



Attention California Millionaires: Turn the 2025 Tax Act Into a 7-Figure Opportunity

By Fernando Jimenez, CPA, MST

The newly enacted 2025 Tax Act (H.R. 1, "One Big Beautiful Bill") rewrites individual-tax rules just as aggressively as it rewires business credits. For Californians in the seven-figure net-worth club, the stakes—and the planning opportunities—could easily exceed \$1 million in lifetime tax savings. Below we highlight the hottest provisions and how RJI CPAs can help you capture every dollar of benefit—from advanced pass-through-entity (PTE) strategies that rescue your state-tax deduction to charitable-planning moves that sidestep the new Adjusted Gross Income (AGI) floor.

1. State & Local Tax (SALT) Deduction—Now \$40,000 Through 2029 (Authority: §70120, H.R.1)

2024	2025–2029	2030+
\$10 k cap	\$40 k cap (+1 %/yr)	Reverts to \$10k

How RJI Adds Value:

- **PTE Work-Around 2.0:** We (re)structure your California PTE-tax election (AB 150) so the entity, not you, pays state income tax; you get a federal deduction outside the SALT cap and still enjoy the new \$40k itemized write-off.
- **MAGI Management:** The \$40k cap phases down once modified AGI exceeds \$500k (\$250k married filing separately). Our models integrate retirement-plan top-offs, option-exercise timing, private-equity fee allocations and charitable "bundles" to keep MAGI in the sweet spot.

2. Qualified Small-Business Stock—Earlier Exits, Bigger Limits (Authority: § 70431, H.R. 1)

Holding Period	Exclusion
3 yrs	50%
4 yrs	75%
≥ 5 yrs	100% (unchanged)

(Issuer cap jumps to \$15 million; gross-asset ceiling rises to \$75 million, both indexed)

RJI Strategy Playbook:

- **Stacking & Gifting:** Multi-donor gifts and non-grantor trusts can multiply the new \$15 million issuer cap across family members.
- **§ 1045 Rollovers:** Selling in year three? We can roll gains into new QSBS to keep the clock running.

3. Estate & Gift Exemption—Locked at \$15M Per Person (Authority: §70106, H.R. 1)

Portability plus inflation indexing sounds simple, but the step-up rules, valuation freezes and California's absence of a state estate tax create traps.

RJI's Advanced Solutions:

- **"Lifetime Freeze" Entities:** Installment-sale defective trusts, preferred-partnership freezes and SPAC-promote structures shift future appreciation out of your estate.
- **Intra-Family PTE Transfers:** Pair the exemption with a CA PTE election to transfer high-yield flow-through units to heirs, compressing SALT caps and MAGI.

4. Charitable Deductions—0.5% AGI Floor Arrives in 2026 (Authority: §§ 70424–70425, H.R.1)

- Non-itemizers get an above-the-line cash deduction up to \$1k (\$2k MFJ).
- Itemizers lose the first 0.5% of AGI in gifts.

Goal	2025 Move	2026+ Move
Front-load deduction	Seed donor-advised fund before floor applies	Use IRA QCDs (not subject to floor).
Smooth MAGI	Donate appreciated	Layer charitable remainder trusts to defer gains.

5. Clean-Energy Credits Sunset—Grab or Pivot? (Authority: §§ 70501–70508, H.R. 1)

Credit	Current Deadline	RJI Action Plan
Clean Vehicle \$7,500 (\$ 70502)	9-30-25	Lock in luxury-EV deal; stack CA Clean-Fuel reward.
Residential Solar 30% (\$ 70506)	12-31-25	Coordinate cash vs. low-rate financing for multi-unit rentals.
Home-Efficiency \$1,200 (\$ 70505)	12-31-25	Bundle windows + heat-pump in one tax year.
Energy-Efficient New Home \$5k (\$ 70508)	6-30-26	Accelerate custom-home closings; we certify builder docs.

Post-Sunset: We pivot to bonus depreciation on Qualified Improvement Property or "energy-as-a-service" lease write-offs inside operating entities.

Call RJI Today

Every new break—from the \$40k SALT cap to the 3-year QSBS exclusion—comes with phase-outs, recapture rules or looming sunsets. RJI CPAs has guided entrepreneurs and investors in over 90 countries through every major tax overhaul since 1980. Whether you need a PTE-election model by quarter-end, a seven-figure MAGI-reduction plan, or an estate freeze that survives 2040 audits, our 360-degree team of CPAs, JDs and valuation specialists stands ready.

Schedule your confidential strategy session today and turn reform into after-tax wealth.



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About RJI CPAs

Founded in 1980, RJI CPAs offers comprehensive accounting and consulting services and has earned a place on Forbes' list of America's Best Tax and Accounting Firms. Manuel Ramirez, Chairman of the Board and International Tax Partner, has been recognized on Forbes' list of America's Top 200 CPAs and Forbes list of Best-in-State CPAs.