3 PROVISIONS OF THE **ONE BIG BEAUTIFUL BILL** IMPACTING EMPLOYERS

The One Big Beautiful Bill Act (OBBBA) has been a controversial topic from its earliest days. Since it was signed into law on July 4, 2025, the provisions within the legislation have begun to impact employee benefits and employer operations, with more changes on the way. Employers should take inventory of these noteworthy components.

Overtime pay and qualified tip taxation

For the 2025 tax year through 2028, eligible tipped employees earning $150,000 or less may be able to deduct up to $25,000 in tips. Employees earning less than $150,00 annually who receive overtime pay also will be eligible to deduct up to $12,500 in overtime pay from federal income tax. Employers should consider how overtime pay reporting requirements may need to be adjusted before yearend.

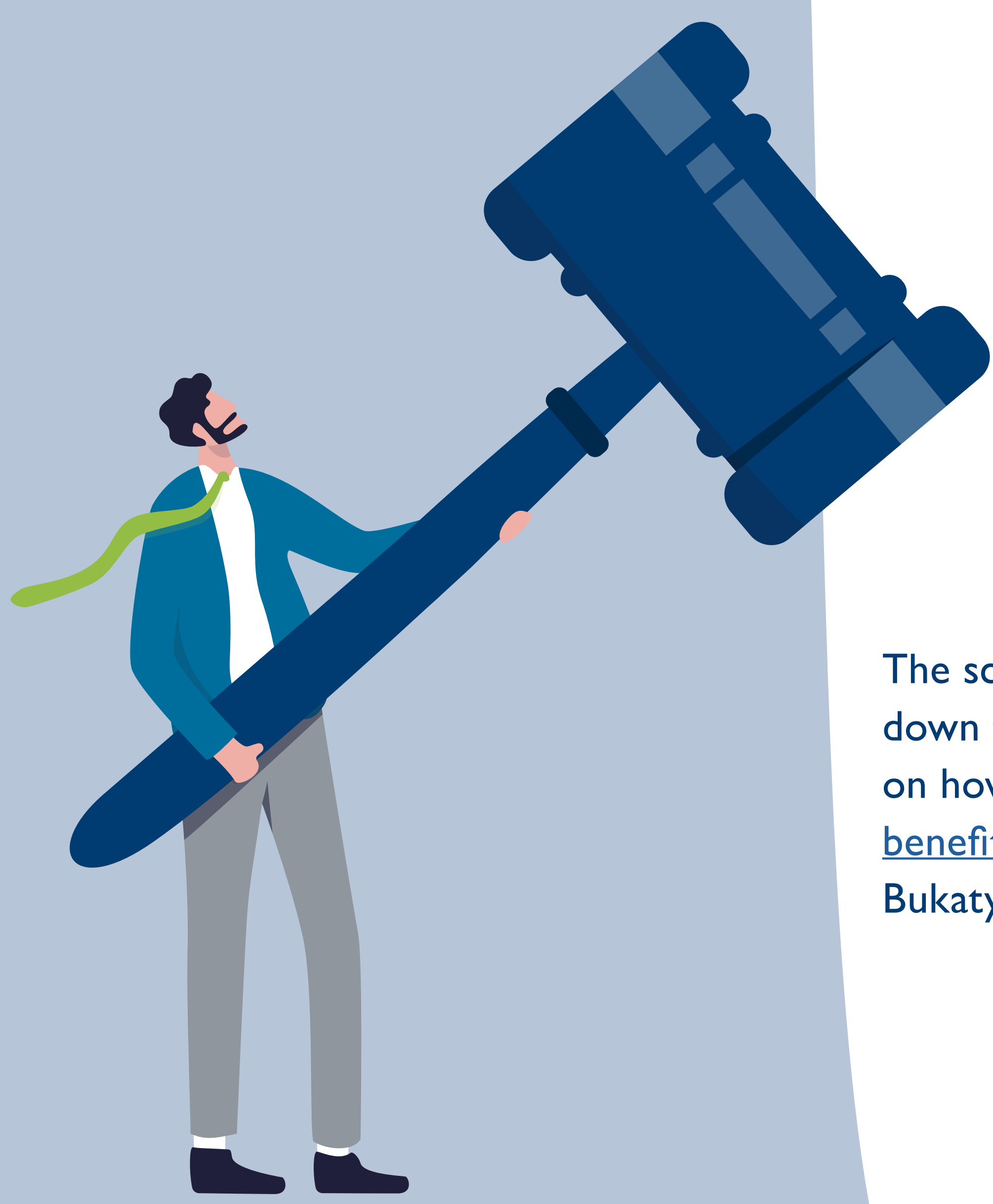
HSAs and additional qualified expenses

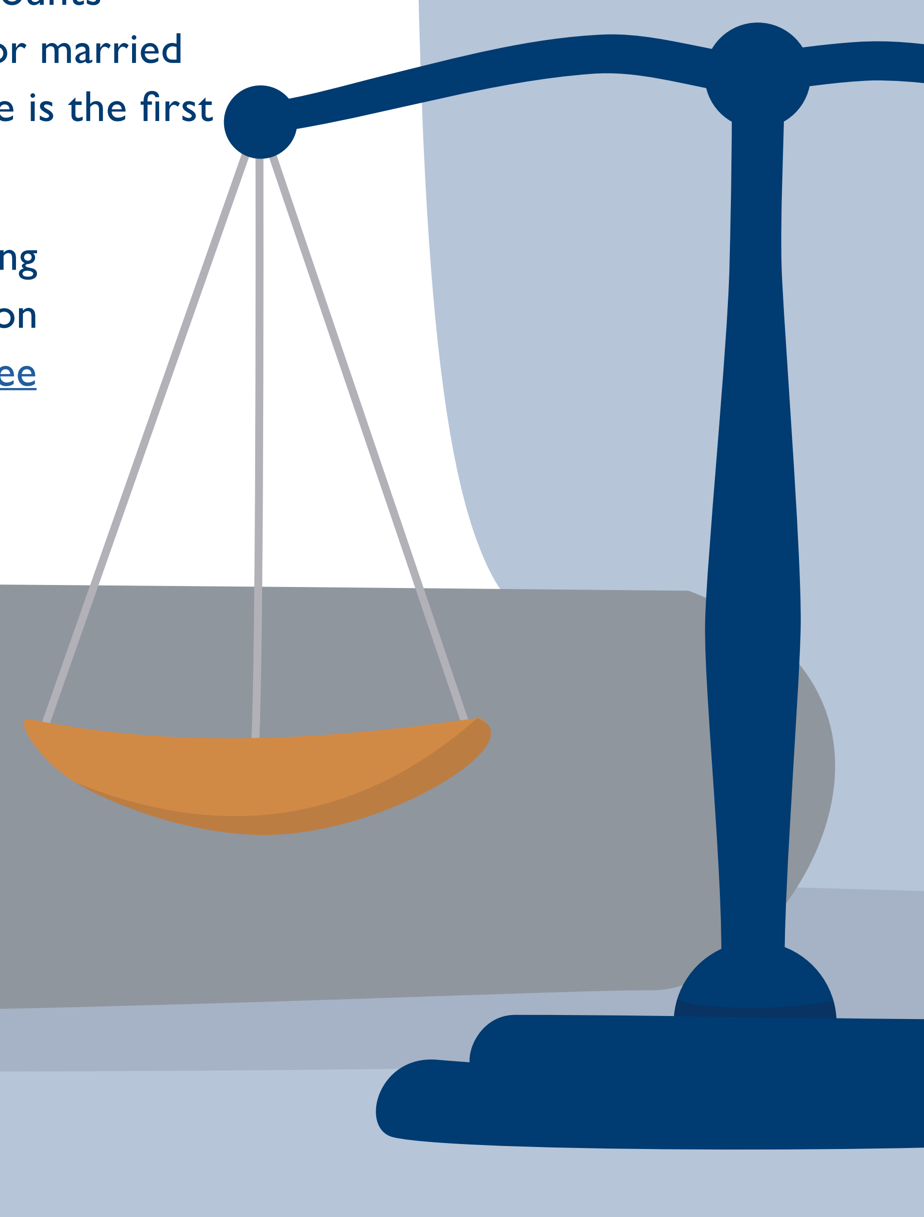
Health savings account (HSA) funds can be used for direct primary care (DPC) services starting January 1, 2026, up to $150 monthly for an individual and $300 for families. DPC practices allow members to pay a fixed monthly fee for access to health care professionals without a per-visit charge. Additionally, those enrolled in a high deductible health plan (HDHPs) with an HSA can now permanently utilize telehealth services prior to meeting their deductible.

Dependent care savings

The annual limit for dependent care flexible spending accounts (FSAs) contributions will increase to $7,500, or $3,750 for married couples filing separately, on January 1, 2026. This increase is the first since 1986.

The scope of the OBBBA is overarching, with components trickling down to many areas of employer operations. For more information on how the OBBBA or other legislation may impact your employee benefits and compliance gameplan, consult with a Bukaty Companies expert.





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