# KEY PROVISIONS AND TIMEFRAMES OF THE "ONE BIG BEAUTIFUL BILL ACT"

On July 4th, 2025, President Trump signed into law the "One Big Beautiful Bill Act (OBBBA)" which largely makes permanent the 2017 tax cuts that were set to expire at the end of 2025. There have also been several key additional tax provisions that carry with them notable planning implications and varying effective dates.

**Effective Date(s)**

- ● Permanent Provisions effective in 2025
- ○ Permanent Provisions effective beginning in 2026
- ■ Temporary Provisions effective beginning in 2025 and ending in 2028
- □ Temporary Provisions effective beginning in 2025 and ending in 2029
- ▲ Expiring Provisions

**INDIVIDUAL TAXPAYER PROVISIONS**

| Provision | Details | Eff Date(s) | Income Limits and Phase Outs | Who's Impacted | Planning Opportunities and Considerations |
|---|---|---|---|---|---|
| **Federal Income Tax Rates** | Tax rates and brackets established by the 2017 The Tax Cuts and Jobs Act (TCJA) have been made *permanent*: **10%, 12%, 22%, 24%, 32%, 35%, and 37%**<br><br>Annual cost of living adjustment (COLA) applies to tax brackets | ● | N/A | All Taxpayers | Greater clarity on multiyear income tax planning<br><br>Lesser incentive to accelerate income to prior to 2026 |
| **Federal Estate and Gift Tax Exemption** | *Permanently* increased to **$15M per person** starting in 2026 (annual COLA)<br><br>2025 Exemption remains at $13.99M per person | ○ | N/A | Taxpayers with taxable estates of $7M per person<br><br>2026 exemption was set to decrease to ~$7M per person | Reduction in the number of taxable estates<br><br>Greater opportunities for lifetime gifting<br><br>Lesser incentive to accelerate gifting to prior to 2026 |
| **State and Local Tax Deduction (SALT)** | Deduction cap *temporarily* increases to **$40,000**<br><br>1% annual increase on cap from 2025-2029<br><br>Deduction cap reverts to $10,000 beginning in 2030 | □ | Modified adjusted gross income (MAGI):<br>$250,000-$350,000 (S)<br>$500,000-$600,000 (MFJ)<br><br>$40,000 cap is reduced by 30% of any MAGI exceeding limit (i.e., $550,000 MAGI for MFJ reduces SALT cap to $25,000) | Taxpayers that itemize their deductions<br><br>Taxpayers in States with high income tax rates | Consider accelerating income into 2025-2029 tax years<br><br>Careful income planning for taxpayers nearing $250,000/$500,000 MAGI |

| Provision | Details | Eff Date(s) | Income Limits and Phase Outs | Who's Impacted | Planning Opportunities and Considerations |
|---|---|---|---|---|---|
| **Standard Deduction** | *Permanently* increased to **$15,750 (S); $31,500 (MFJ)** (annual COLA)<br>Additional deduction amounts for age 65+ and/or blind taxpayers are unchanged | ● | None | All taxpayers claiming the Standard Deduction ("Non-Itemizers") | Permanently higher threshold to itemize deductions<br>Standard Deduction was set to decline to previous, lower levels starting in 2026 |
| **Bonus Deduction for Seniors** | *Temporary* additional **$6,000 per person deduction for taxpayers age 65+**<br>This is a bonus deduction that is in addition to the taxpayer's standard deduction(s) or itemized deductions | ■ | MAGI: $75,000-$175,000 (S) $150,000-$250,000 (MFJ)<br>$6,000 per person deduction is reduced by 6% for each $1 of MAGI exceeding limit (i.e., $200,000 MAGI for MFJ reduces deduction to $4,500 per person) | Taxpayers age 65+ on 12/31/2025-12/31/2028<br>Applies to taxpayers that claim the standard deduction or itemize their deductions | Consider accelerating income for seniors into 2025-2028 tax years<br>Careful income planning for senior taxpayers nearing $75,000/$150,000 MAGI |
| **Charitable Deduction for Non-Itemizers** | *Permanent* **below-the-line up to $1,000 (S); $2,000 (MFJ)** of charitable contributions (no COLA) | ○ | N/A | Charitably inclined taxpayers claiming the Standard Deduction ("Non-Itemizers") | New financial incentive for non-itemizers to complete charitable giving |
| **Charitable Deduction for Itemizers** | *Permanent* **0.5% AGI floor** for charitable deductions<br>Only charitable contributions that exceed 0.5% of AGI qualify as an itemized deductions | ○ | N/A | Charitably inclined taxpayers itemizing their deductions ("Itemizers") | New AGI floor to account for in charitable planning<br>Broader need to bunch charitable contributions to exceed AGI floor<br>Potentially accelerate charitable contributions into 2025 if 0.5% AGI floor will not be met in 2026 |
| **Deduction for Auto Loan Interest** | *Temporary* **below-the-line deduction up to $10,000** for auto loan interest on US-made vehicles | ■ | MAGI: $100,000-$150,000 (S) $200,000-$250,000 (MFJ)<br>$10,000 maximum deduction is reduced by $2,000 for each $10,000 of MAGI exceeding limit (i.e., $220,000 MAGI for MFJ reduces max deduction to $6,000) | Purchasers of US-made vehicles who financed and purchased after 1/1/2025<br>Specific list of eligible vehicles will be defined by IRS at a later date | Consider the timing of financed purchases of US-made vehicles<br>Careful income planning for certain taxpayers nearing $100,000/$200,000 MAGI |
| **Child Tax Credit** | *Permanently* increased to **$2,200 per child** (annual COLA)<br>*Permanently* makes portion of credit refundable: $1,700 for 2025 | ● | MAGI: $200,000-$244,000 (S) $400,000-$444,000 (MFJ)<br>$2,200 credit is reduced by $50 for each $1,000 of MAGI exceeding limit (i.e., $420,000 MAGI for MFJ reduces credit to $1,800) | Parents of children under age 17 | Careful income planning for parent-taxpayers nearing $200,000/$400,000 MAGI |

## BUSINESS OWNER TAX PROVISIONS

| Provision | Details | Eff Date(s) | Income Limits and Phase Outs | Who's Impacted | Planning Opportunities and Considerations |
|---|---|---|---|---|---|
| **Deduction for Qualified Business Income (QBI)**<br>"Section 199A Deduction" | Makes the deduction *permanent* at **20% of QBI** | ● | Taxable Income:<br>$197,300-$247,300 (S)<br>$394,600-$494,600 (MFJ)<br>The phase out and/or elimination of the deduction varies based on if the business qualifies as a Specified Service Trade or Business | Qualifying owners of Sole Proprietorships, Partnerships, S-Corps | Entity structure planning<br>Careful income planning for business owner taxpayers nearing $197,300/$394,600 taxable income |
| **Expansion of Qualified Small Business Stock (QSBS) Gain Exclusion**<br>"Section 1202 Stock" | *Permanently* increased "small business" asset threshold at stock issuance to **$75M** (applies only to stock issued after 7/4/2025)<br>*Permanently* introduced a new tiered gain exclusion structure:<br>**50% exclusion** for QSBS held for at least **three years.**<br>**75% exclusion** for QSBS held for **four years.**<br>**100% exclusion** for QSBS held for **five years** (applies only to stock issued after 7/4/2025)<br>*Permanently* increases gain exclusion cap to the greater of: **$15M per taxpayer** or 10x stock basis (applies only to stock issued after 7/4/2025) | ● | **Stock issuance before 7/4/2025:** <$50M asset level, 5-year holding period requirement, exclusion cap of $10M per taxpayer or 10x basis<br>**Stock issuance after 7/4/2025:** <$75M asset level, tiered exclusion holding period (3-5 yrs), exclusion cap of $15M per taxpayer or 10x basis | Owners of Section 1202 Stock (QSBS) | Entity structure planning<br>Broader eligibility for gain exclusion<br>Greater flexibility in the timing of utilizing the gain exclusion |
| **Deduction for Tips** | *Temporary* additional **$25,000 below-the-line deduction** for tip income<br>Federal income tax deduction only; State income tax and Federal Insurance Contributions Act (FICA) taxes still apply | ■ | MAGI: $150,000-$400,000 (S)<br>$300,000-$550,000 (MFJ)<br>$25,000 deduction is reduced by $100 for each $1,000 of MAGI exceeding limit (i.e., $400,000 MAGI for MFJ reduces deduction to $15,000) | Service workers<br>Specific list of eligible workers will be defined by IRS at a later date | Employee compensation planning<br>Employer payroll reporting requirements<br>Careful income planning for service worker-taxpayers nearing $150,000/$300,000 MAGI |
| **Deduction for Overtime** | *Temporary* **$12,500 below-the-line deduction** for overtime income<br>Federal income tax deduction only; State income tax and FICA taxes still apply | ■ | MAGI: $150,000-$275,000 (S)<br>$300,000-$425,000 (MFJ)<br>$12,500 deduction is reduced by $100 for each $1,000 of MAGI exceeding limit (i.e., $350,000 MAGI for MFJ reduces deduction to $7,500) | Hourly workers and some salaried workers<br>Specific list of eligible workers will be defined by IRS at a later date | Employee compensation planning<br>Employer payroll reporting requirements<br>Careful income planning for employed taxpayers nearing $150,000/ $300,000 MAGI |

## OTHER PROVISIONS

| Provision | Details | Eff Date(s) | Income Limits and Phase Outs | Who's Impacted | Planning Opportunities and Considerations |
|---|---|---|---|---|---|
| **Expansion of Qualified Expenses for 529 Plans** | *Permanently* **expands K-12 qualifying expenses** to include: curriculum materials, textbooks, instructional materials, online educational materials, standardized testing fees and tutoring costs outside of the home<br><br>*Permanently* **includes select post-secondary credentials** expenses as qualified educational expenses | ● | N/A | 529 Plan Owners with K-12 students and/or Post-Secondary educational expenses | Broader use and application of 529 Plan assets<br><br>Individual states still may determine that K-12 and Post-Secondary credential expenses are not qualified educational expenses |
| **Increased 529 Withdrawal Limit for K-12 Expenses** | *Permanently* increases qualifying K-12 withdrawal limit to **$20,000 per year** starting in 2026<br><br>K-12 withdrawal limit remains $10,000 for 2025 | ○ | N/A | 529 Plan Owners with K-12 students | Broader use and application of 529 Plan assets<br><br>Individual states still may determine that K-12 and Post-Secondary credential expenses are not qualified educational expenses |
| **Creation of New Tax-Preferred Savings Accounts**<br><br>"Trump Accounts" | *Permanently* establishes new tax-advantaged savings vehicles (tax-deferred growth and income)<br><br>Maximum contribution of **$5,000 per year** for the benefit of individuals under age 18, starting in 2026 (contributions can only occur while the beneficiary is under age 18 and beginning in 2026)<br><br>Distributions are permitted only in years that the beneficiary is age 18+ | ○ | N/A | Parents of and children under age 18 | Additional tax-deferred savings vehicles for the benefit of minors that does not require the beneficiary to have earned income (like a custodial IRA would) *nor require* the funds to be used for qualifying educational expenses (like a 529 Plan would) |
| **Pilot Funding of New Tax-Preferred Savings Accounts**<br><br>"Trump Accounts" | All **children born between 1/1/2025 and 12/31/2028** will be eligible for a $1,000 seed investment from the U.S. Treasury | ■ | N/A | Parents of and children born between 1/1/2025-12/31/2028 | Proactive election required to receive seed investment |



CORIENT

| Provision | Details | Eff Date(s) | Income Limits and Phase Outs | Who's Impacted | Planning Opportunities and Considerations |
|---|---|---|---|---|---|
| **Credit for Electric Vehicles (EVs)** | **$7,500** credit (qualifying new cars)<br>**$4,000** credit (qualifying used cars) | ▲ | MAGI:<br>New Cars: $150,000 (S); $300,000 (MFJ)<br>Used Cars: $75,000 (S); $150,000 (MFJ)<br>There is no phase out of the credit, only a complete elimination once the MAGI limit is reached | Purchasers of EVs | Purchase EVs prior to September 30, 2025 |
| **Credit for Energy Efficient Home Improvements** | **30% credit** on qualifying costs for energy efficient home improvements<br>Maximum credit varies by type of improvement costs ranging from $150-$2,000 maximum credit | ▲ | N/A | Homeowners with energy efficient improvement costs | Complete improvements prior to December 31, 2025 |
| **Credit for Residential Clean Energy Property** | **30% credit** on qualifying costs for renewable energy property | ▲ | N/A | Homeowners with renewable energy sources (solar panels, solar water heaters, wind turbines, battery storage technology, etc.) | Complete installation and make operational prior to December 31, 2025 |
| **Credit for Alternative Fuel Vehicle Refueling Property** | **30% credit** on qualifying costs for refueling or recharging property in eligible locations.<br>Maximum of $1,000 credit per item<br>Eligible locations include low-income community census tract or non-urban census tract | ▲ | N/A | Eligible homeowners installing vehicle refueling/charging stations | Complete installation and make operational prior to June 30, 2026 |