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President Donald Trump and Secretary of State Marco Rubio watch Speaker of the House Mike Johnson on television in the White House after the House passed the "Big Beautiful Bill" on July 3, 2025. (Joyce N. Boghosian/White House via AP)

Missouri attorneys weigh broad impacts of 'One Big Beautiful Bill'

Erin Achenbach

(https://molawyersmedia.com/author/erinaachenbach/)

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)Big%20Beautiful%20Bill')

(mailto:?subject=Missouri attorneys weigh broad impacts of 'One Big Beautiful Bill'&body=The "One Big Beautiful Bill" Act (OBBBA), signed into law on July 4, makes permanent several provisions of the 2017 Tax Cuts and Jobs Act and introduces new rules affecting... You can read the content in details following link <https://molawyersmedia.com/2025/10/08/missouri-one-big-beautiful-bill-impacts/>)

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- Congress passed the 850-page [One Big Beautiful Bill Act](https://molawyersmedia.com/tag/one-big-beautiful-bill-act/?taxo-tag-body) (<https://molawyersmedia.com/tag/one-big-beautiful-bill-act/?taxo-tag-body>) in July
- Permanently extends TCJA tax cuts and [business deductions](https://molawyersmedia.com/tag/business-deductions/?taxo-tag-body) (<https://molawyersmedia.com/tag/business-deductions/?taxo-tag-body>)
- Raises federal [estate tax exemption](https://molawyersmedia.com/tag/estate-tax-exemption/?taxo-tag-body) (<https://molawyersmedia.com/tag/estate-tax-exemption/?taxo-tag-body>) to \$15 million in 2026
- Expands SALT cap, business expensing and employee benefits

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The “One Big Beautiful Bill” Act (OBBBA), signed into law on July 4, makes permanent several provisions of the 2017 Tax Cuts and Jobs Act and introduces new rules affecting businesses, individual taxpayers and employers. Missouri attorneys say the law resolves uncertainty over looming expirations while adding new compliance obligations and planning considerations for clients.

The [850-page bill](https://www.congress.gov/bill/119th-congress/house-bill/1/text) (<https://www.congress.gov/bill/119th-congress/house-bill/1/text>), passed by narrow margins in both chambers of Congress, extends major tax cuts set to sunset at the end of 2025, revises business deductions and credits and creates new rules for employee benefits and reporting. It also allocates billions for [immigration enforcement](https://molawyersmedia.com/tag/immigration-enforcement/?taxo-tag-body) (<https://molawyersmedia.com/tag/immigration-enforcement/?taxo-tag-body>). For [attorneys advising Missouri clients](https://molawyersmedia.com/missouriinhouse/2025/07/17/what-employers-need-to-know-about-the-one-big-beautiful-bill/) (<https://molawyersmedia.com/missouriinhouse/2025/07/17/what-employers-need-to-know-about-the-one-big-beautiful-bill/>), some of the more significant areas are estate and income tax changes, state and local tax deductions, depreciation and research provisions, employment-related tax rules and the repeal of Missouri’s own capital gains tax.

Permanency of tax cuts

One of the bill’s central features is the permanent extension of individual rate reductions and the 20 percent qualified business income deduction for pass-through entities. The Act also permanently locks in the 21 percent corporate income tax rate, resolving long-term tax liability questions for C corporations. These were scheduled to expire in 2025 under the TCJA.

“One of the things about the bill is just the permanency of ... the lower tax rates, the qualified business income deduction, which is really, really big for small business, and then the impact on seniors with the new \$6,000 bonus exemption, which is going to reduce the taxable portion of Social Security,” said tax attorney Mark C. Milton of the Milton Law Group in St. Louis.

Michael T. Donovan, a tax attorney with Lewis Rice, said permanency avoids disruptive entity-level decisions.

“The problem is the QBI deduction was supposed to expire at the end of this year,” Donovan said. “So, what the One Big Beautiful Bill did is extend that, otherwise ... a lot of people would have had to consider ... if that goes away and my individual tax rate — if I’m a partnership or S corporation — is back up at 37 percent, do I need to convert to become a C corporation?”

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Attorneys say clients now have more certainty when deciding whether to form a new business as a partnership, S corporation or C corporation, knowing these provisions are no longer temporary.

Estate tax and SALT provisions

The act raises the federal estate and gift tax exemption to \$15 million per person beginning in 2026, up from about \$13.6 million in 2024. The increase ensures the exemption will not fall to \$7 million as previously scheduled.



Mark C. Milton

"All it did was make permanent what was already an increase," said Milton. "If you have a farm or a business or something ... if you're under \$15 million, it's going to pass tax free. But that's not much different than what it was prior to the Big Beautiful Bill."

Missouri has not imposed a state estate tax since 2005, so the effect is limited to federal planning for high-net-worth clients.

The state and local tax (SALT) deduction cap also changes. The OBBBA raises the cap from \$10,000 to \$40,000 beginning in 2025. Donovan said the increase benefits many Missouri taxpayers but comes with a caveat.

Missouri, like other states, had enacted a pass-through entity (PTE) election to allow partnerships and S corporations to deduct state taxes at the entity level, sidestepping the individual cap.

"You had a situation where ... if you owned a business that was in an S corporation or partnership, you weren't subject to the \$10,000 limitation, but other individuals were," Donovan said. "Now this increase doesn't necessarily have a big impact on ... people who are partners in partnerships and (S) corporations. It means a lot to the rest of us as individuals who are subject to them."

Milton said the bill also eliminates workarounds for specific taxes.

"The bill disallows that workaround for what's called specified service trade ... businesses — law firms, doctors, consultants — (who) won't be able to do that anymore, but they will be able to claim up to \$40,000 on the personal side for state and local taxes."

Increased immigration enforcement

Beyond the tax changes, the OBBBA creates another compliance burden for employers through its provisions on immigration enforcement. The legislation increases the annual budget for Immigration and Customs Enforcement (ICE) from \$9.13 billion to \$170 billion, which is expected to translate into a sharp increase in immigration enforcement activity, including more frequent and rigorous I-9 audits and worksite inspections across the country.

Enforcement is likely to intensify in sectors with large foreign-born workforces, such as the construction, hospitality and agriculture sectors.

Depreciation and research expensing

The OBBBA also restores 100 percent [bonus depreciation](https://molawyersmedia.com/tag/bonus-depreciation/?taxo-tag-body) (https://molawyersmedia.com/tag/bonus-depreciation/?taxo-tag-body) for qualifying properties, which had been scheduled to phase down. Businesses can now deduct the full cost of equipment in the year of acquisition.



"Businesses can now make capital investments, expand, acquire new equipment and recover the cost of doing that in the year of the acquisition of the property ... It greatly reduces the cost of making new capital investments," Donovan said.

He noted that immediate expensing provides a strong incentive for Missouri companies to replace aging equipment or expand operations.

Michael T. Donovan The law also restores full expensing for domestic research and experimental expenditures. Since 2022, businesses had been required to amortize these costs over five years. Donovan said the change is significant.

“The act restores basically the current deduction for those research expenditures ... now you’re able to deduct those expenditures again. The idea there is simply we want that research being done in the United States.”

Donovan said the provisions benefit key Missouri industries.

“I think this does a lot for manufacturers in Missouri. I think it does a lot for software companies, people in the information technology arena ... who may have large research and expenditure expenses. It’s very much a positive for them.”

Business interest deductions

The act permanently reinstates the EBITDA-based formula for the business interest deduction limit under IRC Section 163(j). This allows depreciation and amortization to be added back to taxable income when calculating the 30 percent cap.

Donovan said, “The practical effect of that is businesses are going to be able to deduct more interest on debt they assume or debt they borrow, which means that the costs of borrowing are going to go down, and their after-tax cash flow should go (up) and the hope is that will produce economic growth.”

Attorneys expect the change to benefit Missouri real estate developers, manufacturers and other capital-intensive businesses.

Qualified Small Business Stock and Opportunity Zones

The OBBBA expands tax benefits for qualified small business stock (QSBS) under Internal Revenue Code section 1202. The exclusion cap rises from \$10 million to \$15 million, and partial exclusions apply for shorter holding periods.

“The cap used to be \$10 million ... that’s been increased to \$15 million,” Donovan said. “You still have to hold it for five years to get a full 100 percent exclusion up to that cap. But if you sell it after three years, you’ll get 50 percent exclusion. If you sell it after four years, you get a 75 percent exclusion.”

The gross assets limit for qualifying businesses also increases from \$50 million to \$75 million, expanding the pool of companies eligible to issue QSBS and attract investment.

The law also modifies the federal opportunity zones program, which allows investors to defer capital gains by reinvesting in designated areas.

“With the opportunity zones, you’re able to take money you get from the sale of property that otherwise would have generated capital gain and invest it in a qualified Opportunity Fund,” Donovan said. “What the new act does ... is it kind of establishes five-year rolling dates for new investments in qualified opportunity funds. So ... presumably, that’s going to make investments in opportunity zones more attractive.”

Missouri has many designated opportunity zones in rural and distressed communities. Attorneys expect renewed interest in these projects under the revised rules.

Overtime, tips, employee benefits and workforce development

From 2025 through 2028, workers may deduct up to \$12,500 of overtime pay and \$25,000 of tip income from federal taxable income.

“Let’s say your W-2 says you made \$100,000 as a waiter, and \$25,000 of that was tips. Then you’re only going to be taxed on the \$75,000 ... it’s a pretty big deal,” Milton said.

Employers, however, face new compliance obligations.

"From the employer perspective, what you've got is right now the biggest impact is a large compliance burden. Employers now have to figure out, okay, what's tip income? We now have to track all the overtime, because they have to report this on the employees' W-2. And so, what employers are having to do right now is update their payroll and accounting systems to adjust to the new law," Donovan said.

He noted that the provision applies retroactively to Jan. 1, 2025. "Employers...have to go back and figure out what those amounts were for purposes of reporting when (they) didn't have the systems in place to track that."



Corey L. Franklin

Labor and employment attorney Corey L. Franklin with FordHarrison emphasized recordkeeping.

"Employers ... need to be able to have good records on tips and overtime ... they should already have that under the Fair Labor Standards Act for overtime, and under the existing Internal Revenue Code for tips," Franklin said.

The law also makes permanent several employee benefit incentives. Employers can continue to contribute up to \$5,250 per year toward workers' student loans on a tax-free basis, and the tax credit for providing paid family and medical leave is now permanent.

"The bill creates incentives for employers to put forth, on a voluntary basis, benefit programs that voters in our state have deemed important," Franklin said. "For example, (there's now) a tax credit for employers to provide paid family and medical leave — obviously, that was a big election issue here in Missouri."

The act also expands the scope of 529 education savings plans to cover vocational programs and certifications. Franklin said the change is "valuable in light of the likely impending technological revolution in the workplace, workers needing to have avenues to secure new skills."

Missouri capital gains repeal

Separate from the OBBBA, Missouri lawmakers this year [eliminated the state income tax](https://house.mo.gov/bill.aspx?bill=HB594&year=2025&code=R) (<https://house.mo.gov/bill.aspx?bill=HB594&year=2025&code=R>) on capital gains, retroactive to Jan. 1, 2025.

"Missouri became the first state to eliminate tax on capital gains this year ... that's probably the biggest change affecting a lot of Missourians," Donovan said. "If you're selling your Missouri business, right, all of that is going to be capital gains," he said. "You're still going to pay capital gains at the federal level, but you're not going to have to pay that state capital gains (tax) on it as well."

Attorneys say the change will be especially important for business owners considering a sale, since the federal tax remains but the state liability is eliminated.

Planning certainty

Donovan said one of the most important outcomes of the OBBBA is greater predictability.

"I do think it gives taxpayers a lot more ability to plan and a lot more certainty," he said. "If you're trying to decide ... the business is going to borrow money, having a good idea of how much the interest on that debt you're going to be able to deduct going forward, and that that's not going to change absent action by Congress, is important for planning."

He said the higher estate and gift tax exemption also reduces uncertainty.

"The increase in the estate and gift tax liability ... is providing a lot more predictability for planning."