

WEBINAR SERIES

# What Employers Need to Know About the One Big Beautiful Bill Act

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# Today's Presenters



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# Today's Agenda

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- Overview of the OBBB Act
- Major Deduction, Credit and Other Tax Changes for Employers and Employees
- Employee Benefit Updates under the OBBB Act
- Immigration Changes
- What Did Not Make It into the Bill
- Tips for Compliance under the OBBB Act

## Webinar Forum

*All participants are muted.*

*Please type questions in the side navigation panel and we will try to address most questions during today's session.*

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# Overview of the OBBB Act

# Overview

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**Bill First Introduced:** House Committee on the Budget; May 20, 2025

**Signed into law:** July 4, 2025

**Purpose:** Broad tax and benefits reform aimed at reducing federal spending and supporting employers.

**Final Name:** [Public Law 119-21](#)



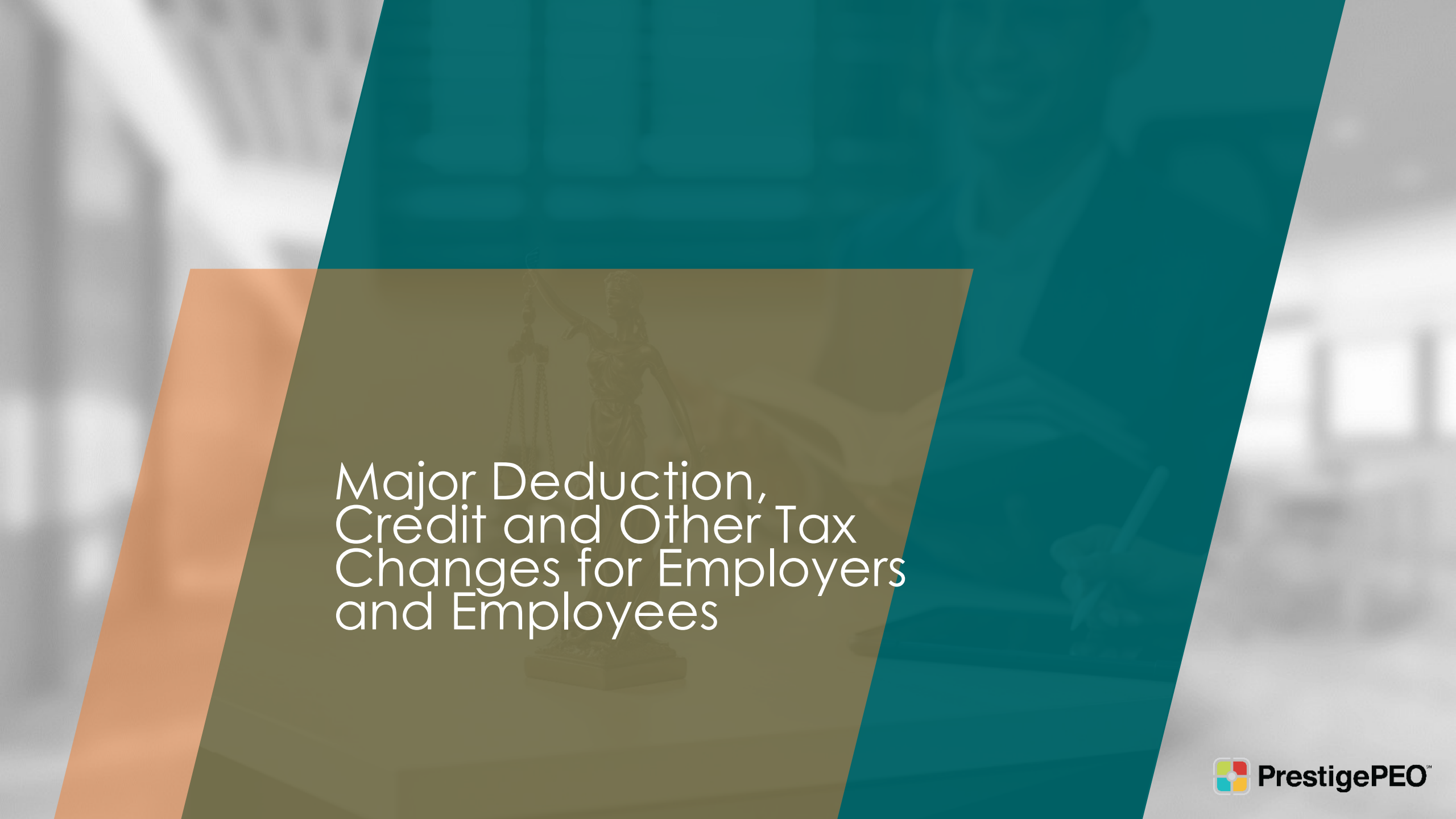
# Overview

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## Key Employer Provisions:

- Tax Incentives
- Employee Benefits
- New Savings Options
- New Immigration Requirements





# Major Deduction, Credit and Other Tax Changes for Employers and Employees

# No Tax on Tips Deduction

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- Effective 2025-2028
- Up to \$25,000/year for qualified occupations; Phases out at \$150k/\$300k adjusted gross income (AGI)
- Occupations that qualify for the tip deduction to be released October 2025.
- “Qualified tips” are voluntary cash or charged tips from customers or through tip sharing
- Details on how employers will need to report the tip deduction and changes to the W-2 forthcoming
- Transition relief will be available for the new reporting requirements

# No Tax on Overtime Deduction

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- Effective 2025-2028
- Deduct “half” portion of time-and-a-half
- Up to \$12,500/single and \$25,000/married
- Phases out at \$150k/\$300k adjusted gross income (AGI)
- Details on how employers will need to report the tip deduction and changes to the W-2 forthcoming
- Transition relief will be available for the new reporting requirements

# Deduction for Seniors

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- Effective 2025-2028
- Individuals age 65 or older may claim an additional deduction of \$6,000

# Other Tax Changes

- Pass-Through Entity Deduction (IRC Section 199A) Continues. Originally set to expire December 31, 2025.
  - Allows for a 20% deduction for qualified business income
  - Allows pass-through entities to continue long-term planning
- Paid Family & Medical Leave Credit Extended Indefinitely
- Expanded Childcare Credit. Allows for up to 50% credit for small businesses; Cap raised to \$600,000
- Educational Assistance Programs. Allows employers to provide up to \$5,250/year in tax-free student loan repayment assistance; Indexed for inflation starting in 2027.



# Other Tax Changes

- Trump Accounts or Employees' Children. Allows for employer contributions up to \$2,500/year (2025-2028)
  - Contributions grow tax-deferred; Withdrawals allowed starting at age 18
- 100% Bonus Depreciation made permanent. Applies to new and qualifying property. Includes leasehold, retail, and restaurant improvements
- Bike Commuter Benefit Removed- Effective 2025, \$20/month tax free commuter benefit is now taxable
- Moving Expense Reimbursement Restored. Employer-paid moving expenses are again tax-exempt.

# Employee Benefit Updates under the OBBA Act

# Key Employee Benefit Changes at a Glance:

Policy Update	Effective Year	Details
Telehealth & HSAs	2025	HDHPs can waive deductibles for telehealth without affecting HSA eligibility
Marketplace Plan HSA Eligibility	2026	Bronze & Catastrophic Marketplace plans now count as HSA-eligible
Direct Primary Care (DPC) + HSA	2026	DPC fees (\$150/mo individual, \$300/mo family) eligible for HSA use
Dependent Care FSA Limit	2026	Limit raised to \$7,500 (or \$3,750 if married filing separately)

# Telehealth & HSAs

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- **Permanent** telehealth exception for High Deductible Health Plans (HDHPs) with first dollar coverage without affecting Health Savings Account (HSA) eligibility effective 2025
- Elimination of Geographic Restrictions- Telehealth services are no longer limited to rural or underserved areas
- These changes:
  - Reduce out-of-pocket costs for patients
  - Encourage broader adoption of virtual care
  - Align HDHPs with preventative care goals

## Marketplace Plan HSA Eligibility

- Bronze and Catastrophic ACA Plans can be treated like HDHPs and are now HSA-compatible
- Beginning January 1, 2026
- This change:
  - Still has specific deductible and out-of-pocket maximum limits set by the IRS
  - Allows for more flexibility in how healthcare is accessed and paid for

# Direct Primary Care (DPC) & HSAs

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- Expanded eligibility for DPC arrangements
- Monthly DPC fee cap: \$150 (individual)/ \$300 (family)
- Beginning January 1, 2026
- Indexed annually

# Dependent Care FSAs

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- Annual limit increased to \$7,500 for single/married filing jointly
- \$3,750 for married filing separately
- Effective January 1, 2026
- Not indexed for inflation
- This change offers tax savings for working parents.



# Immigration Changes

# Immigration Compliance & Employer Risks

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## **Increased Enforcement & Audits:**

- Expanded ICE Funding: More resources for audits, investigations, and enforcement
- Frequent I-9 Reverification: Employers must reverify work authorization more often
- Higher Risk of Workforce Disruption: Delays in employee authorization renewals may affect staffing

# Immigration Compliance & Employer Risks

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## New & Increased Immigration Fees:

- Employment Authorization Document (EAD)
  - Initial: \$550/ Renewal: \$275/ Max 1-year validity
- Asylum Application Fee: \$100 + \$100/year pending
- Parole Application Fee: \$1,000
- TPS Application Fee: \$500
- Visa Integrity Fee: \$250 per nonimmigrant visa
- Adjustment of Status (In-Court): \$1,500
- Waiver of Inadmissibility: \$1,050

# Immigration Compliance & Employer Risks

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## Administrative Burden:

- Annual Inflation Adjustments: All fees indexed annually
- No Waivers or Reductions: Most Fees are mandatory
- New Reporting Requirements: Employers must track and document

## Technology & Surveillance Expansion:

- AI & Biometric Screening: Increased scrutiny at ports of entry may delay legal workers
- Section 287(g) Expansion: More state/local participation in federal government



# What Did Not Make It into the Bill

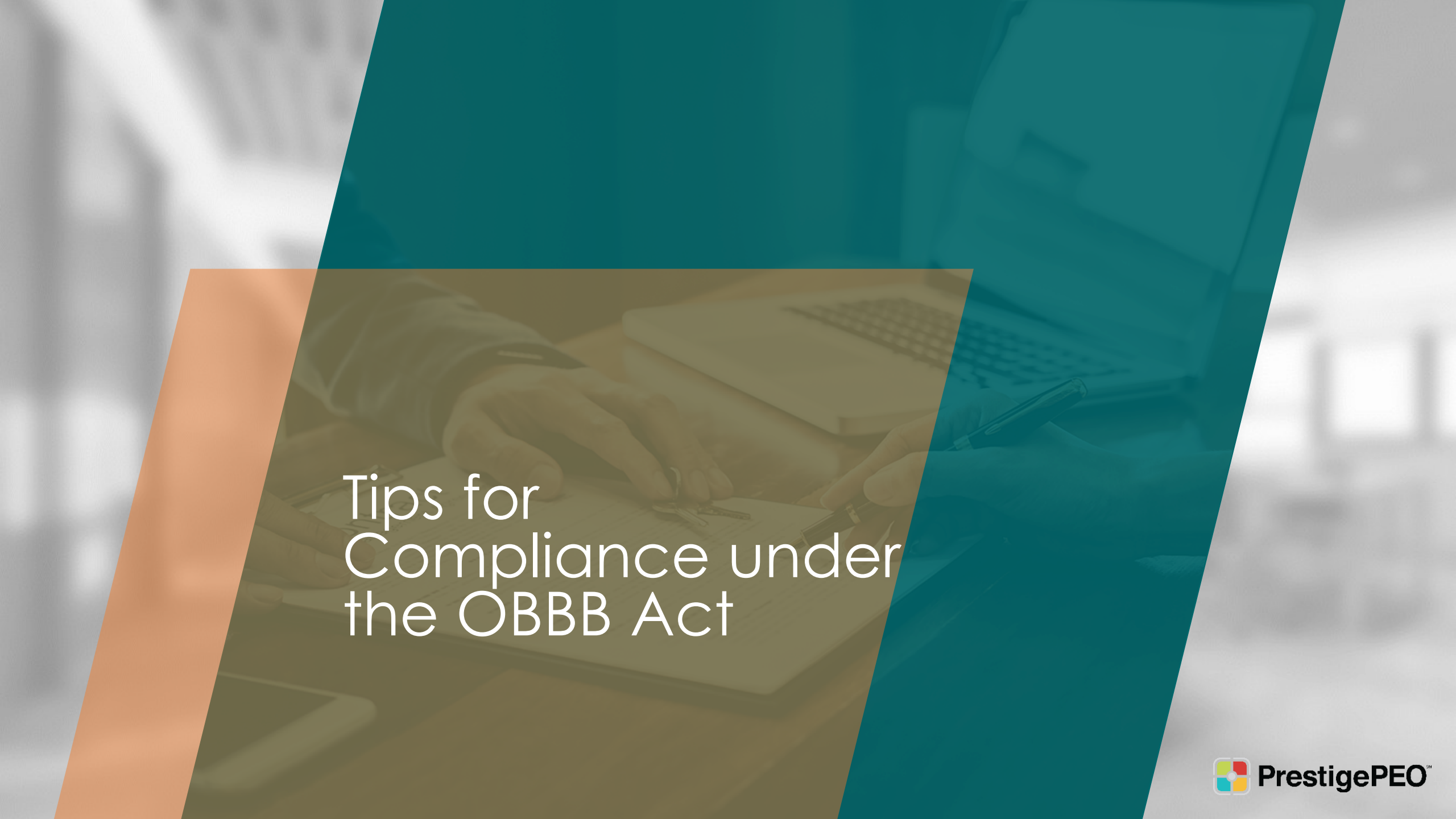
# What Did Not Make It Into the Bill

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## Some Provisions Left Out of Final Bill:

- Gym membership coverage via HSA
- HSA eligibility for Medicare Part A recipients
- ICHRA rebrand to “CHOICE Arrangements”





# Tips for Compliance under the OBBA Act

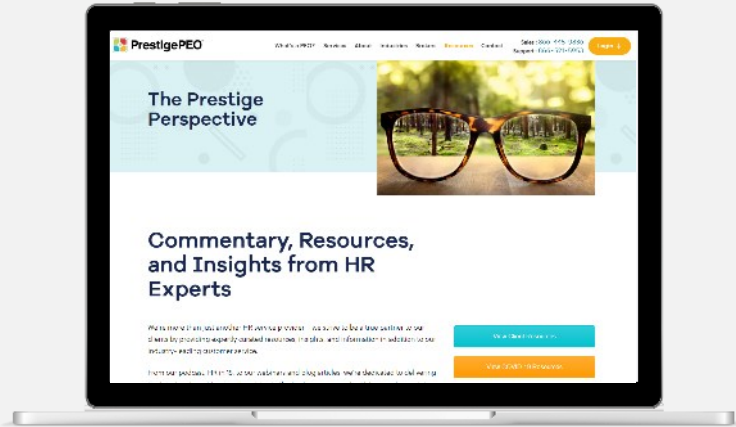
# Key Takeaways

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## **Key Takeaways:**

- ✓ Amend HDHP Plan Documents
- ✓ Communicate Clearly with Employees Regarding HSA and other benefit changes
- ✓ Coordinate with TPAs and Insurers
- ✓ Review DPC Arrangements
- ✓ Monitor Contribution Limits & Adjustments
- ✓ Document All Changes
- ✓ Partner with PrestigePEO for compliance support

# Questions / Comments / Discussion?



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