
ONE BIG, BEAUTIFUL BILL ACT

On July 4, 2025, President Trump signed the One Big, Beautiful Bill Act (OBBBA), which permanently extends most of the TCJA individual tax provisions, contains many of the tax provisions proposed by President Trump during his campaign, reinstates many pro-business tax policies that were scaled back by the TCJA as well as adding many new taxpayer friendly provisions while proposing some revenue raisers as well, such as repealing many of the Inflation Reduction Act energy credits and incentives.

The text of the bill is available at:



Website

www.congress.gov/bill/119th-congress/house-bill/1/text

The chart on the following pages highlights the OBBBA's key domestic provisions. It is available for download at:



Website

www.spidell.com/files/2025/obbbaprovisions.pdf

Highlights of Key OBBBA Provisions	
Topic	Provision
Individual tax provisions	
TCJA revised tax rates and brackets	Makes TCJA changes permanent
TCJA increased the standard deduction and suspended personal exemptions. The 2025 standard deduction amounts are: <ul style="list-style-type: none"> • \$30,000 (MFJ/Surv. Spouse) • \$22,500 (HOH) • \$15,000 (Single and MFS) 	Increase TCJA standard deduction amounts to \$31,500 (MFJ/SS); \$23,625 (HOH), and \$15,750 (Single/MFS) beginning with 2025 tax year and permanently repeal personal exemptions, other than the senior deduction discussed below
Personal exemption deduction for seniors	Allows for a personal exemption deduction of up to \$6,000 for seniors (age 65 and up) for 2025 through 2028 tax years that begins to phase out when the taxpayer's modified AGI exceeds \$75,000 (\$150,000 MFJ)
Itemized deduction phase-outs	Caps the benefit of itemized deductions for taxpayers in the 37% bracket at 35%, effective beginning with the 2026 taxable year
AMT exemption amounts and phaseouts	The TCJA's increased exemption and phaseout amounts are generally made permanent, but, beginning with the 2026 tax year, the exemption phaseout amount for MFJ and surviving spouse filers reverts back to the 2018 \$1 million threshold and the rate at which the exemption is phased out is doubled from 25% to 50%
SALT limitation	Increases the SALT deduction to \$40,000 for the 2025 tax year and increases it by 1% through the 2029 tax year. Reverts back to \$10,000 after 2029. No changes to passthrough entity tax treatment
Disaster relief	Retroactively extends the enhanced personal casualty loss deductions available for federal disasters declared prior to September 2, 2025, if the disaster incident period ends by August 3, 2025. This means non-itemizers can claim a qualified disaster loss and the 10% AGI threshold is waived. In addition, personal casualty losses can be claimed for State-declared disasters beginning with the 2026 taxable year
Charitable contributions deduction	Makes the following changes: <ul style="list-style-type: none"> • Allows non-itemizers to claim charitable deductions of up to \$1,000 (\$2,000 MFJ); • Permanently extends the 60% deduction for cash contributions; and • Imposes a 0.5% floor for individuals who itemize
Excess business loss limitation for non-itemizers	Permanently extends the excess business loss limitation
<i>(continued)</i>	

Highlights of Key OBBBA Provisions (continued)	
Topic	Provision
Individual tax provisions (continued)	
<p>Child Tax Credit (CTC) and Other Dependent Credit</p> <p>TCJA increased the credit to \$2,000 and enacted a nonrefundable \$500 credit for dependents who are not qualifying children; required Social Security number for qualifying child and increased phase-out levels</p>	<p>Increases the CTC to \$2,200 beginning with the 2025 tax year and provides for inflation adjustments thereafter.</p> <p>Social Security number required for child(ren) and one parent for purposes of CTC</p>
No tax on tips	Provides a deduction of up to \$25,000 for cash tips provided voluntarily to taxpayers in an “occupation that traditionally and customarily receive tips” (to be determined by Treasury Secretary) for the 2025 through 2028 tax years and that are reported to the IRS on a W-2 or 1099. Deduction begins to phase out for taxpayers with modified AGI of \$150,000 (\$300,000 MFJ)
No tax on overtime	Allows a deduction for overtime pay of up to \$12,500 (\$25,000 MFJ) that begins to phase out for taxpayers with modified AGI above \$150,000 (\$300,000 MFJ)
No tax on qualified car loan interest	Allows a deduction of up to \$10,000 for qualified passenger vehicle interest paid during the 2025 through 2028 tax years on loans incurred (including refinancing) after 2024. Deduction phases out for taxpayers with modified AGI above \$100,000 (\$200,000 MFJ)
Student loan interest	Permanently extends COD exclusion for student loans forgiven due to student’s death or disability. American Rescue Plan Act full exclusion of student loan forgiveness sunsets at end of 2025 tax year
<p>Other TCJA individual provisions such as:</p> <ul style="list-style-type: none"> • \$750,000 mortgage interest deduction cap; • Suspension of 2% miscellaneous itemized deductions; • Personal casualty losses limited to casualty gains, except for federal disasters; • Increased AMT exemption and phase-out thresholds; • Elimination of moving expense deduction other than for military; and • Limiting professional gambler’s losses 	<p>These provisions are permanently extended with modifications that:</p> <ul style="list-style-type: none"> • Treat mortgage insurance premiums as acquisition indebtedness for purposes of the \$750,000 mortgage interest deduction; • Exclude educator expenses from the definition of 2% miscellaneous itemized deductions; and • Beginning with the 2026 tax year, limit gambling losses to 90% of losses incurred up to the amount of any gambling gains
(continued)	

Highlights of Key OBBBA Provisions (continued)	
Topic	Provision
Individual tax provisions (continued)	
IRC §199A qualified business income deduction	Makes the 20% deduction permanent, increases the phase-out range by \$25,000 (\$50,000 for MFJ), and provides a minimum \$400 deduction for small business owners
IRC §1202 qualified small business stock exclusion	Allows partial exclusion for stock held less than five years (50% if held three years and 75% if held four years), increases the gain cap from \$10 million to \$15 million, and increases the small business asset test from \$50 million to \$75 million
IRC §529 plans	Allows tax-free distributions for: <ul style="list-style-type: none"> • Qualified credential program expenses; and • Additional expenses associated with primary and secondary education
Trump accounts	Establishes new IRA-like savings vehicle called “Trump accounts” for children born in 2025 through 2028 to be seeded with \$1,000 contribution from the federal government if parents elect to have an account established. Thereafter, parents can make after-tax contributions of up to \$5,000 per year
Credit for contributions to scholarship-granting organizations	Effective beginning with the 2027 tax year, provides for a credit of up to \$1,700 to scholarship-granting organizations that provide scholarships for children to attend public, private, or religious schools in the organization’s state. The credit is in lieu of an IRC §170 charitable contributions deduction. States would have to voluntarily choose to provide a list of qualifying scholarship granting organizations in their state
Estate and gift tax exclusion	Resets the unified exclusion at \$15 million per taxpayer and adjusts for inflation beginning with 2026 tax year
Business tax provisions	
Bonus depreciation generally	Permanently extends the 100% bonus depreciation for property acquired after January 19, 2025, and allows election for lower percentages for property placed in service during the first taxable year ending after January 19, 2025
Bonus depreciation for qualified production property	Creates a new class of 100% bonus-eligible property for nonresidential real property in the U.S. used in manufacturing, agricultural or chemical production, or certain refining operations if construction begins after January 19, 2025, and before January 1, 2029, and is placed in service after July 4, 2025, and before January 1, 2031
<i>(continued)</i>	

Highlights of Key OBBBA Provisions (continued)	
Topic	Provision
Business tax provisions (continued)	
IRC §179 expensing	Permanently increases the IRC §179 expense limitation to \$2.5 million and the phaseout threshold to \$4 million, applicable to property placed in service in taxable years beginning after 2024, and adjusted for inflation beginning with the 2026 tax year
Research expenditures	Permanently reinstates current expensing for domestic IRC §174 expenditures beginning with the 2025 taxable year and applies the changes retroactively to the 2022 tax year for small taxpayers. Other taxpayers can elect to accelerate remaining deductions for expenses incurred during the 2022 through 2024 tax years over a one- to two-year period
Business interest limitation	Permanently reinstates the exclusion of depreciation, amortization, and depletion deductions for purposes of the adjusted taxable income limitation beginning with the 2025 taxable year
Charitable contributions deduction	Corporate charitable deductions are subject to a 1% floor, applicable to taxable years beginning after December 31, 2025
Employee Retention Credit	Disallows claims for credit or refunds for wages paid after June 30, 2025, if the claims have not processed by July 4, 2025
Employer-Provided Child Care Credit	Increases the credit percentage from 25% to 40% and increases the cap from \$150,000 to \$500,000 (600,000 for eligible small businesses), effective for amounts paid after 2025
Paid Family and Medical Leave (PFML) Credit	Permanently extends the credit and allows taxpayers to elect to base the credit on PFML insurance premiums paid rather than qualifying wages paid
Energy credits and incentives	
IRC §25E Previously Owned Clean Vehicle Credit	Repealed for vehicles acquired after September 30, 2025
IRC §30D Clean Vehicle Credit	Repealed for vehicles acquired after September 30, 2025
IRC §45W Qualified Commercial Clean Vehicle Credit	Repealed for vehicles acquired after September 30, 2025
IRC §30C Alternative Fuel Vehicle Refueling Property Credit	Repealed for property placed in service after June 30, 2026
IRC §25C Energy Efficient Home Improvement Credit	Repealed for property placed in service after December 31, 2025
IRC §25D Residential Clean Energy Credit (aka Home Solar Credit)	Repealed for expenditures made after December 31, 2025
<i>(continued)</i>	

Highlights of Key OBBBA Provisions (continued)	
Topic	Provision
Energy credits and incentives (continued)	
IRC §45L New Energy Efficient Home Credit	Repealed for homes acquired after June 30, 2026
IRC §45E Clean Electricity Investment Credit and IRC §45Y Clean Electricity Production Credit	<p>Applicable to facilities for which construction begins after July 4, 2026, the credits are repealed for wind and solar technology for facilities placed in service after 2027. This means the post-2027 repeal date does not apply if the construction of the facility begins no later than July 4, 2026. However, the early termination does not apply to energy storage technology for purposes of the IRC §48E Investment Credit.</p> <p>In addition, the OBBBA tightens restrictions regarding sourcing supplies from foreign entities of concern for facilities that begin construction after December 31, 2025. Finally, the credit is no longer available to taxpayers who lease the property to a third-party, applicable to taxable years beginning after July 4, 2025 (OBBBA §70502; IRC §30D(h))</p>
Information Reporting Requirements	
1099-K reporting thresholds	Increases the Form 1099-K threshold to \$20,000 and more than 200 transactions
1099-NEC and 1099-MISC thresholds	Increases other information reporting thresholds (1099-NEC, 1099-MISC, etc.) to \$2,000 from \$600 beginning with 2026 calendar year (for returns filed in 2027) and adjusts the threshold for inflation thereafter