

Big Beautiful Bill Tax Changes

Changes effective for 2025

Item	Change	Income Phase Out (Single/Married)
Increased Standard Deduction	\$15,750 - Single, \$31,500 Married Filing Joint, \$23,6225 Head of Household	
Additional Standard Deduction for Age 65	\$6,000 additional standard deduction.	\$75,000/\$150,000
New Auto Loan Interest	New car loan on new car purchased up to \$10,000 of interest. Auto must be purchased after 2024 and assembled in the United States.	\$100,000/\$200,000
Tip pay deduction	Deduction for tips reported accurately on W-2 up to \$25,000.	\$150,000/\$300,000
Overtime Pay Deduction	Deduction of up to \$12,500 Single or \$25,000 Married. Only the premium pay over standard pay that is reported on W-2.	\$150,000/\$300,000
State and Local (SALT) Deduction	Limit increases from \$10,000 to \$40,000	\$500,000
Increased Child Tax Credit	For dependents under age 17, credit increases to \$2,200.	
Adoption Credit partially refundable	Part of credit may exceed tax liability for year.	
Trump savings account	\$5,000 annual limit. Federal government will deposit \$1,000 for kids born between 1/1/2025 and 12/31/2028	
Section 179 Deduction	Increased to \$2.5 Million. Phase out begins at \$4 Million purchases.	
Increase in 1099-K reporting limit	Limit increase to \$20,000 and 200 transactions	

Changes effective for 2026

Pre-AGI Charity deduction	Cash deduction up to \$1,000 Single \$2,000 Married for qualified charities.	
0.5% AGI floor for charitable deductions	Itemized donations have to exceed 0.5% of income before allowable	
Expanded Health Savings Account	Bronze & Catastrophic plans now qualify as HDHP	
High Income Itemized deduction phaseout		\$640,600/\$768,700
Mortgage insurance premiums	Now qualify as interest expense	
Miscellaneous Itemized Deductions	Educators and coaches now allowed itemized deductions on unreimbursed expenses.	
Individual & Business Energy Credits	New & Used car credit ended as of 9/30/2025	
Individual Energy Credits	Solar, wind, geothermal, insulation, windows, doors, furnaces, water heaters all ended on 12/31/2025.	
Exstate Tax Limit	Increased to \$15 Million.	
529 Qualified Expenses	Expanded to include Tutoring and credentialing	
AMT exemption increased	Exempt amounts are \$90,100 Single/\$140,200 Married	\$500,000/\$1,000,000
Business interest deduction	Increase floor for business interest deduction limit	
Credit for employer child care facilities	Credit increased.	
1099-NEC/MISC	Reporting limit increased to \$2,000.	
C Corp charity deduction	Limited to 1% of income but retained overall limit of 10% of AGI.	
Qualified business income deduction	Deduction made permanent but remains at 20%	
Dependent care flexible spending accounts	FSA's increase to \$7,500 per household.	