

### Individual Provisions

Pre-OB BB	OB BB	Effective Date of Change
Tax Cuts and Jobs Act created seven tax brackets <b>10%, 12%, 22%, 24%, 32%, 35%</b> and <b>37%</b> . These tax brackets were set to expire at the end of 2025. Previously the brackets were 10%, 15%, 25%, 28%, 33%, 35% and 39.6%	The seven tax brackets under Tax Cuts and Jobs Act (TCJA) rates are made <b>permanent</b> , with additional inflation adjustments for certain brackets.	January 1, 2025
Tax Cuts and Jobs Act eliminated all personal exemption through 2025.	All previous personal exemptions have been <b>permanently</b> eliminated.	January 1, 2025
TCJA introduced larger standard deduction amounts that were indexed for inflation.  These larger standard deduction amounts were scheduled to expire at the end of 2025	The larger standard deduction amounts have been made <b>permanent</b> and will continue to be indexed for inflation.  The <b>2025</b> amounts have been <b>increased</b> over the previous announced amounts.	January 1, 2025
The 2025 amounts as previously announced by the IRS: <ul style="list-style-type: none"> <li>• Single - \$15,000</li> <li>• HOH - \$22,500</li> <li>• MFJ - \$30,000</li> </ul>	The <b>NEW</b> 2025 amounts as set forth in the new legislation: <ul style="list-style-type: none"> <li>• Single - \$15,750</li> <li>• HOH - \$23,625</li> <li>• MFJ - \$31,500</li> </ul>	January 1, 2025
Taxpayers that are 65 or older receive an increased standard deduction amount.  In 2024 this was \$1,950 for single filers or HOH and \$1,550 for MFJ or \$3,100 if both age 65.	Taxpayers that age 65 or older will continue to receive an increased standard deduction amount.  In 2025, this is <b>\$2,000</b> for single filers or HOH and <b>\$1,600</b> for MFJ or \$3,200 if both age 65.	January 1, 2025



## The One Big Beautiful Bill Act (OBBB) Major Tax Changes

### Individual Provisions – Above the Line Deductions

Pre-OBBB	OBBB	Effective Date of Change
<b>Additional Deduction for Seniors</b>		
Taxpayers that are 65 or older receive an increased standard deduction amount, but there was no additional deduction.	<p>Starting in <b>2025 through 2028</b>, Taxpayers age 65 or older can claim a new <b>\$6,000 bonus deduction</b>.</p> <p>This provision is included to help offset taxes on Social Security benefits, but it is not tied to Social Security.</p> <p>The new \$6,000 senior deduction is an <b>above the line deduction</b> and can be taken <b>even if they itemize their deductions</b>.</p> <p>It has been called an “exemption”, but it is a deduction.</p> <p>The deduction begins to phase out for taxpayers with Modified Adjusted Gross Income (MAGI) at the rate of 6% of MAGI over the threshold amounts:</p> <ul style="list-style-type: none"><li>• <b>\$75,000</b> for single filers</li><li>• <b>\$150,000</b> for MFJ</li></ul>	January 1, 2025
<b>Tips</b>		
<p>Tips are reported on Form W-2 and are subject to Federal Income Taxes, FICA, and Medicare Tax.</p> <p>Tips are reported separately on the W-2.</p>	<p>For <b>2025 – 2028</b> – Tips will continue be reported on Form W-2.</p> <p><b>Tips will be</b> subject to Federal Income Tax Withholding, FICA, and Medicare Tax in the <b>same manner as previously</b>.</p>	January 1, 2025



## The One Big Beautiful Bill Act (OB BB) Major Tax Changes

### Individual Provisions – Above the Line Deductions

Pre-OB BB	OB BB	Effective Date of Change
<b>Tips (cont.)</b>		
<p><b>Tips</b> are reported on Form W-2 and are subject to Federal Income Taxes, FICA, and Medicare Tax.</p> <p><b>Tips</b> are reported separately on the W-2.</p>	<p>For <b>2025 – 2028</b>, up to \$25,000 per individual, for tips can be deducted as an <b>above the line deduction</b>.</p> <p>Tip income will still be considered <b>earned income</b>.</p> <p>The deduction for tips begins to phase out for taxpayers with Modified Adjusted Gross Income (MAGI) over:</p> <ul style="list-style-type: none"><li>• <b>\$150,000</b> for single filers</li><li>• <b>\$300,000</b> for MFJ</li></ul>	January 1, 2025
<b>Overtime</b>		
<p>Overtime is considered part of the taxpayer's wages and is subject to Federal Income Taxes, FICA, and Medicare Tax.</p> <p>Overtime is not reported separately on the W-2.</p>	<p>For <b>2025 – 2028</b>, up to \$12,500 per individual (\$25,000 maximum on a MFJ return) can be taken as an <b>above the line deduction</b>. It will still be earned income.</p> <p>Overtime will be identified separately on W-2s.</p> <p>The deduction for Overtime also begins to phase out for taxpayers with Modified Adjusted Gross Income (MAGI) over:</p> <ul style="list-style-type: none"><li>• <b>\$150,000</b> for single filers</li><li>• <b>\$300,000</b> for MFJ</li></ul>	January 1, 2025



## The One Big Beautiful Bill Act (OB BB) Major Tax Changes

### Individual Provisions – Above the Line Deductions

Pre-OB BB	OB BB	Effective Date of Change
<b>Car Loans</b>		
Car loan interest was nondeductible.	<p>For <b>2025 – 2028</b>, up to <b>\$10,000</b> in interest paid on qualifying car loans can be taken as an <b>above the line deduction</b>.</p> <p>To be eligible the Car Loan interest deduction must be for new car loan made after <b>December 31, 2024</b>.</p> <p>The interest deduction only applies to car loans for <b>new cars</b> that had <b>final assembly</b> in the U.S. and are for personal use, not business.</p> <p>The deduction for car loan interest begins to phase out for taxpayers with Modified Adjusted Gross Income (MAGI) over:</p> <ul style="list-style-type: none"><li>• <b>\$100,000</b> for single filers</li><li>• <b>\$200,000</b> for MFJ</li></ul>	January 1, 2025
<b>Charitable Donations</b>		
<p>Under TCJA Charitable contributions were deductible only if you itemized deductions on Schedule A.</p> <p>If you took the standard deduction, you could not deduct charitable contributions except for the COVID relief years of 2020 - 2021.</p>	<p>Starting in <b>2026</b>, taxpayers can deduct as an above-the-line deduction the following amounts which will be adjusted for inflation:</p> <ul style="list-style-type: none"><li>• <b>\$1,000</b> (single filers)</li><li>• <b>\$2,000</b> (married filing jointly)</li></ul>	January 1, 2026



## The One Big Beautiful Bill Act (OB BB) Major Tax Changes

### Individual Provisions – Above the Line Deductions

Pre-OB BB	OB BB	Effective Date of Change
<b>Qualified Business Income Deduction</b>		
<p>Section 199A Qualified Business Income Deduction was set to expire after 2025.</p> <p>Section 199A provided a taxpayer with pass-through income a deduction of 20% of Qualified Business Income.</p> <p>QBID is phased out for a Specified Service Business once income thresholds were hit. The phaseout window was \$50,000 for single filers and \$100,000 for married filing jointly.</p> <p>This remains in effect in <b>2025</b>.</p> <p>The Qualified Business Income Deduction is subject to a limitation that it cannot be more than 20% of Taxable Income minus Net Capital Gains.</p>	<p>Makes permanent the Section 199A Qualified Business Income Deduction, with <b>no change</b> to the current <b>20% deduction percentage</b>.</p> <p>Starting in <b>2026</b>, the limitation phase-in window for <b>Specified Service Businesses</b> has been expanded from \$50,000 to \$75,000 for single filers and from \$100,000 to \$150,000 for married filing jointly.</p> <p>Starting in <b>2026</b>, taxpayers will get a <b>minimum deduction</b> of <b>\$400</b> if they materially participate in businesses that have at least <b>\$1,000</b> in income.</p> <p>Both amounts will be increased in <b>\$5</b> increments based on changes to the C-CPI-U.</p>	January 1, 2026
<b>Moving Expenses</b>		
<p>TCJA eliminated the deduction for Moving Expenses except for members of the armed forces, certain governmental workers, and performing artists. This restriction on claiming moving expenses was set to expire at the end of 2025.</p>	<p>This restriction on claiming moving expenses set forth in the TCJA is now a permanent limitation.</p>	No change or expiration



## The One Big Beautiful Bill Act (OB BB) Major Tax Changes

### Individual Provisions – Itemized Deductions

Pre-OB BB	OB BB	Effective Date of Change
<b>State and Local Tax</b>		
<p>TCJA established a limit of <b>\$10,000</b> for deducting State and Local Taxes through 2025.</p> <p>This limitation was set to expire at the end of this year and would have reverted to pre-TCJA levels which had no cap.</p>	<p>The SALT deduction will be <b>\$40,000</b> in <b>2025</b> and will increase by 1% each year through 2029, reverting to <b>\$10,000</b> in <b>2030</b>.</p> <ul style="list-style-type: none"><li>• 2025 - \$40,000</li><li>• 2026 - \$40,400</li><li>• 2027 - \$40,804</li><li>• 2028 - \$41,212</li><li>• 2029 - \$41,624</li><li>• 2030 - \$10,000</li></ul> <p>The SALT deduction begins <b>phasing out</b> for taxpayers once their income exceeds the AGI threshold of <b>\$500,000</b> (<b>\$250,000</b> for MFS), reduced by <b>\$50</b> for each <b>\$1,000</b> over the threshold.</p>	January 1, 2025
<b>Mortgage Interest</b>		
<p>TCJA reduced the maximum amount of indebtedness eligible for the mortgage interest deduction from <b>\$1,000,000</b> to <b>\$750,000</b>.</p> <p>TCJA eliminated the deduction for interest on home equity loans unless the funds were used to buy, build, or substantially improve the home.</p>	<p>Starting in <b>2026</b>, <b>mortgage insurance premiums</b> will now be allowed to be deducted as part of mortgage interest.</p> <p>All other TCJA mortgage provisions that were set to expire in 2025 are made <b>permanent</b>.</p>	January 1, 2026



## The One Big Beautiful Bill Act (OBBB) Major Tax Changes

### Individual Provisions – Itemized Deductions

Pre-OBBB	OBBB	Effective Date of Change
<b>Charitable Donations</b>		
<p>Taxpayers could generally deduct up to:</p> <ul style="list-style-type: none"><li>60% of AGI for cash contributions to qualified public charities.</li><li>30% of AGI for non-cash contributions or gifts to certain private foundations.</li></ul> <p>Contributions exceeding these limits could be carried forward for up to 5 years.</p>	<p>Starting in <b>2026</b>, to claim any charitable donations your total contributions must exceed <b>0.5%</b> of your adjusted gross income (AGI). The percentage limitations on charitable deductions remain.</p>	January 1, 2026
<b>Gambling Losses</b>		
<p>Under TCJA a taxpayer could deduct 100% of their gambling losses up to the amount of their gambling winnings.</p> <p>Gambling losses were reported on Schedule A and required the taxpayer to itemize to claim.</p>	<p>Under the new law, only <b>90%</b> of gambling losses will be deductible.</p> <p>The change to reporting gambling losses will begin in <b>2026</b>.</p>	January 1, 2026
<b>Miscellaneous Deductions</b>		
<p>TCJA suspended the following miscellaneous deductions.</p> <ul style="list-style-type: none"><li>Unreimbursed employee expenses</li><li>Tax preparation fees</li><li>Investment advisory fees</li><li>Hobby expenses</li><li>Legal fees related to income production</li></ul>	<p>The temporary suspension of these miscellaneous deductions has been made permanent.</p>	Temporary suspension is made permanent.



## The One Big Beautiful Bill Act (OB BB) Major Tax Changes

### Individual Provisions– Itemized Deductions

Pre-OB BB	OB BB	Effective Date of Change
<b>Educator Expenses</b>		
Educator expenses were claimed as an above-the-line deduction on Schedule 1 (Form 1040), capped at \$300 per educator.  This remains for <b>2025</b> .	Starting in <b>2026</b> , educator expenses will be claimed as a miscellaneous deduction on Schedule A and is no longer subject to the <b>\$300</b> per educator cap.  It has been expanded to include <b>coaches</b> and <b>sports administrators</b> , and the scope of covered expenses has been expanded to cover activities.	January 1, 2026
<b>Casualty Loss</b>		
The TCJA limited the itemized deduction for personal casualty losses to losses resulting from federally declared disasters.	The TCJA’s provision limiting the itemized deduction for personal casualty losses to losses resulting from <b>federally declared disasters</b> becomes permanent, but the bill expands the provision to include certain <b>state-declared disasters</b> starting in <b>2026</b> .	January 1, 2026
<b>Overall Limit</b>		
TCJA eliminated the “Pease” limitation which reduced the value of itemized deductions for high income taxpayers. This was set to return in 2026.  This worked by reducing the value of a taxpayer’s itemized deductions by 3 percent for every dollar of taxable income above a certain threshold.	<b>The Pease limitation on itemized deductions is permanently repealed.</b>  Starting in 2026, under a new rule, itemized deductions will be reduced for taxpayers in the highest bracket (37%) by 2/37 of the lesser of: <ul style="list-style-type: none"><li>• Total itemized deductions, or</li><li>• Taxable income above the top 37% tax bracket threshold.</li></ul>	January 1, 2026





## The One Big Beautiful Bill Act (OBBA) Major Tax Changes

### Individual Provisions – Professional Gamblers

Pre-OBBA	OBBA	Effective Date of Change
Under TCJA a Professional Gambler could deduct 100% of gambling losses and business expenses (like travel, lodging, tournament fees) up to the amount of their winnings.	Under the new law, only <b>90%</b> of expenses incurred will be deductible up to the amount of their winnings.  This will affect professional gamblers since they could still owe taxes by breaking even or even losing.	January 1, 2026



## The One Big Beautiful Bill Act (OB BB) Major Tax Changes

### Individual Provisions – Credits

Pre-OB BB	OB BB	Effective Date of Change
<b>Adoption Credit</b>		
For tax year 2025, the maximum adoption credit would be <b>\$17,280</b> .  This credit is <b>nonrefundable</b> , but it can be carried over to a future tax year.	Starting in <b>2025</b> , a portion of the adoption credit, <b>\$5,000</b> will be <b>refundable</b> . The refundable portion shall be adjusted in future years.  The maximum credit in in 2025 will remain <b>\$17,280</b> .	January 1, 2025
<b>Child Tax Credit</b>		
TCJA increased the Child Tax Credit from \$1,000 to \$2,000 through 2025.  TCJA also raised the income levels to \$200,000 for single filers and \$400,000 for MFJ.	Starting in <b>2025</b> , the Child Tax Credit is <b>permanently increased</b> to <b>\$2,200</b> and will be adjusted by <b>\$100</b> increments in the future for changes to C-CPI-U.  No changes are made to the income eligibility requirements.	January 1, 2025
<b>Additional Child Tax Credit</b>		
TCJA provided up to \$1,400 of the Child Tax Credit was refundable based on a formula consisting of <b>15% of earned income over \$2,500</b> .  This refundable amount was adjusted by <b>\$100</b> increments based on changes to C-CPI-U.	In <b>2025</b> , the maximum Additional Child Tax Credit will be <b>\$1,700</b> . There are no changes to the earned income requirements.  The refundable amount will be adjusted by <b>\$100</b> increments based on changes to C-CPI-U.	January 1, 2025



## The One Big Beautiful Bill Act (OB BB) Major Tax Changes

### Individual Provisions – Credits

Pre-OB BB	OB BB	Effective Date of Change
<b>Electric Vehicle Credits</b>		
<p>The Inflation Reduction Act (IRA) created the following electric vehicle credits:</p> <ul style="list-style-type: none"><li>• Clean Vehicle Credit - \$7,500</li><li>• Used Vehicle Credit - \$4,000</li><li>• Commercial Vehicle Credit - 15% of Cost</li></ul>	<p>The expiration date for these electric vehicle credits under the Inflation Reduction Act was <b>2032</b>.</p> <p>However, each of these credits will now expire on <b>September 30, 2025</b>.</p>	<p>Expire on September 30, 2025</p>
<b>Contributions for Scholarship Credit</b>		
	<p><b>New Tax Credit for Contributions to Scholarship Granting Organizations</b></p> <p>Starting in <b>2027</b>, this is a nonrefundable credit and can be up to <b>\$1,700</b>.</p> <p>Donations must be made to nonprofit organizations that provide education scholarships to elementary and secondary students.</p> <p>Scholarship Granting Organizations must use the funds to support tuition, fees, and other education expenses at private schools.</p> <p>In <b>2026</b>, the eligible schools will be identified, and the Treasury Department will issue guidance on how this credit can be claimed.</p>	<p>January 1, 2027</p>



## The One Big Beautiful Bill Act (OB BB) Major Tax Changes

### Individual Provisions – Credits

Pre-OB BB	OB BB	Effective Date of Change
<b>Residential Energy Credits</b>		
Residential Energy Credits are reported on Form 5695. The expiration dates were: <ul style="list-style-type: none"><li>• <b>Energy Efficient Home Improvement Credit - December 31, 2032</b></li><li>• <b>Residential Clean Energy Credit - December 31, 2034</b></li></ul>	The expiration date for these Residential Energy Credits is now <b>December 31, 2025</b> .	January 1, 2026



## The One Big Beautiful Bill Act (OB BB) Major Tax Changes

### Business Provisions

Pre-OB BB	OB BB	Effective Date of Change
<b>Bonus Depreciation</b>		
With the passage of Tax Cuts and Jobs Act in 2017, Bonus Depreciation was extended through 2026 with the following amounts as the deduction:  Sept. 27, 2017 – December 31, 2022 - 100% January 1, 2023 – December 31, 2023 - 80% January 1, 2024 – December 31, 2024 - 60% January 1, 2025 – December 31, 2025 - 40% January 1, 2026 – December 31, 2026 - 20% January 1, 2027 – forward - 0%	The OB BB has <b>reinstated 100%</b> expensing of qualified assets in the year they were put into service for property acquired beginning January 1, 2025, rather than 40%. <ul style="list-style-type: none"><li>• Bonus Depreciation is now permanent at 100%.</li><li>• The scope of qualified assets will also cover manufacturing buildings, but only for buildings placed in service before January 1, 2031. Currently, these buildings would be depreciated over 39 years.</li></ul>	January 1, 2025
<b>Section 179 Depreciation</b>		
The Section 179 deduction limits previously announced for 2025 were <b>\$1,250,000</b> with the deduction beginning to phase out when the total cost of qualifying property placed in service exceeds <b>\$3,130,000</b> .	The Section 179 deduction limit for <b>2025</b> has been increased to <b>\$2,500,000</b> , and the deduction begins to phase out when the total cost of qualifying property placed in service exceeds <b>\$4,000,000</b> .	January 1, 2025
<b>Research and Development Costs</b>		
Research and development costs are capitalized and amortized over a 15-year period.	Starting in <b>2025</b> , research and development cost conducted in the United States can be expensed and not capitalized.  There are also provisions to accelerated existing capitalized costs.	January 1, 2025



## The One Big Beautiful Bill Act (OBBA) Major Tax Changes

### Business Provisions

Pre-OBBA	OBBA	Effective Date of Change
<b>Excess Business Loss</b>		
<p><b>Excess Business Loss (EBL)</b> is a limitation on high income noncorporate taxpayers. It affects taxpayers that have non-business income (such as wages, capital gains, etc.) over annual thresholds and business losses.</p> <p>EBL limits the amount of business losses that offset non-business income.</p> <p>Applies to sole proprietors, partners, and S corporation shareholders.</p>	<p>Excess Business Loss (EBL) – Thresholds in 2025 are:</p> <ul style="list-style-type: none"><li>• \$313,000 for single filers</li><li>• \$626,000 for joint filers</li></ul> <p>Once these income thresholds are hit, <b>any losses coming from businesses are considered NOLs and carry forward and become subject to the 80% threshold</b>. This provision was set to expire after <b>2028</b> but has been made a <b>permanent change</b> to the tax code.</p>	<p>Provision became permanent change.</p>

### Miscellaneous Provisions

#### Estate and Gift Tax Exemptions

<p>TCJA increased the Unified Estate and Gift Tax Exemption and indexed it to changes in C-CPI-U. These changes were set to expire at the end of 2025.</p> <p><b>2025</b> amount is <b>\$13,990,000 (\$27,980,000 for married couples)</b></p>	<p>Starting in <b>2026</b>, the Unified Estate and Gift Tax Exemption will be <b>increased permanently to \$15,000,000 (\$30,000,000 for married couples)</b>. These amounts will be increased based on changes to the C-CPI-U.</p>	<p>January 1, 2026</p>
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## The One Big Beautiful Bill Act (OB BB) Major Tax Changes

### Miscellaneous Provisions

Pre-OB BB	OB BB	Effective Date of Change
<b>1099-K Reporting Threshold</b>		
As part of a transition plan, third-party settlement organizations were required to report to the payee when the gross amount was:  2024 - \$5,000 2025 - \$2,500 2026 - \$600	Effective immediately, a third-party settlement organization is not required to report, unless the aggregate value of transactions with respect to a payee for the year exceeds <b>\$20,000</b> and the aggregate number of such transactions exceeds <b>200</b> .	January 1, 2025
<b>1099 Reporting Thresholds</b>		
The current requirement is anyone engaged in a trade or business that pays compensation, rent, grants, etc. of <b>\$600</b> or more must file a 1099-MISC or 1099-NEC.	<b>2026 limit - \$2,000.</b>  This will be indexed for inflation starting in 2027 in multiples of \$100.	January 1, 2026
<b>Dependent Care Plans and Trump Accounts</b>		
The maximum annual amount excludable from income under a Dependent Care Assistance program is <b>\$5,000</b> .	Starting in <b>2026</b> , the maximum annual amount excludable from income under a Dependent Care Assistance program will be <b>\$7,500</b> (\$3,750 for MFS).	January 1, 2026
	The taxpayer will be provided a \$1,000 tax credit for opening a "Trump account" for a child born between January 1, 2025, and December 31, 2028.  Contributions can only be made in calendar years before the beneficiary turns 18 and distributions can only be made starting in the calendar year the beneficiary turns 18.  These accounts can't be opened until after July 4, 2026.	July 4, 2026