

SUMMARY OF TAX CHANGES FROM THE ONE BIG
BEAUTIFUL BILL ACT 2025

What's Changing	How it's Changing	Effective Date
Individual Tax Provisions		
Lower Tax Brackets	Current lower brackets (12%, 22%, 24%, 32%, 35%, 37%) made permanent.	Tax year 2026 onward
Higher Standard Deduction	Increases permanently to \$31,500 (MFJ) / \$15,750 (Single), with future inflation adjustments.	Tax year 2025 onward
New Senior Deduction	Special deduction of \$6,000 per taxpayer age 65+, phased out by 6% of MAGI over \$75,000 (Single)/\$150,000 (Joint).	Tax years 2025-2028
SALT Deduction Cap	SALT deduction cap temporarily increased to \$40,000 (\$20,000 MFS) for 2025-2029. Phases down toward \$10k when MAGI>\$500,000 (\$250k MFS). Returning to \$10,000 in 2030.	Tax years 2025-2029
Charitable Deduction (Non-itemizers)	Standard deduction filers can deduct charitable contributions up to \$2,000 MFJ / \$1,000 others. Sets 0.5% floor for deduction when itemizing.	Tax year 2026 onward
Child Tax Credit	Increased permanently to \$2,200 per child under 17, inflation-adjusted, phases out when MAGI>\$400,000 (MFJ), \$200,000 others.	Tax year 2025 onward
Dependent Care Credit	Maximum credit increased permanently to 50% of qualifying expenses. Phases down to 20% min based on income.	Tax year 2026 onward
Dependent Care FSA Limits	Annual limits permanently increased to \$7,500 (\$3,750 if MFS).	Tax year 2026 onward
Car Loan Interest Deduction	Deduction up to \$10,000/year on personal car loans, phased out when income \$200,000-\$250,000 MFJ (\$100,000-\$150,000 others), only for new US-assembled cars purchased (2025-2028).	Cars purchased 2025-2028
Overtime Deduction	Deduction up to \$25,000/year MFJ (\$12,500 others), phases out when MAGI>\$300,000 MAGI (MFJ), \$150,000 others.	Tax years 2025-2028
Business Tax Provisions		
QBI Deduction	20% QBI deduction made permanent, with wider income phase-out ranges beginning in 2026.	Tax year 2026 onward
100% Bonus Depreciation	Immediate full expensing for qualified property made permanent if purchased and "placed in service" after January 19, 2025.	Tax Year 2025 onward
Pass-Through Entity Tax Credit	SALT workaround allowing states to deduct state taxes at the entity level continues unchanged.	Continuing
Other Enhancements		
529 Plans	Expanded uses including credentialing, CE expenses. Increased K-12 withdrawal limit (\$20,000 annually 2026 and beyond).	Distributions after enactment for most
ACA Plans & HSAs	All ACA Bronze and catastrophic plans qualify as HSA-eligible. Doesn't remove the 400% of Poverty Line income cliff for the ACA premium tax credit.	Tax year 2026 onward
Trump Accounts	New IRA-like account for minors under 18; \$5,000/year max contribution, no earned income required, funded post-tax until age 18; specific investment restrictions apply (US-market indexed funds).	Likely 2026