

2025 Tax Reform – One Big Beautiful Bill Act

This document compares previous federal tax law, primarily the Tax Cuts and Jobs Act of 2017, with the “One Big Beautiful Bill Act” signed into law on July 4, 2025. It highlights how individual, business, and energy-related tax provisions will change.

Tax on Individuals and Families

Tax Provision	Previous Law	Final Law Signed July 4
Individual Income Tax Rates	Tax Cuts and Jobs Act (TCJA) rates set to expire after 2025, reverting to higher pre-TCJA levels with seven brackets.	The current seven-bracket system is made permanent, with ongoing inflation adjustments. Additionally, the 10% and 12% brackets receive an extra year of inflation indexing.
Standard Deduction	Increased standard deduction from TCJA expires after 2025, reverting to lower amounts.	Permanently raises the standard deduction to \$15,750 for single filers, \$23,625 for heads of household, and \$31,500 for joint filers, all indexed for inflation.
Personal Exemptions	Suspended for 2018–2025, scheduled to return in 2026.	Permanently removes the personal exemption deduction.
Child Tax Credit (CTC)	\$2,000 per child (set to revert to \$1,000 after 2025).	Increases the credit to \$2,200 per child permanently, with \$1,700 refundable and adjusted for inflation. Only one spouse is required to have a Social Security number.
Other Dependent Credit	Non-refundable \$500 credit, expires after 2025.	Makes the \$500 credit permanent without inflation adjustments; dependent must reside in the U.S.
Estate & Gift Tax Exemption	\$13.61 million per person (2024), set to revert to ~\$5 million (indexed) after 2025.	Increases the exemption to \$15 million (indexed) and makes this level permanent.
Alternative Minimum Tax (AMT)	Elevated exemption and phase-out thresholds expire after 2025.	Maintains TCJA's AMT exemption levels but steepens the phase-out by raising the clawback rate to 50% for high earners.
Mortgage Interest Deduction	\$750,000 acquisition debt limit expires after 2025.	Makes the \$750,000 limit permanent and allows the deduction of mortgage insurance premiums.
Home Equity Debt Deduction	Interest on home equity loans is not deductible through 2025.	Makes the disallowance of home equity loan interest permanent unless used for home acquisition or improvement.
Casualty Loss Deduction	Limited to federally declared disasters through 2025.	Makes this limitation permanent and expands it to cover some state-declared disasters. Qualified disasters must be declared within 30 days after enactment.
Miscellaneous Itemized Deductions	Suspended through 2025, returns in 2026.	Permanently eliminates miscellaneous itemized deductions, including unreimbursed educator expenses.
Pease Limitation (Phaseouts)	Suspended through 2025, returns in 2026.	Permanently repeals the Pease limitation but caps the tax benefit of itemized deductions at 35 cents per dollar for top bracket taxpayers. The pass-through deduction under Section 199A is excluded from this limitation.
Moving Expenses Deduction	Suspended through 2025 (except for military).	Permanently eliminates the moving expenses deduction except for active-duty military.
Wagering Losses	Deduction limited to winnings through 2025.	Makes the limitation permanent and caps losses at 90% of winnings.
Charitable Deduction (Non-Itemizers)	No above-the-line charitable deduction since 2021.	Establishes a permanent deduction of up to \$1,000 for individuals or \$2,000 for joint filers for cash contributions, beginning after 2025.
Charitable Deduction (Itemizers)	Available for itemizers, subject to AGI limits.	Limits deductions to the extent they exceed 0.5% of the taxpayer's contribution base.

Tax Provision	Previous Law	Final Law Signed July 4
Remittance Transfer Excise Tax	No excise tax on remittances.	Imposes a 1% excise tax on remittances sent abroad by individuals starting in 2026. Tax collected by remittance service providers with standard exemptions.
Tip Income Deduction	All tips are taxable.	Allows a temporary deduction for up to \$25,000 in qualified tips received in specified occupations, phased out at higher income levels; deduction expires after 2028.
Overtime Deduction	Overtime pay fully taxable.	Provides a temporary deduction for qualified overtime wages up to \$12,500, subject to income limits; expires after 2028.
Senior Bonus Deduction	Additional standard deduction for seniors.	Adds a \$6,000 supplemental standard deduction for seniors (2025–2028), phased out at higher income levels.
Car Loan Interest Deduction	Car loan interest is non-deductible.	Temporarily allows a deduction for interest on new car loans (up to \$10,000) for vehicles assembled in the U.S.; valid 2025–2028.
Student Loan Discharge (Sec. 108(f))	Discharge due to death or disability excludable through 2025.	Permanently extends the exclusion from taxable income for student loan discharge due to death or disability. SSN required.
Employer Student Loan Payments (Sec. 127)	\$5,250 annual exclusion expires after 2025.	Makes the exclusion permanent and adjusts for inflation.
Adoption Credit	Non-refundable credit.	Makes \$5,000 of the adoption credit refundable and adjusts for inflation.
529 Plan Expansion	Limited to higher education and \$10,000 for K-12.	Expands eligible expenses to include additional K-12, homeschooling, and credentialing costs.
"Trump Accounts"	No such accounts exist.	Creates new tax-exempt accounts with a pilot program offering a \$1,000 federal contribution for children born 2025–2028.
SALT Deduction Cap	\$10,000 cap.	Temporarily raises the cap to \$40,000 with income-based phaseouts; reverts to \$10,000 starting in 2030. No SALT limit for pass-through entities.

Tax on Corporations and Other Businesses

Tax Provision	Previous Law	Final Law Signed July 4
QBI Deduction (Sec. 199A)	20% deduction, expires 2025.	Makes 20% deduction permanent; expands phaseouts; adds minimum \$400 deduction.
PTET SALT Deduction	PTET allowed under IRS guidance.	No SALT limitation for pass-through entities. An earlier version of the bill disallowed this, but was not part of the final version.
Excess Business Loss (Sec. 461(I))	Limits apply through 2028.	Permanently extends limitation; existing carryforward rules remain.
Employer Childcare Credit	25% of costs, \$150,000 cap.	Increases to 40% (50% for small employers); raises max credit to \$500,000 (\$600,000 for small employers); indexed for inflation.
1099 Reporting Threshold	\$600 reporting threshold.	Raises threshold to \$2,000 with future inflation adjustments.
1099-K De Minimis Rule	\$600 threshold from ARPA.	Restores original \$20,000/200 transaction threshold.
Paid Family Leave Credit	Temporary through 2025.	Extends and broadens eligibility, including coverage of insurance premiums.
R&D Expensing	Amortization over 5 years (domestic).	Allows full expensing retroactive to 2022; optional acceleration of Sec. 174 deductions.
Bonus Depreciation	80% phase-down in effect.	Permanently restores 100% bonus depreciation.
Manufacturing Property Depreciation	No specific provision.	Provides bonus depreciation for qualifying manufacturing property.
Sec. 179 Expensing	\$1.16M deduction limit.	Increases limit to \$2.5M with a \$4M phaseout.
Small Business Accounting Threshold	\$31M gross receipts threshold.	Raises threshold to \$80M for manufacturers.
Sec. 1202 Qualified Small Business Stock Exclusion	100% exclusion after 5 years.	Adds tiered exclusion: 50% (3 years), 75% (4 years), 100% (5+ years); raises asset threshold to \$75M.
Tip Credit Expansion	Food and beverage industries only.	Extends FICA tip credit to beauty service businesses.
Work Opportunity Tax Credit	Expires Dec. 31, 2025.	No changes; credit expires as scheduled.
FDII & GILTI Deductions	37.5%/50% deductions respectively.	Reduces deductions to 33.34% (FDII) and 40% (GILTI); renames both provisions.
UBIT on Fringe Benefits	Certain expenses treated as UBIT.	Applies UBIT to qualified transportation fringe costs paid after Dec. 31, 2025.
Opportunity Zones	Existing designations through 2028.	Creates permanent rolling OZ designation with stricter eligibility.
State Tax Nexus	Defined by P.L. 86-272 case law.	Expands definition to broaden protections.
Corporate Charitable Deduction	Deductible up to 10% of taxable income.	Imposes a 1% floor before charitable contributions are deductible.

Clean Energy Related Changes

Tax Provision	Previous Law	Final Law Signed July 4
Sec. 179D Energy Efficient Building Deduction	Deduction available based on property cost.	Eliminated for properties beginning construction after June 30, 2026.
Sec. 25C Home Improvement Credit	30% credit with \$1,200 annual cap through 2032.	Ends after Dec. 31, 2025.
Sec. 25D Residential Clean Energy Credit	30% credit, phases down after 2032.	Ends after Dec. 31, 2025.
Sec. 25E Used Clean Vehicle Credit	Up to \$4,000, expires 2032.	Ends after Sept. 30, 2025.
Sec. 30C Alt Fuel Refueling Credit	30% credit up to \$100,000, expires 2032.	Ends after June 30, 2026.
Sec. 30D Clean Vehicle Credit	Up to \$7,500, expires 2032.	Ends after Sept. 30, 2025.
Sec. 45D New Markets Tax Credit	Expires end of 2025.	Permanently extended.
Sec. 45L Energy Efficient Home Credit	Up to \$5,000 per home, expires 2032.	Ends after June 30, 2026.
Sec. 45W Commercial Clean Vehicle Credit	Up to \$40,000, expires 2032.	Ends after Sept. 30, 2025.
Sec. 45Y Clean Electricity Production Credit	No expiration.	Phased out starting 2029; terminated for wind/solar after 2027.
Sec. 48E Clean Electricity Investment Credit	No expiration.	Same as Sec. 45Y: phased out starting 2029.

If you have any questions regarding the new legislation, 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. Nothing herein is intended to provide tax advice. Please consult your tax advisor for specific guidance.