

2025 Tax Reform – One, Big, Beautiful Bill Act

Tax on Individuals and Families

Tax Provision	Current Law – Tax Cuts and Jobs Act (TCJA) 2017	TCJA Sunset – Dec. 31, 2025	Proposed Change – One Big Beautiful Bill Act
Individual income tax rates	Marginal tax rates: <ul style="list-style-type: none"> • Bracket 1 – 10.0% • Bracket 2 – 12.0% • Bracket 3 – 22.0% • Bracket 4 – 24.0% • Bracket 5 – 32.0% • Bracket 6 – 35.0% • Bracket 7 – 37.0% 	Marginal tax rates revert to higher pre-Tax Cuts and Jobs Act (TCJA) levels, generally meaning higher rates and smaller brackets.	TCJA marginal tax rates become permanent
Standard deduction	Standard deduction amounts in 2018: <ul style="list-style-type: none"> • Single filers – \$12,000 • Joint filers – \$24,000 These amounts were annually adjusted for inflation after 2018	Standard deduction reverts to lower pre-TCJA levels <ul style="list-style-type: none"> • Single filers – \$8,350 • Joint filers – \$16,700 	TCJA standard deduction becomes permanent along with additional temporary enhancement for 2025-2028 (\$2,000 for joint filers, \$1,500 for heads of household, and \$1,000 for all others) <ul style="list-style-type: none"> • Single filers – \$15,450 • Joint filers – \$30,850
Personal exemptions	Personal exemption amount temporarily reduced to \$0	Personal exemption amount reverts to pre-TCJA levels and then adjusted for inflation, amounting to approx. \$5,300 per person	Exemption permanently terminated

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Child Tax Credit	<p>Child Tax Credit:</p> <ul style="list-style-type: none"> Maximum credit – \$2,000 per child Maximum additional child tax credit (ACTC) – \$1,400 (adjusted for inflation) Phaseout threshold – \$200,000 single filers / \$400,000 joint filers <p>Aside from maximum ACTC amount, none of the parameters are adjusted for inflation</p>	<p>Child Tax Credit reverts to lower pre-TCJA levels:</p> <ul style="list-style-type: none"> Maximum credit – \$1,000 per child Maximum ACTC – \$1,000 Phaseout threshold – \$75,000 single filers / \$110,000 joint filers <p>None of the parameters are adjusted for inflation</p>	<p>Increased TCJA Child Tax Credit becomes permanent along with additional 2025-2028 temporary enhancement</p> <ul style="list-style-type: none"> 2025-2028 maximum credit: \$2,500 per child
Qualified Business Income Deduction (199A)	<p>Deduction introduced under TCJA:</p> <ul style="list-style-type: none"> Self-employed individuals and small business owners deduction on qualified business income – 20% Real estate investment trust dividends and publicly traded partnership income – additional 20% Threshold amount – \$394,600 joint filers / \$197,300 all other filers (indexed annually for inflation) <p>Total deduction amount is limited to 20% of taxable income minus net capital gain</p>	Deduction expires	<p>TCJA deduction becomes permanent and is increased from 20% to 23%</p> <p>Threshold limitations phase in at a fixed rate rather than phasing in over a fixed range of taxable income</p>

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Estate and gift tax exemption	<p>Estate tax exemption increased from \$5.5 MM single filers / \$11.1 MM joint filers to \$11.4 MM single filers / \$22.8 MM joint filers in 2018</p> <p>Exemption amount is adjusted annually for inflation</p>	Exemption reverts to lower pre-TCJA amount	\$13.99 MM 2025 exemption under TCJA increases to \$15.0 MM for 2026 and is adjusted annually for inflation, indefinitely
Alternative Minimum Tax (AMT) exemption	<p>2024 AMT exemption amounts:</p> <ul style="list-style-type: none"> \$85,700 single filers with phaseout threshold of \$609,350 \$133,300 joint filers with phaseout threshold of \$1,218,700 <p>These amounts are adjusted annually for inflation</p>	<p>Higher AMT exemption and phase-out thresholds revert to lower pre-TCJA levels and then be adjusted for inflation</p> <p>Estimated exemption amounts:</p> <ul style="list-style-type: none"> \$67,300 single filers with phaseout threshold of \$149,700 \$104,800 joint filers with phaseout threshold of \$199,500 	TCJA exemption and phase-out thresholds become permanent
Mortgage interest deduction	<p>Reduced the limit on deductible mortgage debt from interest paid on the first \$1 MM of mortgage debt to \$750,000</p> <p>Taxpayers could only deduct interest paid on up to \$100,000 of home equity debt if the funds were used to substantially improve the home securing the loan</p>	<p>\$750,000 limitation will increase to pre-TCJA amount of \$1 MM of combined (first and second home) acquisition debt (regardless of when the debt was incurred)</p> <p>Taxpayers will be able to deduct interest on up to \$100,000 of home equity debt, regardless of how the funds are used</p>	<p>\$750,000 limitation becomes permanent</p> <p>Deductibility of interest paid on home equity debt reverts back to requiring the funds to be used to substantially improve the home securing the loan</p>

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Casualty loss deduction	Itemizers are limited to claiming the casualty loss deduction to the extent declared disasters by the federal government	Itemizers will be able to claim deduction regardless of whether the losses result from a federally declared disaster, effective 2026	TCJA provision becomes permanent
Miscellaneous itemized deductions	Suspended deductions for unreimbursed employee expenses, tax preparation fees, and other miscellaneous deductions	Deduction reverts to pre-TCJA framework	Permanently terminates deduction
Pease Limitation (itemized deductions phaseouts)	Suspended Pease Limitation	Limitation reverts to pre-TCJA framework	Replaces Pease Limitation with new limitation which caps the value of each dollar of itemized deductions at \$0.35, in most cases, and applies only to taxpayers in the highest individual income tax bracket.
Moving expenses deduction	Suspended moving expenses deduction (except for Armed Forces)	Deduction reverts to pre-TCJA framework	Permanently terminates deduction (except for Armed Forces)
Wagering losses	All deductions for expenses incurred in relation to wagering become limited to the extent of wagering winnings	Limited to itemized deduction to the extent of wagering winnings, excluding expenses incurred in carrying on the wagering activity	TCJA requirement becomes permanent
Charitable deduction (non-itemizers)	Only taxpayers who itemize are able to deduct charitable contributions	Only taxpayers who itemize are able to deduct charitable contributions	Reinstates partial deduction for non-itemizers (\$150 single filers / \$300 for joint filers) introduced under the CARES Act for 2025-2028

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			Only applies to cash contributions and cannot be made to Donor-Advised-Funds or supporting organizations
Taxes on tips	<p>Tips are taxable income</p> <p>FICA tip tax credit is limited to cash tips received for providing, serving, or delivering food or beverages</p>	<p>Tips are taxable income</p> <p>FICA tip tax credit is limited to cash tips received for providing, serving, or delivering food or beverages</p>	<p>Temporarily allows deduction for qualified tips received in certain occupations (as defined by Treasury) from 2025-2028</p> <p>Provision also expands the FICA tip tax credit for a portion of employer-paid Social Security taxes for employee cash tips to include beauty service establishments</p>
Overtime pay	Overtime pay is taxable income	Overtime pay is taxable income	Temporarily allows for an above-the-line deduction for qualified overtime compensation (excludes highly compensated employees and tips) from 2025-2028
Enhanced deduction for seniors	Additional standard deduction of \$1,550 (or \$1,950 if unmarried and not a surviving spouse) for age 65+	Additional standard deduction of \$1,550 (or \$1,950 if unmarried and not a surviving spouse) for age 65+	<p>Temporarily increases the additional standard deduction amount to \$4,000 for seniors from 2025-2028 with a modified adjusted gross income that does not exceed \$75,000 single filers / \$150,000 joint filers</p> <p>Deduction available to itemizers and non-itemizers</p>

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Tax on car loan interest	Personal interest on car loans not deductible	Personal interest on car loans not deductible	Temporarily allows deduction for up to \$10,000 of interest on new car loans from 2025-2028 Must be US – assembled passenger vehicle to qualify
Adoption credit	Nonrefundable; Any unused credit can be carried forward for up to 5 future years	Nonrefundable; Any unused credit can be carried forward for up to 5 future years	Makes \$5,000 of the credit refundable' inflation adjusted Refundable portion of the credit cannot be carried forward
529 plan qualified expenses	Limited to higher education and \$10,000 K-12 tuition	Limited to higher education and \$10,000 K-12 tuition	Expands to include more educational expenses in connection with enrollment or attendance at an elementary, secondary, post-secondary, or home school
State and local tax (SALT) cap	Introduced \$10,000 SALT cap per household	Expiration of SALT cap will allow taxpayers to deduct all eligible state and local taxes	Increases TCJA SALT cap to \$40,000 with phaseout for income at \$500,000
Excess business loss limitation	Introduced limitation to restrict the amount of business losses that noncorporate taxpayers can use to offset nonbusiness income	Expires after 2028	Made permanent; losses disallowed are carried forward as net operating losses (NOL)

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Penalties for unauthorized disclosure	\$5,000 fine, up to 5 years prison	\$5,000 fine, up to 5 years prison	Increases maximum fine to \$250,000, and maximum term of imprisonment up to 10 years in prison
Direct File Program	IRS Direct File pilot in place	IRS Direct File pilot in place	Terminates Direct File program; creates task force for public-private free file partnership
Tax Credit for Contributions to Tax-Exempt Organizations that Provide Scholarships	No tax credit exists	No tax credit exists	Introduces a new temporary tax credit for donations to scholarship-granting organizations. Limited to \$5,000 per individual annually through 2029
Trump Accounts	Account does not exist	Account does not exist	Creates a new “Trump” account, which provides \$1,000 baby bonus for children born 2025-2028. Assets in the account grow tax free until the child reaches 18 and can take a qualified withdrawal subject to capital gains taxes.

Clean Energy Related Changes

Tax Provision	Current Law	Bill Proposed Change
Energy Efficient Home Improvement Credit (Section 25C)	Credit amounts to 30% of eligible expenses up to \$1,200 annual limit Scheduled to expire in 2032	Repeal effective 2026
Residential Clean Energy Credit (Section 25D)	Credit amounts to 30% of eligible expenses Credit phases down after 2032 and expires 2034	Repeal effective 2026
Previously-Owned Clean Vehicle Credit (Section 25E)	Credit amounts to 30% of the sale price, up to \$4,000 Scheduled to expire in 2032	Repealed for vehicles acquired after 2025
Alternative Fuel Refueling Property Credit (Section 30C)	Credit amounts to 30% of cost, up to \$100,000 Scheduled to expire in 2032	Repeal effective 2026
Clean Vehicle Credit (Section 30D)	Credit limited to \$7,500 per new clean vehicle Scheduled to expire in 2032	Repealed for vehicles acquired after 2025; special rule for 2026 for manufacturers under 200,000 vehicles

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New Energy Efficient Home Credit (Section 45L)	Credit limited to \$5,000 per home Scheduled to expire in 2032	Repealed for homes acquired after 2025 (December 31, 2026 if construction began before May 12, 2025)
Commercial Clean Vehicle Credit (Section 45W)	Credit limited to \$40,000 Scheduled to expire in 2032	Repealed for vehicles acquired after 2025; exception for binding contracts before May 12, 2025
Clean Electricity Production Credit (Section 45Y)	No expiration, based on beginning of construction	Scheduled 20% annual phase out for facilities acquired after 2028, 0% after 2031 Portability repealed for facilities beginning construction 2 years after enactment; new restrictions for foreign entities
Clean Electricity Investment Credit (Section 48E)	No expiration, based on beginning of construction	Same phaseout as Clean Energy Production Credit Portability repealed

Tax on Corporations and Other Businesses

Tax Provision	Current Law	Bill Proposed Change
Employer-Provided Childcare Credit	<p>Tax credit of up to \$150,000 per year on up to 25% of qualified childcare expenses</p> <p>The credit is nonrefundable</p>	<p>Permanently increases percentage of childcare expenses to 40% (50% for small businesses) and the max credit to \$500,000 (\$600,000 for small businesses)</p> <p>These amounts are inflation adjusted</p> <p>The provision also allow for small businesses to pool resources</p>
Paid Family and Medical Leave Credit	<p>Introduced under Tax Cuts and Jobs Act (TCJA) 2017 to temporarily provide businesses with a nonrefundable tax credit ranging from 12.5% to 25% of wages paid to employees on leave</p> <p>The Paid Family and Medical Leave Credit is set to expire after 2025</p>	<p>Provision makes permanent and enhances the tax credit to (1) allow for insurance premiums; and (2) modify aggregation and eligibility rules</p>
Research and design (R&D) expensing	<p>Provision introduced under TCJA requiring amortization over 5 years for domestic R&D</p>	<p>Temporarily suspends five-year rule, allowing full expensing of domestic R&D from January 1, 2025, through 2029</p> <p>Amortization resumes in 2030</p>
Bonus depreciation	<p>20% annual phase-out beginning in 2023 scheduled to fully expire in 2027</p>	<p>Reinstates 100% bonus depreciation rate for businesses that cannot claim the Code Sec. 179 business expense deduction</p>

Tax Provision	Current Law	Bill Proposed Change
Business interest deduction limitation	Taxpayer's adjustable taxable income (ATI) based on EBIT through 2021, then EBITDA	ATI returns to EBIT calculation for 2025-2029
FDII and GILTI deductions	<ul style="list-style-type: none"> FDII – 37.5% deduction resulting in an effective tax rate (ETR) of 13.125% GILTI – 50% deduction resulting in a nominal tax rate of 10.5% 	Reduces FDII and GILTI deductions to 36.5% and 49.2%, respectively
Charitable deduction for corporations	Deduct charitable contributions up to 10% of taxable income	Adds 1% floor, requiring corporations to contribute at least 1% of taxable income to qualify for deduction
Fringe benefits and unrelated business taxable income (UBTI) for not-for-profit entities	Limited deductibility to certain fringe benefits under TCJA	Increases unrelated business taxable income by amount of disallowed fringe benefits

If you have any questions regarding your retirement account(s), contact your CCP advisor. All tax data is sourced from www.irs.gov and H.R.1 - One Big Beautiful Bill Act.

For informational purposes only. The above information applies to a pending piece of legislation that is subject to change prior to acceptance into law. Nothing herein is intended to provide tax advice. Please consult your tax advisor for specific guidance.