



Dear valued client,

Following is a quick overview of the tax changes impacting individuals. Please keep in mind that proposed legislation may change some of the information listed below.

The following changes of the One Big Beautiful Bill Act passed in 2025 are effective beginning in 2025:

- The higher standard deduction was made permanent (\$15,000 for single and married filing separate; \$30,000 for married filing joint; and \$22,500 for head of household in 2025).
- The suspension of personal exemptions was made permanent.
- Current tax rates for individuals were made permanent: 10%, 12%, 22%, 24%, 32%, 35%, 37%.
- Permanently extends the qualified business income deduction for taxpayers with qualified business income from pass-through entities. This 20% deduction is subject to limitations. Rental income must meet certain criteria in order to be considered qualifying business income.
- Increases the state/local tax deduction limit to \$40,000, subject to AGI limitations, for 2025-2029.
- Up to \$25,000 of tip income is deductible, subject to AGI limitations, through 2028. The tips must be voluntary, included on a W-2 or 1099, and be earned in an occupation that commonly receives tips by IRS definition (must be listed in IRS REG-110032-25).
- Up to \$25,000 of overtime pay is deductible, subject to AGI limitations, through 2028. Only the overtime premium paid, as required by the FSLA, is qualified. Any overtime premiums paid that are not required by FSLA, are not qualified.
- Additional \$6,000 deduction for seniors 65+, subject to AGI limitations, through 2028.
- New above-the-line deduction for car loan interest on new US assembled qualifying vehicles, subject to limitations, through 2028. You must provide the VIN in order to claim the deduction.
- Permanently increases the child tax credit to \$2,200 per child and indexes it for inflation.
- Makes the adoption tax credit partially refundable up to \$5,000 (indexed for inflation).
- Permanently extends the limitation of the home mortgage interest deduction to underlying indebtedness of up to \$750,000 (\$375,000 for married taxpayers filing separately) for acquisition debt incurred after 12/15/2017.
- Permanently extends the repeal of miscellaneous itemized deductions subject to the 2% floor.
- Terminates clean vehicle credits (effective 9/30/2025).
- Terminates residential energy credits (effective 12/31/2025).

- Permanently extends bonus depreciation (effective 1/20/2025), and expands qualified property.
- Increases Code Section 179 expensing, and adjusts annually for inflation.
- Increases the threshold for Form 1099-K reporting to \$20,000/200 transactions.
- Makes permanent the excess business loss limitation for noncorporate taxpayers.
- Expands the FICA Tip Credit to employers in certain Beauty Service Businesses.

The following changes of the One Big Beautiful Bill Act passed in 2025 are effective beginning in 2026:

- Charitable contribution deduction for non-itemizers of up to \$1,000 for single filers and \$2,000 for joint filers.
- Reduces any charitable contribution deduction for itemizers by 0.5-percent of adjusted gross income.
- Trump Accounts (tax-favored accounts) available for children under age 8 through 2028.
- Expansion of 529 programs to include additional elementary, secondary, and home-schooling expenses.
- Permanently restores the deduction for mortgage insurance premiums, subject to AGI limitations.
- Limits the deduction for gambling losses to 90% of the losses, not to exceed the winning.
- Makes permanent the higher estate tax exclusion amounts, increased to a base amount of \$15 million for 2026, and adjusted for inflation thereafter.
- HSA qualifying plans are expanded to include bronze level and catastrophic plans on the Exchange.
- Increases the threshold for Form 1099-MISC and 1099-NEC reporting to \$2,000.
- Allows capital gains from the sale or exchange of qualified farmland property to a qualified farmer to be paid in four equal annual installments.
- Reduces corporate charitable contribution deduction by 1 percent of taxable income.
- Expands the qualified small business stock gain exclusion.
- Adds qualified overtime compensation reporting to Form W-2 through 2028.

Feel free to contact my office with any questions you may have.

Sincerely,



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