



The One Big Beautiful Bill Act

Key considerations for global mobility programs



On July 4, 2025, a significant change swept through the tax landscape when the One Big Beautiful Bill Act (OBBBA) was signed into law. By making many of the expiring Tax Cuts and Jobs Act (TCJA) provisions permanent, the OBBBA brings important updates that global mobility professionals need to understand. This article explores the key implications of the OBBBA and what they mean for your work, from state and local tax to compensation, benefits, and payroll.



Understanding the OBBBA changes

The OBBBA brings significant changes that will impact global mobility programs in various ways. Highlights include:

- The reduced individual income tax rates from the TCJA are now permanent (10 percent through 37 percent), providing long-term tax relief.
- The standard deduction is increasing slightly, and the cost-of-living adjustment is being modified starting from 2026, which could affect tax planning strategies.
- The personal exemption is effectively terminated, although taxpayers age 65 and older will receive a temporary senior deduction for tax years 2025–2028.
- There's good news for high-tax state residents: the state and local tax (SALT) deduction limitation is temporarily increased for tax years 2025 through 2029. For 2025, the SALT limitation is increased to \$40,000 (\$20,000 for married filing separately). This limitation will increase by 1 percent each year through 2029.
- However, high-income taxpayers will face a new limitation on the tax benefits of itemized deductions, which could impact their overall tax liability.
- Additionally, a 1 percent excise tax will be imposed on certain international remittance transfers starting January 1, 2026, which may affect global transactions.



What the OBBBA means for global mobility programs

The changes brought about by the OBBBA will have a significant impact on global mobility programs. For example, the elimination of personal exemptions could increase tax compliance costs for programs that involve business travelers. On the flip side, the temporary increase in the SALT deduction limit might reduce tax liabilities for high-income assignees in states like California and New York, which have high state taxes. However, the new limit on itemized deductions could offset this benefit for high-income earners by reducing the value of SALT deductions. It's worth noting that the excise tax on international remittance transfers will likely have a minimal impact on most assignees who use US bank accounts or debit/credit cards.

Beyond these direct implications, the OBBBA changes also have significant ripple effects on state and local taxation, adding another layer of complexity to the tax landscape.



Navigating state and local tax conformity

The OBBBA changes also have significant implications for state and local taxation, creating a complex landscape. States will conform to the federal law changes in different ways—states with rolling conformity may automatically adopt relevant changes, while other states with static conformity do not automatically adopt the OBBBA provisions. For states with static conformity, the OBBBA provisions might not be incorporated into their tax laws until their next legislative session. As a result, taxpayers will need to stay on top of state legislative updates to understand the impact on their state filings and tax liabilities.



New provisions for compensation, benefits, and payroll

The OBBBA introduces several new provisions related to compensation, benefits, and payroll that are worth noting. These include a temporary above-the-line deduction for qualified cash tips from certain occupations and a similar deduction for qualified overtime compensation. The OBBBA also establishes a new type of individual retirement account called “Trump accounts” for individuals under 18. Additionally, an entity aggregation rule for publicly held corporations regarding excessive employee remuneration has been introduced. For global mobility programs, these changes may influence the design of compensation packages for international assignees and impact the overall cost of employing mobile talent.





The future of tax legislation: What's on the horizon?

While it's uncertain what additional tax legislation will come down the pipeline, several proposals could potentially be included in future reconciliation packages. These include Proposed Section 899, aimed at enforcing remedies against unfair foreign taxes, a residence-based system of taxation for US citizens living abroad, Taiwan double tax relief, and a potential new tax bracket for individuals with income over \$1,000,000, often referred to as the "millionaire's tax."

Conclusion

The OBBBA brings significant changes to individual income tax provisions, with far-reaching implications for global mobility programs. Global mobility professionals will need to carefully review these changes and consider their impact on program costs, SALT conformity, and compensation and benefits. Staying informed about potential future tax legislation and changes to tax laws and regulations will be crucial in navigating this evolving tax landscape.

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