

# The One Big Beautiful Bill Act

## Highlights for Individuals



## Income



- No tax on tips up to \$25,000\*
- No tax on overtime up to \$12,500 (\$25,000 married filing jointly)\*
- Exclusion from income for Dependent Care Assistance Program increased to \$7,500
- Qualified Small Business Stock (QSBS) gain exclusion expanded
  - Tiered exclusion benefit at 3 years
  - per-issuer cap increased to \$15 million
  - effective for stock purchased after 7/4/2025
- Excess business loss limitation now permanent

*\*subject to phaseouts or limitations*

## Tax Rates

- Tax rates in effect since 2017 now permanent
- Inflation adjustment for 10% and 12% brackets allows slight reduction in taxes
- More high-net-worth taxpayers may be subject to the Alternative Minimum Tax based on changes to the exemption phaseout



# Deductions

- Higher standard deduction in effect since 2017 now permanent (\$31,500 MFJ, \$23,625 HOH, \$15,750 single and other filers)
- Charitable deduction for non-itemizers
- Additional \$6,000 deduction for seniors\*
- Cap on State and Local Tax (SALT) itemized deductions increased to \$40,000\*
- Mortgage interest limitation based on \$750,000 loan balance made permanent
- Car loan interest deductible up to \$10,000\*
- Charitable deduction subject to floor of 0.5% of adjusted gross income
- Casualty losses limited to federal and state declared disasters
- Misc 2% itemized deductions permanently disallowed (excluding educator expenses)
- Total itemized deductions limited for taxpayers in 37% bracket

*\*subject to phaseouts or limitations*

## Credits



- Child Tax Credit permanently increased\*
- Termination of Clean Vehicle Credit after 9/30/25
- Termination of Energy Efficient Home Improvement Credit after 12/31/25
- Termination of Residential Clean Energy Credit after 12/31/25
- Termination of Alternative Fuel Vehicle Refueling Property Credit after 6/30/26

*\*subject to phaseouts or limitations*

## Estates

- Permanently increases the gift and estate tax exemptions to \$15 million
  - Note the exemption is per person, so married couples effectively shield \$30 million



# Other Benefits



- Trump Accounts - tax-advantaged savings account for U.S. Citizens born 2025 through 2028 with \$1,000 government match
- Opportunity Zones permanently extended and benefits increased
- 529 Plans now available to use for K-12 expenses, tutoring, test fees, and educational therapies up to \$20,000 per year per child

## How do the new tax provisions affect you?

The tax elements in the OB3 are plenty to digest independently, but more complicated to understand as they interact. Are you phased out of the SALT cap? Should you still itemize deductions? Do the tax effects of your current investment strategy change?

If you want to understand your particular tax situation under the new legislation, contact us today for your

### Big Beautiful Briefing

We'll review your previous year's tax return and model the effects of the OB3 for your specific situation.

**\$500** | *Limited availability*

## Contact Us

[www.larkandledger.com/ob3](http://www.larkandledger.com/ob3)  
[ob3@larkandledger.com](mailto:ob3@larkandledger.com)



Alicia Welshimer, CPA



Hayley Stanton, CPA