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On July 4, 2025, the One Big Beautiful Bill Act (OBBBA), P.L. 119-21, was enacted into law. The legislation permanently preserves numerous individual tax provisions from the Tax Cuts and Jobs Act of 2017 (TCJA) that were scheduled to sunset after 2025, such as the reduced individual income tax rates, the higher standard deduction, and the qualified business income (QBI) deduction. In addition, the law introduces temporary deductions for certain tip income and overtime pay, along with a new deduction aimed at seniors, while eliminating a variety of clean energy tax credits and incentives. Several business-friendly provisions are made permanent as well, including immediate expensing of research costs and 100% bonus depreciation. Lawmakers also agreed to temporarily raise the state and local tax (SALT) deduction cap to \$40,000. The following summary outlines the key tax changes that may affect you.

KEY INDIVIDUAL TAX PROVISIONS		
TAX PROVISION	SUMMARY & PRIOR LAW	OBBBA LAW
Personal Exemptions	A deduction for yourself, a spouse, and each qualifying dependent that lowered taxable income. Eliminated by the TCJA for tax years 2018-2025. Amount in 2017 was \$4,050 per person.	Eliminated permanently. A new temporary senior deduction has been added for tax years 2025-2028 (see Deduction for Seniors).
Standard Deduction	A deduction lowering taxable income for those who do not itemize deductions. The amount was nearly doubled by the TCJA for tax years 2018-2025. Additional standard deduction is allowed for blind and those age 65 or older. The amounts lowered after 2025.	TCJA increase made permanent; additional increases for tax year 2025 so that amounts are \$31,500 for MFJ, \$23,625 for HOH, \$15,750 for all other filers.
Deduction for Seniors	Seniors aged 65 and over are allowed an increased standard deduction. See Standard Deduction.	New additional \$6,000 below-the-line deduction per senior aged 65 or older for tax years 2025-2028. Deduction is phased out once modified AGI exceeds \$150,000 MFJ/\$75,000 other.
Child Tax Credit	Credit of up to \$2,000 per child; TCJA increased the AGI phaseout. Reverts to \$1,000 after 2025.	Increased to \$2,200 per child beginning in 2025 and indexed for annual inflation adjustment; permanent increased AGI phaseout threshold amounts of \$400,000 MFJ/\$200,000 other.
Credit for Other Dependents	Nonrefundable \$500 per dependent who is ineligible for the Child Tax Credit. Expires after 2025.	Credit made permanent.
Alternative Minimum Tax (AMT) Exemption	The AMT is a parallel tax calculation with slightly different rules for those impacted. The TCJA increased income exemption and phase-out thresholds for tax years 2018-2025, making the AMT less applicable.	Higher exemption amounts made permanent; lowers the exemption phaseout threshold to \$1,000,000 MFJ/\$500,000 other in 2026, indexed for inflation thereafter.

KEY INDIVIDUAL TAX PROVISIONS

TAX PROVISION	SUMMARY & PRIOR LAW	OBBBA LAW
Tips Deduction	Tip income is taxable by recipient.	New income tax deduction of up to \$25,000 for qualified tips received and reported on an information return for tax years 2025 through 2028. Deduction phases out when income exceeds \$300,000 MFJ/\$150,000 single. Allowed for both itemizers and non-itemizers.
Overtime Deduction	Overtime income is taxable by recipient.	New income tax deduction of up to \$25,000 MFJ/\$12,500 single for qualified overtime compensation for tax years 2025 through 2028. Deduction phases out when AGI exceeds \$300,000 MFJ/\$150,000 single. Allowed for both itemizers and non-itemizers.
State and Local Tax (SALT) Itemized Deduction Limitation	\$10,000 cap applies at the individual level (\$5,000 for MFS). Set to expire Dec. 31, 2025.	Cap increased to \$40,000 (\$20,000 MFS), increasing by 1% each subsequent year, with a modified AGI phaseout of \$500,000 for tax years 2025 through 2029 down to \$10,000. Reverts to \$10,000 in 2030. Passthrough Entity Tax (PTET) programs remain available.
Charitable Contributions Made By Individuals - Non-Itemizers	Individuals must itemize to receive a tax benefit from charitable contributions. Pandemic laws allowed a temporary deduction for non-itemizers.	Permanent below-the-line deduction of up to \$2,000 for MFJ/\$1,000 for single filers for non-itemizers making qualifying cash charitable contributions. Available beginning in 2026.
Miscellaneous 2% Itemized Deductions	Deductions in this category (including investment expenses, legal fees, tax prep fees, and un-reimbursed employee expenses) are suspended by the TCJA for tax years 2018-2025.	TCJA deduction eliminations made permanent but allows an exception for unreimbursed employee expenses for eligible K-12 educators starting in 2026.
Moving Expense Deduction	Above-the-line deduction for qualified moving expenses that is only allowed for Armed Forces members for tax years 2018-2025. (Pre-TCJA allowed for all who otherwise qualified).	Permanently repealed for all except active duty Armed Forces members and members of the Intelligence Community.
Car Loan Interest Deduction	Personal car loan interest is not deductible.	New below-the-line deduction of up to \$10,000 for qualified passenger vehicle loan interest for tax years 2025 through 2028. Loan must be originated after December 31, 2024. Vehicle must be a new vehicle assembled in the United States and used for personal use (not business use). Deduction phases out once modified AGI exceeds \$200,000 MFJ/\$100,000 others.

KEY INDIVIDUAL TAX PROVISIONS

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New "Trump" Child Savings Accounts	Not applicable.	New "Trump" savings accounts available for children under age 18. \$5,000 inflation adjusted general annual contribution limitation. Distribution limitations until child reaches age 18; account follows IRA rules thereafter. Children born during 2025 through 2028 can receive \$1,000 from the government. More at trumpaccounts.gov
529 Plan Expenses	529 savings plans are tax-advantaged accounts designed to fund education expenses, allowing tax-free withdrawals for qualified educational expenses. Qualified expenses limited to higher education and \$10,000 for K-12 tuition.	Qualified expenses expanded to include more K-12 expenses, as well as postsecondary credentialing expenses. K-12 annual distribution limit increased to \$20,000 starting in 2026.
Exclusion for Dependent Care Costs	Up to \$5,000 annual exclusion from income for dependent care assistance. Not indexed for inflation.	Up to \$7,500 annual exclusion from income for dependent care assistance starting in 2026. Not indexed for inflation.
Child and Dependent Care Tax Credit	Credit for qualifying child and dependent care. Maximum qualifying expenses available are \$3,000 for one qualifying individual and up to \$6,000 for two or more. Credit is a percentage (20-35%) of those qualifying expenses based on taxpayer AGI (lower percentage as AGI increases).	Maximum credit rate increased to 50% of qualifying expenses for those with lower income starting in 2026.
Clean Vehicle Credit (§30D)	Up to a \$7,500 credit for qualifying clean energy vehicles; set to expire Dec. 31, 2032.	Credit terminated for vehicles acquired after Sept. 30, 2025
Pre-Owned Clean Vehicle Credit (§25E)	Up to a \$4,000 credit for qualifying clean energy vehicles; set to expire Dec. 31, 2032.	Credit terminated for vehicles acquired after Sept. 30, 2025.
Energy Efficient Home Credit (§25C)	Credit for qualifying energy efficient home improvements. Set to expire Dec. 31, 2032.	Credit terminated for property placed in service after Dec. 31, 2025.
Residential Clean Energy Credit (§25D)	Credit for qualifying clean energy producing home improvements. Set to expire Dec. 31, 2034.	Credit terminated for property placed in service after Dec. 31, 2025.

KEY BUSINESS TAX PROVISIONS

TAX PROVISION	SUMMARY & PRIOR LAW	OBBBA LAW
Bonus Depreciation	Accelerated depreciation available for qualifying property. Phase-down from 100% began in 2023 as imposed by TCJA, continues declining at 20% increments until 0% in 2027.	100% bonus depreciation made permanent for qualifying property placed in service after Jan. 19, 2025.
Small Business Expensing (\$179)	Immediate fixed asset expensing of up to \$1,250,000 is allowed for 2025, phased out once fixed asset purchases for the year exceed \$3,130,000. Amounts are indexed annually for inflation.	Amounts increased to \$2,500,000 of expensing and \$4,000,000 phase-out for tax year 2025; indexed for inflation annually.
Qualified Business Income (QBI) Deduction (Passthrough Deduction)	20% deduction on QBI for pass-through owners (Partnership, S Corporation, or Sole Proprietorship), as well as 20% of certain real estate investment trust dividends and publicly traded partnership income for tax years 2018-2025. Limitations apply once taxable income exceeds threshold amounts; the limitations are phased in over a fixed amount of \$100,000 MFJ/\$50,000 all others.	20% deduction made permanent with increased phase-out amounts of \$150,000 MFJ/\$75,000 all others. A new inflation adjusted minimum deduction of \$400 is allowed for taxpayers who have at least \$1,000 of QBI from an activity in which they materially participate. Effective after 2025.
Charitable Contributions Made by Corporations	Charitable contribution deduction is limited to 10% of taxable income for corporate taxpayers. Excess contributions can be carried forward 5 years.	New 1% of taxable income floor applies beginning in 2026, with 10% of taxable income limitation max. Excess contributions carryforward.
Employer Provided Meals Deduction	A 50% deduction is allowed for employer provided meals; expenses will be nondeductible after 2025.	Deduction for employer-provided meals allowed to expire after 2025, but an exception is made for businesses that also sell food, and for commercial vessels and fishing boats.
Form 1099 Information Reporting	Form 1099 reporting by a business for services performed by an independent contractor and certain other payments has a \$600 filing requirement threshold for payments made in the course of a trade or business.	Reporting threshold increased to \$2,000 for payments made after 2025; indexed for inflation.
Work Opportunity Tax Credit (WOTC)	Credit for wages paid to certain individuals.	Allowed to expire after Dec. 31, 2025.
Paid Family & Medical Leave Credit	Provides a credit for employers who provide paid FMLA. Expires after 2025.	Credit is made permanent and enhanced for tax years after 2025.