

# 10 Key Tax Changes of the One, Big, Beautiful Bill

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On July 4, 2025, the legislation commonly referred to as the One, Big, Beautiful Bill (OB BB) was signed into law. Below are snapshots of 10 key changes affecting individuals, families, and businesses from the OB BB.

## 1) INDIVIDUAL INCOME TAX RATES MADE PERMANENT

The income tax rates introduced by the Tax Cuts and Jobs Act (TCJA) in 2017 are made permanent.

There are 7 rates (10%, 12%, 22%, 24%, 32%, 35%, 37%) for individuals with income thresholds varying by filing status.

## 2) HIGHER STANDARD DEDUCTION AMOUNT MADE PERMANENT

The higher standard deduction amount created by the TCJA is made permanent.

Starting in 2025 the standard deduction amount will be \$31,500 for joint filers and \$15,750 for single filers. The standard deduction amount will be adjusted for inflation in subsequent tax years.

## 3) HIGHER ESTATE AND GIFTING EXEMPTIONS AMOUNTS MADE PERMANENT

The higher estate and gifting exemptions amounts put in place by the TCJA are made permanent.

In 2026, the estate and gifting exemption amount will be \$15,000,000 per person, so \$30,000,000 for a married couple. The exemption amount will be indexed for inflation going forward.

## 4) STATE AND LOCAL INCOME TAX (SALT) ITEMIZED DEDUCTION CAP INCREASE

The cap on the itemized deduction for state and local taxes is increased to \$40,000 for 2025 and increases by 1% through 2029, subject to a phaseout for taxpayers with incomes above \$500,000. In 2030 the cap reduces to \$10,000.

## 5) ENHANCED INCOME TAX DEDUCTION FOR SENIORS

A new deduction is created for people 65 or older of \$6,000 per eligible filer with a modified adjusted gross income that does not exceed \$75,000 for single filers or \$150,000 for married filing jointly filers. The deduction is allowed for tax years 2025 through 2028.

## 6) REDUCE INCOME TAX ON TIPS

In tax years 2025 through 2028 up to \$25,000 of tips may be deducted from federal taxable income for those in industries where tips are customary. The deduction phases out when adjusted gross income exceeds \$150,000 for single filers and \$300,000 for joint filers.

## 7) REDUCE INCOME TAX ON OVERTIME

In tax years 2025 through 2028 up to \$25,000 of overtime compensation for married filers and \$12,500 for single filers may be deducted from federal taxable income. The deduction phases out when adjusted gross income exceeds \$150,000 for single filers and \$300,000 for joint filers.

## **8) INTEREST ON CAR LOANS MADE DEDUCTIBLE**

In tax years 2025 through 2028 auto loan interest is made deductible for new autos with final assembly in the United States. The deduction is limited to \$10,000 and phases out when income exceeds \$100,000 for single filers and \$200,000 for joint filers.

## **9) CHILD TAX CREDIT INCREASED AND MADE PERMANENT**

The child tax credit is increased to a maximum of \$2,200 in 2026, made permanent, and adjusted for inflation in years thereafter.

## **10) TRUMP ACCOUNTS FOR KIDS**

The OBBB creates a new savings account for children. Parents would be able to contribute up to \$5,000 a year and it also permits a one-time deposit of \$1,000 from the federal government for those born in 2025 through 2028.

To discuss these and other tax changes and how they could affect your clients contact the Advanced Consulting Group at 614-677-6500 or [advcg@nationwide.com](mailto:advcg@nationwide.com).



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