent rates provide more certainty for tax management & planning
Standard Deduction	Reduces taxable income, helpful for taxpayers that don't itemize
Child Tax Credit	Greater tax relief for taxpayers with families
Other Dependent Credit	Greater tax relief for taxpayers supporting adult children or elderly relatives
Alternative Minimum Tax	Simplifies planning for taxpayers with high income or utilizing accelerated depreciation
Estate & Gift Tax Exemption	Facilitates wealth transfer planning, optimize tax benefits, consider revisiting to avoid future tax exposure

Individual Taxes: Itemized Deduction Items

Individual Taxes: Itemized Deduction Items

Tax Provision	The Past: Tax Cuts and Jobs Act	The Present: One Big Beautiful Bill Act
State and Local Tax (SALT) Cap	\$10,000 cap	<ul style="list-style-type: none"> The SALT provision raises the individual cap from \$10,000 to \$40,000 for 2025 and \$40,400 for 2026, with 1% increases in 2027–2029. The cap reverts to \$10,000 in 2030. A phaseout applies for MAGI over \$500,000 in 2025 and increases slightly in future years. The deduction won't drop below \$10,000, and pass-through entities are not subject to the SALT cap.
Mortgage Interest Deduction	\$750,000 acquisition indebtedness limit expires after 2025	Makes \$750,000 limit permanent and includes mortgage insurance premiums

Individual Taxes: Itemized Deduction Items

Tax Provision	The Past: Tax Cuts and Jobs Act	The Present: One Big Beautiful Bill Act
Home Equity Debt	Interest on home equity debt is not deductible unless used to buy, build, or substantially improve the home; applies through 2025	Disallowance of home equity debt interest expense is made permanent
Casualty Loss Deduction	Limited to federally declared disasters through 2025	Limitation of federally declared disasters made permanent and expands the provision to include certain state-declared disasters

Individual Taxes: Itemized Deduction Items

Tax Provision	The Past: Tax Cuts and Jobs Act	The Present: One Big Beautiful Bill Act
Miscellaneous Itemized Deductions	Suspended 2018-2025; Reinstated in 2026	Made permanent
Pease Limitation (Itemized Deductions Phaseouts)	Suspended 2018-2025; Reinstated in 2026	Permanently removes the Pease limitation and replaces it with a new cap: deductions are reduced by 2/37 of the lesser of (1) the itemized deductions or (2) the taxable income exceeding the 37% bracket threshold
Charitable Contributions (Itemizer)	Subject to specific limitations based on type of contribution	Subject to specific limitations based on type of contribution; now only contribution to extent .5% of contribution base is exceeded

Individual Taxes: Itemized Deduction Items

The Future

Tax Provision	Impact on YOU
State and Local Tax (SALT) Cap	<ul style="list-style-type: none">• Income management to take advantage of additional SALT deduction, and avoid phaseouts• Timing of real estate taxes between years and 4Q estimates comes back into play
Charitable Contribution 0.5% Floor	<ul style="list-style-type: none">• Consider front loading charitable gifting in 2025 before limitations take effect• Bunching concept becomes more important with use of Donor Advised Funds• QCD's continue to be very tax efficient if over age 70 ½
Home Equity Debt	<ul style="list-style-type: none">• Continue to consider alternative ways to finance items not related to home improvement

Charitable Contribution Example (Itemizer) \$100,000 charitable gift, in 37% bracket

	<u>TCJA</u>	<u>OBBBA</u>
AGI	\$1,000,000	\$1,000,000
Char. Contribution	<u>\$100,000</u>	<u>\$95,000</u> (\$1M AGI* .5% floor)
Taxable Income	\$900,000	\$905,000
	Tax savings 37% of \$100k = \$37,000	Tax savings 35% of \$95k = \$33,250

Result: \$3,750 less tax savings, \$5,000 more taxable income, and not currently considering “Pease Limitation”

Individual Taxes: New Items

Individual Taxes: New Items

Tax Provision	The Past: Tax Cuts and Jobs Act	The Present: One Big Beautiful Bill Act
Charitable Contribution Deduction (Non-Itemizers)	<ul style="list-style-type: none">• No above-the-line charitable deduction for non-itemizers• Taxpayers had to itemize to deduct charitable contributions	<ul style="list-style-type: none">• The bill creates a charitable deduction (above the line) of up to \$1,000 Single filers and \$2,000 for MFJ• This is a permanent provision• Starting after 2025• Does not include contributions to a Donor Advised Fund

Individual Taxes: New Items

Tax Provision	The Past: Tax Cuts and Jobs Act	The Present: One Big Beautiful Bill Act
Enhanced Deduction for Seniors	<p>Seniors (65+) received an additional standard deduction:</p> <ul style="list-style-type: none"> • \$1,600 for Single filers • \$2,600 for Married Filing Jointly if both spouses qualify 	<ul style="list-style-type: none"> • The bill adds a \$6,000 deduction per individual (above the line) for seniors over 65 • This is in addition to the already existing increase in the standard deduction for seniors of \$2,000 Single and \$1,600 per qualifying spouse MFJ • This is a temporary provision for the tax years 2025 - 2028 • This phases out with Modified Adjusted Gross Income over \$75k for Single filers and \$150k MFJ • This replaces President Trump's campaign promise of no tax on Social Security

Individual Taxes: New Items

Tax Provision	The Past: Tax Cuts and Jobs Act	The Present: One Big Beautiful Bill Act
Auto Loan Interest Deduction	No deduction allowed for personal auto loan interest, regardless of vehicle use or lien status	<ul style="list-style-type: none"> • Allows a deduction of up to \$10,000 (above the line) • This is a temporary provision for the tax years 2025 - 2028 • Includes all qualified personal passenger vehicles with final assembly in the U.S. • Also included are all-terrain and recreational vehicles • This phases out with Modified Adjusted Gross Income over \$100k for Single filers and \$200k MFJ • New car purchases only (as of purchase date) • Secured by a lien on the vehicle

Individual Taxes: New Items

Tax Provision	The Past: Tax Cuts and Jobs Act	The Present: One Big Beautiful Bill Act
Wagering Loss Deduction	Gambling losses were deductible to the extent of gambling winnings (100% offset), but only if the taxpayer itemized	<ul style="list-style-type: none">• Limits deduction for gambling losses to 90% of winnings• This applies only to taxpayers that itemize their deductions• This is a permanent deduction

Individual Taxes: New Items

The Future

Tax Provision	Impact on YOU
Auto Loan Interest Deduction	<ul style="list-style-type: none">• Could provide an opportunity for a new car buyer• In a year of potential purchase of a vehicle, manage your income accordingly:<ul style="list-style-type: none">○ Harvest capital losses to offset capital gains or to create a \$3k loss○ Business owners can pay bills early and postpone late December billing○ Manage timing of retirement withdraws (above RMD) to the next year
Charitable Contribution Deduction (Non-Itemizers)	<ul style="list-style-type: none">• If you have not itemized the last couple years, it is time to start keeping track of your charitable giving again.

Compensation and Benefits

Compensation and Benefits

Tax Provision	The Past: Tax Cuts and Jobs Act	The Present: One Big Beautiful Bill Act
No Tax on Tips and Overtime Pay	<ul style="list-style-type: none"> No special income tax exclusion or deduction for tips or overtime All were considered taxable wages subject to income and FICA tax 	<ul style="list-style-type: none"> This bill provides temporary relief for both of these for the 2025 through 2028 tax years These are above the line deductions (itemizing your deductions are not required) Provision applies only to Income taxes Employee will still be subject to FICA (Social Security and Medicare) taxes Excludes highly compensated employees (which is defined as \$160k in wages for 2025) Phase out once modified adjusted gross income exceeds \$150k for single filers and \$300k for joint filers A valid Social Security Number is required

Compensation and Benefits

Tax Provision	The Past: Tax Cuts and Jobs Act	The Present: One Big Beautiful Bill Act
Deduction for Tip Income	<ul style="list-style-type: none"> No deduction All tip income (voluntary or otherwise) was fully taxable if reported 	<ul style="list-style-type: none"> The bill creates an annual deduction of up to \$25,000 for qualified tips reported on the W-2 Qualified tips are "voluntary" cash or charged tips; Not mandatory due to party size, etc. Limited to occupations where tipping is traditionally customary (e.g., hospitality, salons, etc.)
Deduction for Overtime Pay	<ul style="list-style-type: none"> No deduction Overtime pay was fully included in taxable income 	<ul style="list-style-type: none"> The bill creates a deduction up to \$12,500 (single) and \$25,000 (joint) Qualifies only for the "premium" portion of overtime pay (i.e., only the half of "time and a half") Qualified overtime is defined under the Fair Labor Standards Act (FLSA) of 1938

Compensation and Benefits

The Future

Tax Provision	Impact on YOU
No Tax on Tips and Overtime Pay	<ul style="list-style-type: none">• Preparing W-2 just got that much more interesting<ul style="list-style-type: none">○ Additional / revised record keeping will need to be done○ All qualifying tips will need to be separately reported○ Qualifying overtime will need to be separately reported○ Consider hiring a payroll provider• Be prepared to respond to employee questions on eligibility and why no immediate change in net paychecks• No effect on any FICA Tip credit for business owner

Compensation and Benefits: Fringe Benefits

Compensation and Benefits: Fringe Benefits

Tax Provision	The Past: Tax Cuts and Jobs Act	The Present: One Big Beautiful Bill Act
Qualified Bicycle Commuting	Excluded up to \$20 per month of company reimbursement from employee income	<ul style="list-style-type: none"> Permanently removes benefit for tax years beginning after December 31, 2025
Moving Expenses	Suspended 2018 - 2025	<ul style="list-style-type: none"> Permanently removed, with the exception of armed services and intelligence community
Dependent Care Assistance	Allows for placing pre-tax dollars into a Flex sending account	<ul style="list-style-type: none"> Increases the amount excluded from employee income from \$2,500 to \$3,750 for single filers and from \$5,000 to \$7,500 MFJ Provision made permanent Beginning for tax years after December 31, 2025
Educational Assistance Programs	Up to a \$5,250 exclusion from employee income for qualified expenses, including qualified student loans	<ul style="list-style-type: none"> Made permanent and adjusted for inflation going forward

Compensation and Benefits: Fringe Benefits

The Future

Tax Provision	Impact on YOU
Dependent Care Assistance	<ul style="list-style-type: none">• Allows for employees to set aside additional pre-tax dollars, potentially allowing for additional hours worked• Allows for employers to offer an increased benefit without increasing taxable income
Educational Assistance Programs	<ul style="list-style-type: none">• Allows for better planning due to its permanence

Compensation and Benefits: Credits & Incentives

Compensation and Benefits: Credits & Incentives

Tax Provision	The Past: Tax Cuts and Jobs Act	The Present: One Big Beautiful Bill Act
Paid Family and Medical Leave Credit	<ul style="list-style-type: none"> Provides a credit for paying qualifying employees while on leave Set to expire at the end of 2025 	<ul style="list-style-type: none"> Makes this provision permanent, while enhancing the credit by allowing insurance premiums and lowering eligibility of employees from 12 months working to 6 months
Employer-Provided Childcare Credit	<ul style="list-style-type: none"> 25% of qualified expenses up to \$150,000 	<ul style="list-style-type: none"> Increases credit to 40% (50% for small businesses), max credit of \$500,000 (\$600,000 for small businesses); Adjusted for inflation

Compensation and Benefits: Credits & Incentives

The Future

Tax Provision	Impact on YOU
Paid Family and Medical Leave Credit	Allows for you to keep key talent by offering benefits that the government is partially funding for you
Employer-Provided Childcare Credit	Opens up your talent pool by encouraging more parents to participate in the workforce

Compensation and Benefits: Administrative Changes

Compensation and Benefits: Administrative Changes

Tax Provision	The Past: Tax Cuts and Jobs Act	The Present: One Big Beautiful Bill Act
Form 1099 Information Reporting: Form 1099-K	Reporting threshold of \$20k, or 200 transactions before 2024, \$5,000 in 2024, \$2,500 in 2025, \$600 thereafter	<ul style="list-style-type: none"> Increases reporting threshold from \$600 to \$20k over 200 transactions Effective 2025, H.R. 1 reverts to pre-American Rescue Plan Act
Form 1099 Information Reporting: Form 1099-NEC	Reporting threshold of \$600	<ul style="list-style-type: none"> Increases reporting threshold from \$600 to \$2k for payments made after 12/31/2025 Indexed annually for inflation beginning in 2027 Effective for payments made after 12/31/25
Form 1099 Information Reporting: Form 1099-MISC	Reporting threshold of \$600	<ul style="list-style-type: none"> Increases reporting threshold from \$600 to \$2k for payments made after 12/31/2025 Indexed annually for inflation beginning in 2027 Effective for payments made after 12/31/25

Compensation and Benefits: Administrative Changes

Tax Provision	The Past: Tax Cuts and Jobs Act	The Present: One Big Beautiful Bill Act
Employee Retention Credit	<ul style="list-style-type: none">• Employers could file 2020 claims through 4/15/2024 and 2021 claims through 4/15/2025• IRS has 3-year statute of limitations, except 5 years for Q3 and Q4 2021 claims	<ul style="list-style-type: none">• No payment of Q3 & Q4 2021 ERC claims filed after 1/31/2024• Defines COVID-ERTC promoter and increases penalties on them• Extends statute of limitations to 6 years for both IRS and taxpayers

Compensation and Benefits: Administrative Changes

The Future

Tax Provision	Impact on YOU
Form 1099 Information Reporting	Less 1099s to be issued and less burden on businesses
Employee Retention Credit	Some 2021 credits will not be paid, and the audit period was extended to 6 years

Tax-Advantaged Tools: New Items

Tax-Advantaged Tools: New Items

Tax Provision	The Past: Tax Cuts and Jobs Act	The Present: One Big Beautiful Bill Act
Trump Accounts	<ul style="list-style-type: none"> No government-funded investment accounts for children existed No federal seed contributions or structured child-focused savings vehicles tied to birth year Parents could establish custodial or IRA accounts for minors, but with no matching or government involvement 	<ul style="list-style-type: none"> Creates \$1,000 government-funded “Trump Accounts” for children born 2025–2028 No income limits; must be a U.S. citizen with a Social Security number Parents can contribute up to \$5,000/year; employers up to \$2,500/year tax-free Accounts available starting July 2026; child can access funds at age 18 Treasury will open accounts if parents don’t

Tax-Advantaged Tools: New Items

The Future

Tax Provision	Impact on YOU
Trump Accounts	<ul style="list-style-type: none">• Impact will be additional retirement savings for children

Tax-Advantaged Tools: Modifications

Tax-Advantaged Tools: Modifications

Tax Provision	The Past: Tax Cuts and Jobs Act	The Present: One Big Beautiful Bill Act
ABLE Accounts	<ul style="list-style-type: none"> To be eligible, a disability had to begin before age 26 Annual contributions were limited, tied to the gift tax exclusion The Saver's Credit was available for qualified contributions by eligible account beneficiaries 	<ul style="list-style-type: none"> Expanded Eligibility: Starting 1/1/26, the ABLE Age Adjustment Act raises the eligibility age to include disabilities beginning before age 46 Increased Contribution Limits (Permanent): Makes the current contribution limit permanent and includes an additional year of inflation adjustment Enhanced Saver's Credit (Permanent): Becomes permanently available for qualified contributions, and the credit amount increases from \$2,000 to \$2,100 Tax-Free Rollovers from 529 Plans (Permanent): Tax-free rollovers from qualified 529 tuition programs to ABLE accounts are now permanent

Tax-Advantaged Tools: Modifications

Tax Provision	The Past: Tax Cuts and Jobs Act	The Present: One Big Beautiful Bill Act
529 Plan Qualified Expenses	<ul style="list-style-type: none"> • Use of 529 plans limited to qualified K–12 and higher education • Annual withdrawal limit on qualified K–12 tuition expenses of \$10k, no annual withdrawal limit on other qualified expenses 	<ul style="list-style-type: none"> • Expands use of 529 plans to include certain postsecondary credentialing expenses (e.g., expenses to obtain and maintain CPA license) • Increases annual withdrawal of qualified K–12 tuition expenses to \$20k, no annual withdrawal limit on other qualified expenses • Effective for distributions made after date of enactment

Tax-Advantaged Tools: Modifications

Tax Provision	The Past: Tax Cuts and Jobs Act	The Present: One Big Beautiful Bill Act
HSA – Expanded Access	<ul style="list-style-type: none"> • Contribution Limits: Individuals: \$4,300, Families: \$8,550 (2025) • Eligibility: Generally limited to those with High Deductible Health Plans (HDHPs) and no disqualifying healthcare coverage • Qualified Expenses: Limited to IRS-defined medical expenses • Each spouse needs an HSA to make the catch-up contribution 	<ul style="list-style-type: none"> • Higher Contribution Limits: Adds \$4,300 (individual)/ \$8,550 (family); phases out at \$100k single/\$200k joint • Expanded Eligibility: Includes direct primary care arrangements (≤\$150/month individual; ≤\$300 family), ACA Bronze and catastrophic plans, Seniors enrolled in Medicare Part A only • More Qualified Expenses: Fitness/sports expenses, direct primary care fees, telehealth/remote care before deductible • Catch-Up Rule Simplified: Both spouses 55+ can contribute catch-up amounts to one HSA • FSA/HRA to HSA Transfers: One-time rollover allowed when switching to HDHP after a 4-year gap • Retroactive HSA Setup: Expenses within 60 days before opening an HSA are reimbursable if coverage has started • Spouse’s FSA No Longer Blocks HSA: Spouse’s FSA doesn’t disqualify you if it only covers their own expenses

Tax-Advantaged Tools: Modifications

The Future

Tax Provision	Impact on YOU
ABLE Accounts	More disabled will be eligible for these accounts, credits were maintained and HSA can now roll into these accounts to provide flexibility with those funds
529 Plan Qualified Expenses	Expanded usage of accounts
HSA – Expanded Access	Increased contribution to save tax, expanded eligibility and usage to maximize tax savings on qualified expenses

Business Taxes: TCJA Provisions Made Permanent

Business Taxes: TCJA Provisions Made Permanent

Tax Provision	The Past: Tax Cuts and Jobs Act	The Present: One Big Beautiful Bill Act
100% Bonus Depreciation	<ul style="list-style-type: none"> • 100% bonus depreciation for property placed in service from 9/27/2017 to 12/31/2022 • 20% phase out starting in 2023 (2023 = 80%, 2024 = 60%, 2025 = 40%, 2026 = 20%, 0% in 2027) 	<ul style="list-style-type: none"> • 100% bonus depreciation for property acquired after 1/19/2025
Business Interest Expense Limitations	<ul style="list-style-type: none"> • Business interest expense was limited to 30% of Adjusted Taxable Income (ATI) • ATI Calculation: <ul style="list-style-type: none"> ○ 2018-2021 = EBITDA ○ 2022-2024 = EBIT • Small Business Exemption Threshold 	<ul style="list-style-type: none"> • EBITDA limitation reinstated with no expiration date

Business Taxes: TCJA Provisions Made Permanent

Tax Provision	The Past: Tax Cuts and Jobs Act	The Present: One Big Beautiful Bill Act
Excess Business Loss Deduction	<ul style="list-style-type: none">• Restricted business losses for non-corporate taxpayers that could be deducted against non-business income• Loss in excess of \$500k (indexed for inflation) were disallowed in CY and converted to NOL	<ul style="list-style-type: none">• Now permanent and retains existing treatment of EBL carryforwards

Business Taxes: TCJA Provisions Made Permanent

The Future

Tax Provision	Impact on YOU
100% Bonus Depreciation	Depreciation no longer phased out and accelerates depreciation deduction for entities not able to take §179 or potentially over the yearly limit
Business Interest Expense Limitations	Includes depreciation and amortization as an addback, net positive change if your business was limited with the 2022 change to ATI
Excess Business Loss Deduction	Same as TCJA which is positive for taxpayers as the House Bill wanted to further limit the deductions for taxpayers

Business Taxes: TCJA Provisions Made Permanent

Tax Provision	The Past: Tax Cuts and Jobs Act	The Present: One Big Beautiful Bill Act
Research & Experimental Expenditures	<ul style="list-style-type: none"> • R&D provisions within the TCJA had a delayed kick in: Starting in 2022, R&D expenses would no longer be allowed as a current deduction. Instead, R&D expenses were allowed to be deducted as follows: <ul style="list-style-type: none"> ○ For U.S. based R&D expenses, yearly pro-rata deductions over 5 years ○ For foreign based R&D expenses, yearly pro-rata over 15 years • Caused significant cash flow problems for R&D heavy businesses, as R&D is often paid out of operating cash flow and not financed 	<ul style="list-style-type: none"> • For domestic based R&D, expenses are fully deductible in the year paid (going back to the way it was prior to 2022) • However, foreign based R&D remains on 15-year deduction schedule • Effective dates: <ul style="list-style-type: none"> ○ Start for years beginning in 2025 ○ For “small businesses” (gross receipts less than \$31m), the rules can be applied retroactive to 2022, if the company elects to do so. To make this election, amended returns for 2022 – 2024 would need to be sent to the IRS prior to 7/4/26. (Note: 1 year after the signing of the OBBB) • What to do with the “undeducted” portion of R&D expenses from 2022 – 2024? This amount may be: <ul style="list-style-type: none"> ○ Continued to be deducted on its scheduled amortization (the 5-year rule) ○ Deducted in full in 2025, or ○ Deducted in 2025 and 2026 at 50% of the undeducted balance per year • R&D deduction rules are now permanent, no set expiration date (Important to note difference between final OBBB and the House bill)

Business Taxes: TCJA Provisions Made Permanent

Tax Provision	The Past: Tax Cuts and Jobs Act	The Present: One Big Beautiful Bill Act
Qualified Business Income Deduction	<ul style="list-style-type: none">The QBI deduction was set to expire 12/31/25	<ul style="list-style-type: none">The QBI deduction is made permanentPhase out ranges have been expanded, potentially allowing more deduction for certain service businesses, and businesses that have low wages or fixed assets

Business Taxes: TCJA Provisions Made Permanent

The Future

Tax Provision	Impact on YOU
Research & Experimental Expenditures	<ul style="list-style-type: none">• Impact for small businesses (less than \$31m in sales): Decision to provide the new rules retroactively, and amend 2022 – 2024 returns; or follow the rules for big businesses• Impact for big businesses: Decision as to treatment of the undeducted portion of R&D from 2022 – 2024:<ul style="list-style-type: none">○ Continue over 5 years○ All deducted in 2025○ Split deduction between 2025 and 2026
Qualified Business Income Deduction	If you are a business owner, review your qualified business income deduction if the new increased phaseout ranges affect your business.

Business Taxes: New/Enhanced Items

Business Taxes: New/Enhanced Items

Tax Provision	The Past: Tax Cuts and Jobs Act	The Present: One Big Beautiful Bill Act
Enhanced Section 179 Small Business Expense	<ul style="list-style-type: none"> • Section 179 expensing limits were indexed annually for inflation • 2023 limit was around \$1.16m, with phase-out beginning at \$2.89m • Eligible property included tangible personal property, off-the-shelf software, and limited qualified real property 	<ul style="list-style-type: none"> • 2025 Thresholds: <ul style="list-style-type: none"> ○ Expense limit: \$2.5m ○ Phase-out threshold: \$4m • Qualifying property: Tangible personal property, off-the-shelf software, qualified real property (detailed on next slide) • Inflation indexing base updated to 2024 • Made on Form 4562; cannot exceed taxable income • Effective for property placed in service after December 31, 2024

Business Taxes: New/Enhanced Items

Tax Provision	The Past: Tax Cuts and Jobs Act	The Present: One Big Beautiful Bill Act
Qualified Real Property Definitions	<ul style="list-style-type: none"> • Certain qualified real property was eligible for Section 179 expensing • Included: <ul style="list-style-type: none"> ○ Qualified leasehold improvement property ○ Qualified restaurant property ○ Property needed to meet specific requirements (e.g., interior improvements to nonresidential buildings) 	<ul style="list-style-type: none"> • Qualified Leasehold Improvement Property (IRC §179(d)(1)): <ul style="list-style-type: none"> ○ Improvements to interior of nonresidential building leased by taxpayer ○ Placed in service >3 years post-construction ○ **Extension** of prior §179(d) leasehold improvement rule • Qualified Restaurant Property (IRC §179(d)(2)): <ul style="list-style-type: none"> ○ Dining, kitchen, and customer areas of restaurant ○ Structured for on-site eating/drinking ○ **New** stand-alone category under H.R. 1 • Qualified Retail Improvement Property (IRC §179(d)(3)): <ul style="list-style-type: none"> ○ Interior improvements to retail space open to general public ○ Excludes enlargements, elevators, escalators ○ **Extension**: Codifies and expands previous safe harbor rules • These definitions clarify eligibility and build on existing §179 rules

Business Taxes: New/Enhanced Items

Tax Provision	The Past: Tax Cuts and Jobs Act	The Present: One Big Beautiful Bill Act
100% Bonus Depreciation	<ul style="list-style-type: none"> • Allowed 100% bonus depreciation for new and used qualified property placed in service before 2023 • Phased down beginning in 2023 (80%), with full phase-out scheduled by 2027 • Applied to tangible personal property but not to nonresidential real estate 	<ul style="list-style-type: none"> • Qualified production property: <ul style="list-style-type: none"> ○ Nonresidential real property integral to manufacturing/production ○ Requires substantial transformation of property • Original use with taxpayer or unused property purchased 1/1/2021–5/12/2025 • Construction begins after January 19, 2025; placed in service by January 1, 2031 • Excludes offices, lodging, parking, sales areas, R&D, software dev spaces • 10-year recapture under §1245 if use ceases; election on return

Business Taxes: New/Enhanced Items

Tax Provision	The Past: Tax Cuts and Jobs Act	The Present: One Big Beautiful Bill Act
Business Meal Deduction Exception	<ul style="list-style-type: none"> • 50% deduction allowed for ordinary business meals if not lavish and the taxpayer was present • Deduction applied to meals with clients, prospects, or employees 	<ul style="list-style-type: none"> • Retains 50% deduction for ordinary business meals <ul style="list-style-type: none"> ○ Food/beverage with client, prospect, or employee • Not lavish; taxpayer/employee present • Fishing-industry exception: 100% on qualified vessels/facilities north of 50° N • Documentation: Date, location, purpose, attendees • Effective for expenses after December 31, 2025 • Entertainment still not deductible

Business Taxes: New/Enhanced Items

The Future

Tax Provision	Impact on YOU
Enhanced Section 179 Small Business Expense	Increase opportunity (i.e., restaurants), but limited to business income and utilization of bonus depreciation also has to be factored in
Bonus Depreciation on Qualified Production Property	Effective for 2026 but has the potential to deduct the cost of a production facility in year of being put into service
Business Meal Deduction	50% deduction will remain, and Alaska fishing charters may be 100% deductible

Business Taxes: Modifications to Note

Business Taxes: Modifications to Note

Tax Provision	The Past: Tax Cuts and Jobs Act	The Present: One Big Beautiful Bill Act
Qualified Small Business Stock (QSBS) Exclusion	<ul style="list-style-type: none"> • Eligibility Requirements: The stock must be: <ul style="list-style-type: none"> ○ Acquired at original issuance (not secondary market) ○ Issued by domestic C corporation ○ Corporation has gross assets equal to or under \$50 million at and before issuance ○ Corporation engaged in active qualified trade or business 	<ul style="list-style-type: none"> • Eligibility Requirements: The stock must be: <ul style="list-style-type: none"> ○ Acquired at original issuance (not secondary market) ○ Issued by domestic C corporation ○ Corporation has gross assets equal to or under \$75 million at and before issuance ○ Corporation engaged in active qualified trade or business

Business Taxes: Modifications to Note

Tax Provision	The Past: Tax Cuts and Jobs Act	The Present: One Big Beautiful Bill Act
Qualified Small Business Stock (QSBS) Exclusion	<ul style="list-style-type: none"> • Holding Period Requirements: Held for more than 5 years and exclusion percentage depending on acquisition date: <ul style="list-style-type: none"> ○ 50% for stock acquired before 2/17/2009 ○ 75% for stock acquired between 2/18/2009 and 9/27/2010 ○ 100% for stock acquired after 9/27/2010 	<ul style="list-style-type: none"> • Holding Period Requirements: Tiered gain exclusion based on holding period: <ul style="list-style-type: none"> ○ 3-year hold: 50% exclusion ○ 4-year hold: 75% exclusion ○ 5-year+ hold: 100% exclusion

Business Taxes: Modifications to Note

Tax Provision	The Past: Tax Cuts and Jobs Act	The Present: One Big Beautiful Bill Act
<p>Qualified Small Business Stock (QSBS) Exclusion</p>	<ul style="list-style-type: none"> • Exclusion Cap: Gain exclusion was limited to greater of: <ul style="list-style-type: none"> ○ \$10 million or ○ 10 times the taxpayer’s basis in the QSBS 	<ul style="list-style-type: none"> • Exclusion Cap: Gain exclusion was limited to greater of: <ul style="list-style-type: none"> ○ \$15 million, adjusted for inflation or ○ 10 times the taxpayer’s basis in the QSBS • Effective Date: New rules apply to QSBS if issued or acquired after 7/4/2025 • Exchanges or Rollovers: Stock-for-stock exchanges or Section 1045 rollovers do not reset the acquisition date to qualify for new rules

Business Taxes: Modifications to Note

Tax Provision	The Past: Tax Cuts and Jobs Act	The Present: One Big Beautiful Bill Act
Qualified Opportunity Zones	<ul style="list-style-type: none"> • Capital Gain Deferral: Defer capital gains by reinvesting gain into Qualified Opportunity Fund (QOF) <ul style="list-style-type: none"> ○ Deferral lasts until the earlier of: <ul style="list-style-type: none"> ➤ Date investment in QOF was sold or exchanged, or ➤ December 31, 2026 • Step-Up in Basis: Partial forgiveness of the deferred gain: <ul style="list-style-type: none"> ○ 10% basis increase after 5-year holding period ○ 5% basis increase after 7 years 	<ul style="list-style-type: none"> • Capital Gain Deferral: Capital gain deferral lasts until the earlier of: <ul style="list-style-type: none"> ○ Investment in QOF was sold or exchanged, or ○ 5 years from investment date • Step-Up in Basis: For investments made after December 31, 2026: <ul style="list-style-type: none"> ○ 10% basis step-up applies after 5 years ○ 5% step-up has been eliminated ○ NEW: A new class of OZ funds focused on rural areas (less than 50k) offer enhanced benefits: <ul style="list-style-type: none"> ➤ 30% basis step-up after 5 years

Business Taxes: Modifications to Note

Tax Provision	The Past: Tax Cuts and Jobs Act	The Present: One Big Beautiful Bill Act
Qualified Opportunity Zones	<ul style="list-style-type: none"> Exclusion of Post-Investment Gains: If investment was held for 10+ years, any appreciation in QOF investment was entirely tax-free Sunset: December 31, 2026 	<ul style="list-style-type: none"> Exclusion of Post-Investment Gains: Like TCJA, appreciation in investment held for 10+ years is tax-free with one NEW caveat: The gain exclusion is capped after 30 years Sunset: Permanent

Business Taxes: Modifications to Note

Tax Provision	The Past: Tax Cuts and Jobs Act	The Present: One Big Beautiful Bill Act
New Markets Tax Credit	<ul style="list-style-type: none"> • Credit Value: 39% of qualified equity investment (QEI) over 7 years (5% for 3 years, 6% for 4 years) • Eligible Areas: Low-income census tracts • Status: Temporary, but regularly renewed by Congress • Common Project Types: Real estate, community facilities, operating businesses 	<ul style="list-style-type: none"> • Credit Value: Unchanged, same credit and timing • Eligible Areas: Same, however, expect alignment with new OZ eligibility rules in future • Status: Permanent, no sunset risk • Common Project Types: Same, but rural and mixed-use projects may get preference

Business Taxes: Modifications to Note

The Future

Tax Provision	Impact on YOU
Qualified Small Business Stock (QSBS) Exclusion	<ul style="list-style-type: none">• Greater flexibility in exit timing, with 3- and 4-year holding period exclusion options• Larger tax-free gains, increasing cap to \$15 million from \$10 million• More corporations qualify with the larger asset cap• No AMT preferences, saving taxpayers from potential taxation on partial exclusions
Qualified Opportunity Zones	<ul style="list-style-type: none">• More certainty with opportunity zones being made permanent• Enhanced step-up for those investments made in rural communities• Tighter eligibility criteria meaning stricter income and poverty thresholds must be met to be considered a qualified tract• Significantly more reporting requirements with substantial penalties for non-compliance

Business Taxes: Modifications to Note

The Future

Tax Provision	Impact on YOU
New Markets Tax Credit	<ul style="list-style-type: none">• Added certainty for developers and investors now that the credit is permanent• More capital potential with permanent credits and potential stacking• NMTC integration with OZ and LITHC encouraged by OBBB• Enhanced rural access, which could lead to more opportunities in these areas
International Tax Provisions	<ul style="list-style-type: none">• Higher effective tax rates on foreign income through reduction of \$250 deductions• Potential compliance relief under CPC• No new retaliatory tax regimes

Business Taxes: State and Local Tax Considerations

Business Taxes: State and Local Tax Considerations

Tax Provision	The Past: Tax Cuts and Jobs Act	The Present: One Big Beautiful Bill Act
Pass-Through Entity Tax (PTET)	<p>SALT limitation: \$10,000</p> <ul style="list-style-type: none"> • Notice 2020-75 permits a pass-through entity to deduct SALT • 36 states + NYC have now adopted PTET, allowing the pass-through entity to pay state income taxes at the entity level, reducing the federal taxable income passed through to owners • Effectively restores a full deduction for state taxes for high-income individuals, bypassing the SALT limitation 	<p>SALT limitation: \$40,000 (2025-2029)</p> <ul style="list-style-type: none"> • Continues to permit a pass-through entity to deduct state income taxes at the entity level, reducing the income allocated to its owners • Monitor states with PTET set to expire on December 31, 2025 – CA, IL, OR, UT

Business Taxes: State and Local Tax Considerations

Tax Provision	The Past: Tax Cuts and Jobs Act	The Present: One Big Beautiful Bill Act
<p>State Conformity to Federal Tax Provisions *Varies by state</p>	<ul style="list-style-type: none"> • Section 174 Research & Experimental Expenses • Section 163(j) Business Interest Expense • Section 168(k) Bonus Depreciation • International Tax Provisions 	<ul style="list-style-type: none"> • States generally conform to the IRC based on rolling conformity or fixed-date conformity • Some states may not pass relevant legislation by March 15, 2026, or April 15, 2026, requiring some taxpayers to consider the state impact of federal tax reform on extensions and estimates • Many have already concluded their legislative sessions prior to enactment of OBBA on July 4 • Many states will need to address reduction in federal funding – reduce services vs. replace revenue

Business Taxes: State and Local Tax Considerations

The Future

Tax Provision	Impact on YOU
Pass-Through Entity Tax (PTET)	<ul style="list-style-type: none">• Increased federal limitation and income limits may require some owners to reconsider state PTET elections• Continues to be beneficial for:<ul style="list-style-type: none">○ High-income individuals (especially MFJ filers with Modified AGI over \$500,000)○ Business owners of profitable pass-through entities operating in states that permit PTET○ Business owners with minimal itemized deductions outside of SALT

Business Taxes: State and Local Tax Considerations

The Future

Tax Provision	Impact on YOU
State Conformity to Federal Tax Provisions *Varies by state	<ul style="list-style-type: none">• State conformity must be analyzed state-by-state and may be different for individual and business taxpayers• Anticipate that necessary state responses may not occur by original deadlines, requiring taxpayers to consider filing extensions• Monitor the 2026 state legislative sessions as states consider conforming, decoupling, or selective agreement with the federal changes

Energy Provisions

Energy Provisions

Tax Provision	The Past: Tax Cuts and Jobs Act	The Present: One Big Beautiful Bill Act
Energy Efficient Commercial Buildings Deduction	<ul style="list-style-type: none"> Energy efficiency improvements to commercial buildings, installed as part of the building envelope; interior lighting systems; or the heating, cooling, ventilation, and hot water systems Credit up to a maximum amount per square foot (ranging from \$.50 to \$5.00 per square foot) 	<ul style="list-style-type: none"> Credit up to a maximum amount per square foot (ranging from \$.50 to \$5.00 per square foot) Terminates deduction for property that begins construction after June 30, 2026
Energy Efficient Home Improvement Credit	<ul style="list-style-type: none"> 30% of qualified costs, \$1,200 annual limit, expires 2032 	<ul style="list-style-type: none"> 30% of qualified costs, \$1,200 annual limit Terminates for property placed in service after December 31, 2025
Residential Clean Energy Credit	<ul style="list-style-type: none"> 30% of qualified costs, phases down after 2032, expires 2034 	<ul style="list-style-type: none"> 30% of qualified costs Terminates for property placed in service after December 31, 2025

Energy Provisions

Tax Provision	The Past: Tax Cuts and Jobs Act	The Present: One Big Beautiful Bill Act
Previously Owned Clean Vehicle Credit	<ul style="list-style-type: none"> Up to \$4,000, expires 2032 	<ul style="list-style-type: none"> Up to \$4,000 Terminates for expenditures made after September 30, 2025
Clean Vehicle Credit	<ul style="list-style-type: none"> Up to \$7,500 per new clean vehicle, expires 2032 	<ul style="list-style-type: none"> Up to \$7,500 per new clean vehicle Terminates for vehicles acquired after September 30, 2025
New Energy Efficient Home Credit	<ul style="list-style-type: none"> Up to \$5,000 per home, expires 2032 	<ul style="list-style-type: none"> Up to \$5,000 per home Terminates for homes acquired after June 30, 2026
Commercial Clean Vehicle Credit	<ul style="list-style-type: none"> Up to \$40,000, expires 2032 	<ul style="list-style-type: none"> Up to \$40,000 Terminates for vehicles acquired after September 30, 2025

Energy Provisions

Tax Provision	The Past: Tax Cuts and Jobs Act	The Present: One Big Beautiful Bill Act
Alternative Fuel Refueling Property Credit	<ul style="list-style-type: none"> 30% of cost, up to \$100,000, expires 2032 	<ul style="list-style-type: none"> 30% of cost, up to \$100,000 Terminates for property acquired after June 30, 2026
Clean Electricity Production & Investment Credit	<ul style="list-style-type: none"> No expiration, based on beginning of construction 	<ul style="list-style-type: none"> Terminates for wind and solar facilities placed in-service after 12/31/27 and all other facilities after 2032 New foreign entity restrictions
Other Energy Provisions	<ul style="list-style-type: none"> Sec. 48C, 48D, 45Q, 45U, 45V, 45X, 45Z 	<ul style="list-style-type: none"> Sec. 48C, 48D, 45Q, 45U, 45V, 45X, 45Z

Energy Provisions

The Future

Tax Provision	Impact on YOU
Key Energy Provisions	<ul style="list-style-type: none">• Review project timelines, models, and contracts to align with adjusted earlier phaseouts and/or credit terminations• New restrictions on certain foreign entities constructing and owning clean energy facilities<ul style="list-style-type: none">○ Review organizational charts to determine whether influence or control by certain entities renders them ineligible• Credit transferability remains until underlying credits are phased out<ul style="list-style-type: none">○ Market for transferable credits expected to be impacted with fewer projects qualifying

Questions?



Additional Resources on SVAaccountants.com



The screenshot shows the top navigation bar of the SVAaccountants.com website. On the left is the SVA logo with the text "SVA Certified Public Accountants" and "Tax, Audit and Business Strategy" below it. To the right of the logo is a search bar with a magnifying glass icon and the text "Search:". Further right are contact options: a phone icon with "(888) 574-4782" and an email icon with "info@SVAaccountants.com". Below the search bar and contact info is a horizontal menu with the following items: "Services", "Industries", "Measurable Results.®", "Events", "About", "Resources", "Locations", "Careers", a "Contact" button, and "Clients".

The main banner has a dark blue background with a faint image of a building. At the top of the banner is a small orange pill-shaped button that says "New Legislation Alert". The main headline is "Navigate the One Big Beautiful Bill Act (OBBBA) with Confidence", where "One Big Beautiful Bill Act (OBBBA)" is in yellow and "Navigate the" and "with Confidence" are in white. Below the headline is a paragraph of text: "Your comprehensive resource hub for understanding OBBBA's impact on your business. Expert guidance, actionable insights, and exclusive content from the certified tax professionals at SVA." At the bottom of the banner is an orange pill-shaped button that says "Get Expert Guidance".

Thank You!



Eric Trost, CPA, MST
President & Principal
troste@sva.com



Dan Glomski, CPA, ABV, CVA, MST
Principal
glomskid@sva.com



Craig Maternowski, CPA
Principal
maternowskic@sva.com