

July 11, 2025

Here Comes the Sun – Rising not Setting

On July 4th, President Trump signed into law the “One Big Beautiful Bill Act” (OBBBA) which is a budget reconciliation law that will impact every American individual and business taxpayer. The OBBBA extends and makes permanent many of the provisions enacted under the 2017 Tax Cuts and Jobs Act. Among the most notable provisions are adjustments to individual tax rates, extended standard deductions, enhanced credits for families and small businesses, and an increase in the gift and estate tax exemption.

Whether your clients are managing an estate, planning their personal finances, or steering a business, staying informed about this recent legislative development is essential to help them adjust to this shifting landscape.

Below is a summary of several key provisions that may impact your individual and business owner clients.

Individuals

Gift and Estate Tax

- Increases the estate and gift tax exemption to \$15,000,000 in 2026, adjusted for inflation after.

Income Tax

- Extends current personal income tax rates.
- Extends Alternative Minimum Tax (AMT) exemption and phase out thresholds.
- Increases in the standard deduction, adjusted for inflation.
- Repeals the personal exemptions.
- Extends mortgage interest deduction limited to the first \$750,000 of debt (acquisition).
- Eliminates interest deduction on home equity debt (non-acquisition).
- Provides for up to \$1,700 in tax credits for charitable contributions to scholarship-granting organizations for eligible elementary and secondary school students.
- Provides refundable Adoption Credit up to \$5,000, adjusted for inflation.
- Increases Child Tax Credit from \$2,000 to \$2,200.

- Expands Section 529 plan expenses and tuition limits for K-12, allows for certain credentialing expenses, and supports homeschooling costs.
- Introduces tax-deferred Trump account for children under age 18 allowing an annual \$5,000 contribution indexed for inflation and a one-time government funded deposit of \$1,000 for qualifying children born between January 1, 2025 and December 31, 2028.
- Extends the 60% deduction for cash gifts to qualified charitable organizations.

Temporary Income Tax Relief

- Allows a \$6,000 senior deduction for taxpayers 65 or older with income up to \$75,000 for single taxpayers and up to \$150,000 for married taxpayers filing jointly through 2028.
- Allows a deduction for qualified tips up to \$25,000 per year for single taxpayers earning up to \$150,000 and \$300,000 for married taxpayers filing jointly through 2028.
- Permits a deduction for overtime pay up to \$12,500 per year for single taxpayers earning up to \$150,000 and \$25,000 for married taxpayers filing jointly earning up to \$300,000 through 2028.
- Increases the SALT deduction cap to \$40,000 for single and married filing jointly taxpayers earning up to \$500,000 (\$20,000 for married filing separately taxpayers earning up to \$250,000). The deduction cap increases to \$40,400 (\$20,200) and continues to rise by 1% per year through 2029, reverting to \$10,000 for single and married filing jointly (\$5,000 for married filing separately) in 2030. The phaseout threshold increases to \$505,000 (\$252,500) in 2026 and continues to rise by 1% after.
- Provides a deduction up to \$10,000 per year for qualified passenger vehicle loan interest for new cars assembled in the United States for single taxpayers earning up to \$100,000 and married taxpayers filing jointly up to \$200,000 through 2028.
- Permits non-itemized taxpayers to deduct qualified charitable contributions up to \$1,000 for single taxpayers and \$2,000 for married taxpayers filing jointly beginning in 2026.

Business Owners

Income Tax

- Retains 21% corporate tax rate.
- Extends and enhances the 20% deduction for Qualified Business Income (QBI) under §199A.
- Expands Qualified Small Business Stock (QSBS) benefits.
- Reinstates the 100% first-year bonus depreciation for qualified production property.
- Increases Section 179 deduction for the purchase of certain business assets to \$2,500,000 phasing out at \$4,000,000.
- Extends the credit for family and medical leave paid to eligible employees.

Change brings opportunity. Reach out to your clients and their personal tax advisors to discuss tailored strategies to help maximize the benefits under this new law. As the impact of the OBBBA ripples through the economy, proactive planning is essential to navigate the evolving tax environment.

Source:

H.R.1 – One Big Beautiful Bill Act
119th Congress (2025-2026)

[Text - H.R.1 - 119th Congress \(2025-2026\): One Big Beautiful Bill Act | Congress.gov | Library of Congress](#)

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