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THE BIG BEAUTIFUL BILL WHAT YOU NEED TO KNOW

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Tax



KEY ISSUES PRE-ENACTMENT VS. POST-ENACTMENT

- Making key TCJA Provisions permanent
 - Inclusion of key campaign promises, no tax on tips, no tax on overtime and tax relief for seniors, and deductible auto loan interest for US made vehicles
 - Repeal of EV credits
 - Accelerated phase down of other IRA renewable energy credit
 - Inclusion of new restrictions on China supply chains for renewable energy credits
- These provisions are made permanent
 - Included on a temporary basis through 2028
 - EV credits repealed effective end of 2025
 - Rapid phase down of wind and solar tax credits
 - Restrictions that gradually become more stringent on use of supply chains through China or Chinese entities, including limits on use of IP and services provided by Chinese entities



MAJOR POLICIES THAT IMPACT INTERNATIONAL COMPETITION

- Initial versions of the legislation included Section 899 and Super BEAT. Would drastically raise taxes on taxpayers connected to countries that impose discriminatory or extraterritorial taxes..
- Ultimately removed as part of negotiated agreement within G7 which will prevent other countries from imposing new extraterritorial taxes on US corporations. Implementation of this agreement very much TBD. Will be a major issue for US HQ'd corporations.
- The G7 agreement does not address application of Digital Services Taxes (DSTs) by other countries. This will be an ongoing point of contention between the US and other countries and will likely be addressed through a combination of bilateral negotiations and threats of new tariffs.
- Changes to US international minimum tax rules which will require new rule making from Treasury.

KEY NEXT STEPS FOR OUR CLIENTS

- Changes to phase downs for wind and solar credits will create strong incentives for clients to take immediate actions to qualify for the safe harbor provisions that exist for the next 12 months.
- Significant rule making will be required across a number of tax credits, renewable energy, international and others.
- Firm has excellent experience in successfully shaping regulations both from TCJA and IRA that can serve as examples of our ability to deliver for clients in the rule making process.
- Further, Trump Administration is now motivated to complete the rule making process begun under the Biden Administration for the new corporate alternative minimum tax enacted as part of the IRA as finalizing this rule is an implicit part of the G7 agreement. Trump Administration expected to restart this rule making process.
- Overlap of international trade and tax issues will continue in the course of ongoing trade negotiations and implementation of G7 agreement. Few other firms have the knowledge and reach on both international tax and trade policy that Mayer Brown does.



Health Care



HEALTH OVERVIEW

- Four Major Chapters
 - Medicaid Reform
 - Medicare Updates
 - Health-Related Tax Provisions
 - Rural Health Support



MEDICAID REFORM

Eligibility and Enrollment

Cost Containment

Work Requirements & Cost Sharing

Access to Services

MEDICARE REFORM



ELIGIBILITY LIMITS



PROVIDER RELIEF



DRUG PRICING

HEALTH TAXES



Premium Tax
Credit Eligibility



Waste
Prevention



Enhanced
Patient Choice

KEY TAKEAWAYS

Aggressive Medicaid reforms: Reduces fraud, tightens eligibility, limits provider payments



Targeted Medicare provisions: Eligibility restrictions + temporary provider relief



Tax reforms: Tighter controls on ACA subsidies, expansion of consumer options



New support for rural healthcare access

Agriculture



AGRICULTURE OVERVIEW

- Estate Tax
 - Increase to \$15m, adjusts for inflation
 - Made permanent
- Clean Fuel (45z)
 - Favors conventional biofuels
 - Reduces incentives for Sustainable Aviation Fuel (SAF)
- Crop Insurance
 - Increased Supplemental Coverage Option (SCO) 65%→80%
 - Impacts greater by geographics

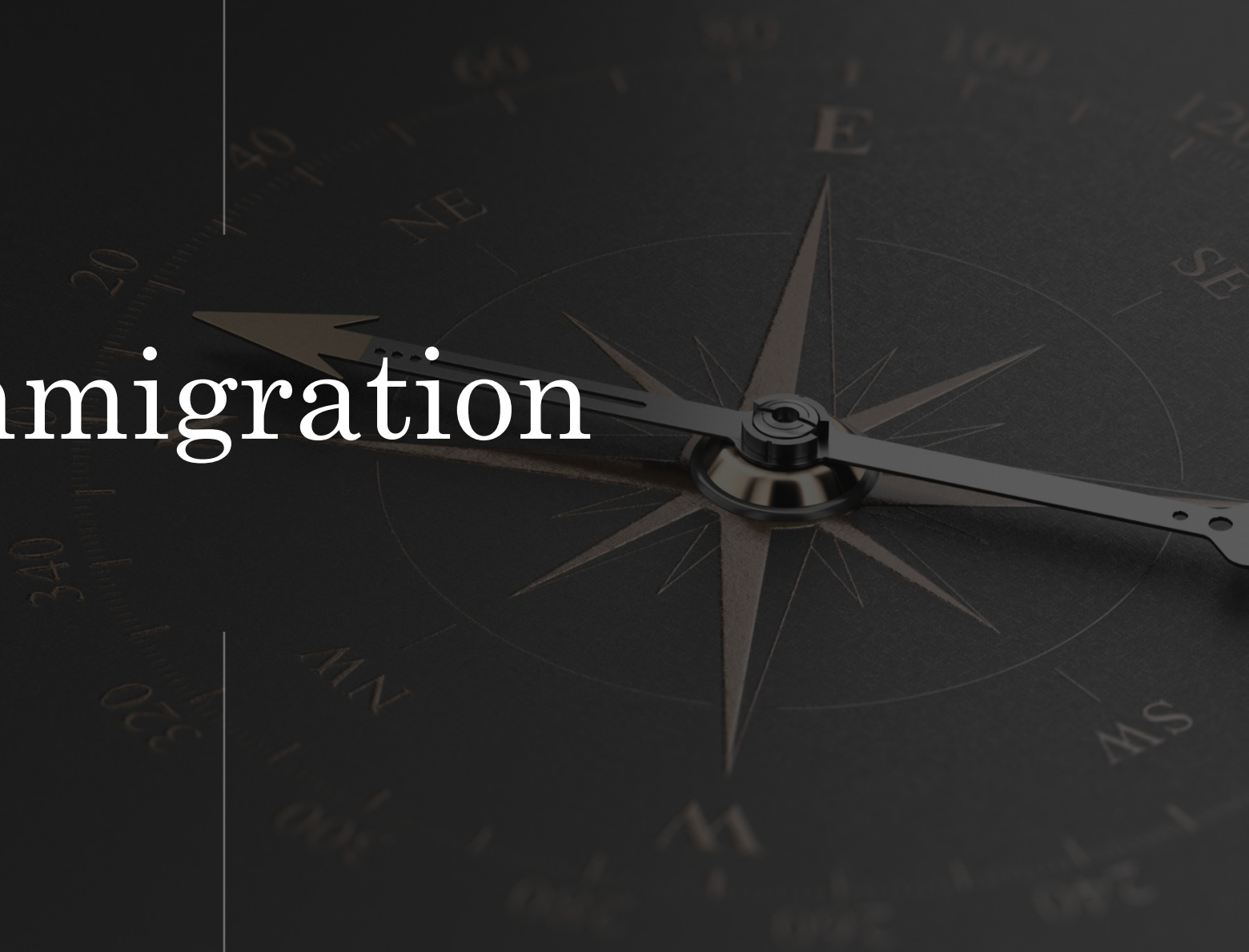


WHAT'S NEXT

- Regulations, particularly FEOC rules, are very complex and require significant efforts to implement
- Disaster funding, trade issues and workforce issues will all impact farm communities and agribusiness
- "Skinny" Farm Bill
 - Reconciliation did not address policy issues traditionally in a farm bill such as USDA loans, commodity price supports, conservation
 - Cuts to the Supplemental Nutrition Assistance Program (SNAP) of \$300b and gutting of climate provisions removed Democratic priorities from consideration



Immigration



IMMIGRATION PROVISIONS

Seeks to:

- Enhance Enforcement
- Expand Detention and Deportation Operations
- Impose a Tax on Remittances
- Raise Revenue From Fees for Immigrants Seeking Humanitarian Protection





BORDER SECURITY

Provides **more than \$70 billion** in funding over 4 years to US CBP to:

- Construct Physical Barriers (\$46.5 billion)
- Construct CBP Detention Facilities and Checkpoints (\$5 billion)
- Hire and Train New Border Patrol Agents (\$4.1 billion)
- Fund Border Security Technology (\$6.2 billion)
- Reimburse states and local governments for immigration and border-related enforcement (\$12 billion)



IMMIGRATION ENFORCEMENT

Provides **more than \$75 billion** over 4 years to fund ICE operations:

- Provides \$45 billion for detention capacity
- Allocates \$30 billion for ICE enforcement and deportation activities, including the hiring of agents and funds for transportation and removal operations

TAXES ON REMITTANCES/LIMITATIONS ON FEDERAL BENEFITS/FEEES

- Impose 1% excise tax on remittances sent outside the US
- Limit SNAP eligibility to US citizens and LPRs
- Limit many lawfully present immigrants (e.g., asylees, refugees, etc.) from accessing ACA, Medicare, Medicaid, and CHIP
- Establish a fee (\$100) to file for asylum and an additional fee (\$550) to initially apply for work authorization
- Increases the fee (from \$50 to \$500) for the grant of Temporary Protected Status (TPS)
- Eliminates Child Tax Credit for kids with two undocumented parents



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