OBBA Key Tax Provisions — Final Legislation with Comparison Across 2025 Reconciliation Bills

Below is a chart comparing key tax provisions across the House bill, H.R.1, the "One Big Beautiful Bill Act," (OBBBA), passed by the House of Representatives on May 22, 2025, and the Senate bill, passed on July 1, 2025, after the Senate incorporated the Senate manager's amendment to H.R.1, with prior current law (pre-OBBBA). On July 3, 2025, the House passed the Senate bill, sending it to the President for signature into final law on July 4, 2025.

The following provisions from the 2017 tax bill have been made permanent:

- Individual income tax rates
- Standard deduction amounts
- Elimination of personal exemptions
- Mortgage interest deduction limitation

INDIVIDUAL KEY PROVISIONS

TAX PROVISION	CURRENT LAW	SENATE BILL (APPROVED BY HOUSE)
Child Tax Credit (CTC)	$2,000 per child (TCJA), reverts to $1,000 after 2025	Permanent increase of $2,200 per child, with $1,400 refundable with inflation adjustments. SSN requirements are similar to H.R.1. However, if the taxpayer is married, only one spouse needs to report their SSN.
Charitable deduction for nonitemizers (Cash deductions only)	Not available after 2021.	The bill creates a charitable contribution deduction of $1,000 for single filers or $2,000 for MFJ for certain charitable contributions. The deduction is permanent, however it starts after 2025.
Charitable deduction for individuals who itemize (Cash deductions only)	Taxpayers who itemize can deduct a portion of their qualified charitable contributions, subject to a specified limitation based on the type of contribution.	The bill would limit the charitable deduction for taxpayers who itemize by providing a deduction only for charitable contributions to the extent that they exceed 0.5% of the taxpayer's contribution base.
No tax on tips	Tips are taxable income.	The bill is similar to H.R. 1, however it limits the benefit to $25,000 per taxpayer. The bill would also begin to phase out the deduction when the taxpayer's modified adjusted gross income exceeds $150,000 ($300,000 for MFJ) and would expire in 2028.

INDIVIDUAL KEY PROVISIONS (CONT.)

TAX PROVISION	CURRENT LAW	SENATE BILL (APPROVED BY HOUSE)
No tax on overtime	Overtime pay is taxable income.	The bill is similar to H.R. 1, however it limits the benefit to $12,500 per taxpayer, subject to an income limitation.
Pease limitation (itemized deductions phaseouts)	Suspended 2018-2025 (TCJA); Reinstated in 2026.	Permanently repeals the Pease limitation phase-out, effective for tax years beginning after Dec. 31, 2025. The proposal replaces the Pease limitation with a simpler, uniform cap: All itemized deductions (SALT or otherwise) yield a $0.35 tax benefit per $1 deducted for topbracket taxpayers, and Explicitly excludes the Sec. 199A pass-through deduction from this limitation. Note: H.R. 1 pairs a general 2% reduction on every deduction with an extra 5% SALT reduction, whereas the bill applies a flat 2% reduction across the board and leaves the QBI deduction untouched.
Enhanced deduction for seniors	Additional standard deduction for age 65+	The proposal adds $6,000 bonus deduction for seniors (2025– 2028); phased out at higher incomes.
No tax on car loan interest	Personal interest on car loans not deductible.	Aligned with House bill. House bill: Allows deduction for up to $10,000 of interest on new car loans (2025–2028); must be US-assembled passenger vehicles with the vehicle serving as security for the loan.)
529 plan qualified expenses	Limited to higher education and $10,000 K-12 tuition.	Aligned with House bill. House bill: Expands to include more K-12 and homeschool expenses, and postsecondary credentialing expenses. In particular, CPA credentialling would also be allowed (including exam expenses).
“Trump Accounts”	N/A — did not exist.	Trump accounts will be IRAs under Sec. 408(a) (but not Roth IRAs) for the exclusive benefit of individuals under 18. Contributions can be made in calendar years before the beneficiary turns 18 and distributions can be made starting in the calendar year the beneficiary turns 18. Trump Accounts will have to be designated as such when they are set up, and no contributions are allowed until 12 months after the date of enactment of the bill. Under the Act, Treasury can set up Trump accounts for individuals identified as eligible and for which no Trump Account has already been created.

INDIVIDUAL KEY PROVISIONS (CONT.)		
TAX PROVISION	**CURRENT LAW**	**SENATE BILL (APPROVED BY HOUSE)**
State and local tax (SALT) cap	$10,000 cap.	The SALT provision retroactively increases the individual limit from $10,000 to $40,000 for 2025 and $40,400 for 2026, followed by 1% increases for 2027, 2028, and 2029. Beginning in 2030, the cap would revert to $10,000. Such deduction would also be subject to a phaseout for MAGI greater than $500,000 in 2025, $505,000 in 2026, and similar 1% increases thereafter, but the deduction would not be reduced below $10,000. Additionally, there would be no SALT limitation for passthrough entities.

Note: Medicaid and Premium Tax Credit (PTC)-eligibility interactions are outside the scope of this core-tax chart.

BUSINESS KEY PROVISIONS

TAX PROVISION	CURRENT LAW	SENATE BILL (APPROVED BY HOUSE)
Sec. 199A, Qualified Business Income deduction (QBI)	20% deduction for pass-through income, expires after 2025. Deduction subject to phaseout for specified service trades or businesses (SSTBs). Deduction limitations based on taxable income, wages paid and the presence of SSTBs.	Deduction remains at 20% and made permanent. Phase-out amounts are increased (expands the deduction limit phase-in range by increasing the $100,000 (MFJ) and $50,000 (single filers) amounts to $150,000 and $75,000, respectively), and a new minimum $400 deduction is added for taxpayers with at least $1,000 of QBI.
Form 1099 information reporting	The general Form 1099 reporting threshold remains at $600 and applies to payments made in the course of a trade or business.	Aligned with House bill. House bill: The bill would increase the information reporting threshold for certain payments to persons engaged in a trade or business and payments of remuneration for services to $2,000 in a calendar year (from $600), with the threshold amount to be indexed annually for inflation in calendar years after 2026.
Repeal revision to de minimis rules for third-partynetwork transactions	The American Rescue Plan Act (ARPA) of 2021 lowered the threshold for filing of Form 1099-K by third party settlement organizations to over $600 of payments received for the sale of goods and services. Prior to this change, the threshold under Sec. 6050W was over $20,000 of payments and over 200 transactions.	Aligned with House bill House bill: Reinstates the pre-ARPA 2021 threshold as if the lowered one was never enacted. Note: The IRS continued to apply the higher pre-ARPA threshold through 2023 but for 2024 applied a threshold of over $5,000 of payments for goods and services (rather than $600), and $2,500 for 2025 and planned to use $600 for 2026 and later (IR-2024-299).

ENERGY KEY PROVISIONS

TAX PROVISION	CURRENT LAW	SENATE BILL (APPROVED BY HOUSE)
Sec. 25C, Energy Efficient Home Improvement Credit	30% of qualified costs, $1,200 annual limit, expires 2032.	Aligned with House bill. House bill: Terminates for property placed in service after Dec. 31, 2025.
Sec. 25D, Residential Clean Energy Credit	30% of qualified costs, phases down after 2032, expires 2034.	Aligned with House bill. House bill: Terminates for property placed in service after Dec. 31, 2025.
Sec. 25E, Previously Owned Clean Vehicle Credit	Up to $4,000, expires 2032.	Terminates for expenditures made after Sept. 30, 2025.
Sec. 30D, Clean Vehicle Credit	Up to $7,500 per new clean vehicle, expires 2032.	Terminates for vehicles acquired after Sept. 30, 2025.

Key Tax Provisions — Before and After OBBBA

Below is a chart comparing key tax provisions before and after the One Big Beautiful Bill Act (OBBBA) was enacted on July 4, 2025

The following provisions from the 2017 tax bill have been made permanent:

- Individual income tax rates
- Standard deduction
- Personal exemptions
- Mortgage interest deduction limitation

INDIVIDUAL KEY PROVISIONS

TAX PROVISION	PRE-OBBBA	ENACTED OBBBA
Child Tax Credit (CTC)	$2,000 per child (TCJA), reverts to $1,000 after 2025	Permanent increase of $2,200 per child, with $1,400 refundable with inflation adjustments. Permanent increase to the phaseout threshold amounts of $200,000 ($400,000 for MFJ).
Pease limitation (itemized deductions phaseouts)	Suspended 2018-2025 (TCJA); Reinstated in 2026.	Permanently removes the Sec. 68 overall limitation on itemized deductions (known as the Pease limitation) and replaces it with a new overall limitation on the tax benefit of itemized deductions. The amount of itemized deductions otherwise allowable would be reduced by 2/37 of the lesser of (1) the amount of the itemized deductions or (2) the amount of the taxpayer's taxable income that exceeds the start of the 37% tax rate bracket.
Charitable deduction for nonitemizers (Cash deductions only)	Not available after 2021.	Creates a charitable contribution deduction of $1,000 for single filers or $2,000 for MFJ for certain charitable contributions. The deduction is permanent, however it starts after 2025.
Charitable deduction for individuals who itemize (Cash deductions only)	Taxpayers who itemize can deduct a portion of their qualified charitable contributions, subject to a specified limitation based on the type of contribution.	Limits the charitable deduction for taxpayers who itemize by providing a deduction only for charitable contributions to the extent that they exceed 0.5% of the taxpayer's contribution base.
Enhanced deduction for seniors	Additional standard deduction for age 65+	Adds $6,000 bonus deduction for seniors (2025– 2028); phased out at higher incomes.

INDIVIDUAL KEY PROVISIONS (CONT.)

TAX PROVISION	PRE-OBBBA	ENACTED OBBBA
No tax on tips	Tips are taxable income.	Allows up to $25,000 deduction for qualified tips received in certain occupations (as defined by Treasury). The deduction is available to taxpayers who claim the standard deduction or who itemize and is available through 2028. Phases out the deduction when the taxpayer's modified adjusted gross income exceeds $150,000 ($300,000 for MFJ).
No tax on overtime	Overtime pay is taxable income.	Allows up to $12,500 (25,000 for MFJ) for qualified overtime compensation . The deduction is available to taxpayers who claim the standard deduction or who itemize and is available through 2028. Phases out the deduction when the taxpayer's modified adjusted gross exceeds $150,000 ($300,000 for MFJ).
No tax on car loan interest	Personal interest on car loans not deductible.	Allows deduction for up to $10,000 of interest on new car loans (2025–2028); must be USassembled passenger vehicles with the vehicle serving as security for the loan.
529 plan qualified expenses	Limited to higher education and $10,000 K-12 tuition.	Expands to include more K-12 and homeschool expenses, and postsecondary credentialing expenses. In particular, CPA credentialling would also be allowed (including exam expenses).
Trump Accounts	N/A — did not exist.	Trump accounts will be IRAs under Sec. 408(a) (but not Roth IRAs) for the exclusive benefit of individuals under 18. Contributions can be made in calendar years before the beneficiary turns 18 and distributions can be made starting in the calendar year the beneficiary turns 18. Trump accounts will have to be designated as such when they are set up, and no contributions are allowed until 12 months after the date of enactment of the Act. Under the Act, Treasury can set up Trump accounts for individuals that it identifies as eligible and for which no Trump account has already been created.
State and local tax (SALT) cap	$10,000 cap.	The SALT provision retroactively increases the individual limit from $10,000 to $40,000 for 2025 and $40,400 for 2026, followed by 1% increases for 2027, 2028, and 2029. Beginning in 2030, the cap would revert to $10,000. Such deduction would also be subject to a phaseout for MAGI greater than $500,000 in 2025, $505,000 in 2026, and similar 1% increases thereafter, but the deduction would not be reduced below $10,000. Additionally, there would be no SALT limitation for pass-through entities.

Note: *Medicaid and Premium Tax Credit (PTC)-eligibility interactions are outside the scope of this core-tax chart.*

BUSINESS KEY PROVISIONS

TAX PROVISION	PRE-OBBBA	ENACTED OBBBA
Sec. 199A, Qualified Business Income deduction (QBI)	20% deduction for pass-through income, expires after 2025. Deduction subject to phaseout for specified service trades or businesses (SSTBs). Deduction limitations based on taxable income, wages paid and the presence of SSTBs.	Deduction remains at 20% and made permanent. Phase-out amounts are increased (expands the deduction limit phase-in range by increasing the $100,000 (MFJ) and $50,000 (single filers) amounts to $150,000 and $75,000, respectively), and a new minimum $400 deduction is added for taxpayers with at least $1,000 of QBI.
Form 1099 information reporting	The general Form 1099 reporting threshold remains at $600 and applies to payments made in the course of a trade or business.	Increases the information reporting threshold for certain payments to persons engaged in a trade or business and payments of remuneration for services to $2,000 in a calendar year (from $600), with the threshold amount to be indexed annually for inflation in calendar years after 2026.
Repeal revision to de minimis rules for third-party-network transactions	The American Rescue Plan Act (ARPA) of 2021 lowered the threshold for filing of Form 1099-K by third party settlement organizations to over $600 of payments received for the sale of goods and services. Prior to this change, the threshold under Sec. 6050W was over $20,000 of payments and over 200 transactions.	Reinstates the pre-ARPA 2021 threshold as if the lowered one was never enacted. Note: The IRS continued to apply the higher preARPA threshold through 2023 but for 2024 applied a threshold of over $5,000 of payments for goods and services (rather than $600), and $2,500 for 2025 and planned to use $600 for 2026 and later (IR2024-299).

ENERGY KEY PROVISIONS

TAX PROVISION	PRE-OBBBA	ENACTED OBBBA
Sec. 25C, Energy Efficient Home Improvement Credit	30% of qualified costs, $1,200 annual limit, expires 2032.	Terminates for property placed in service after Dec. 31, 2025.
Sec. 25D, Residential Clean Energy Credit	30% of qualified costs, phases down after 2032, expires 2034.	Terminates for property placed in service after Dec. 31, 2025.
Sec. 25E, Previously Owned Clean Vehicle Credit	Up to $4,000, expires 2032.	Terminates for expenditures made after Sept. 30, 2025.
Sec. 30D, Clean Vehicle Credit	Up to $7,500 per new clean vehicle, expires 2032.	Terminates for vehicles acquired after Sept. 30, 2025.

OBBA —
Personal Financial Planning Considerations

Below is a chart, organized by personal financial planning (PFP) topic areas comparing key tax provisions and their PFP implications under PRE- OBBBA with changes with the H.R. 1, One Big Beautiful Bill Act (OBBBA).

INCOME TAX PLANNING

TAX PROVISION	PRE-OBBBA	ENACTED OBBBA
Individual income tax rates	Tax Cuts and Jobs Act (TCJA) rates (lowered rates) expire after 2025; rates revert to preTCJA levels. Seven tax brackets: 10%, 12%, 22%, 24%, 32%, 35% and 37%. Bracket thresholds are adjusted annually for inflation.	Makes TCJA rates permanent. All brackets continue to be indexed for inflation after 2025. Also adds an additional year of inflation adjustment to the end of the 10% and 12% brackets (where the 22% bracket begins).

Personal Financial Planning Considerations:

- Provides more certainty around future rates for tax bracket management and planning
- Beneficial for high-income earners and those considering Roth conversions or income acceleration strategies
- General focus on strategies that reduce above-the-line income to minimize the impact of AGI-based income phaseouts of various deductions
- Continue to take advantage of 0% capital gains rates for individuals in the lower tax brackets

TAX PROVISION	PRE-OBBBA	ENACTED OBBBA
State and local tax (SALT) cap	$10,000 cap	The SALT provision retroactively increases the individual limit from $10,000 to $40,000 for 2025 and $40,400 for 2026, followed by 1% increases for 2027, 2028, and 2029. Beginning in 2030, the cap would revert to $10,000. The deduction is also subject to a phaseout for MAGI greater than $500,000 in 2025, $505,000 in 2026, and similar 1% increases thereafter, but the deduction would not be reduced below $10,000. Additionally, there would be no SALT limitation for pass- through entities.
Standard deduction	Increased standard deduction (TCJA) expires after 2025; reverts to lower preTCJA levels.	Permanently increases the standard deduction. Effective as of Jan. 1, 2025: Single & MFS: $15,750 (indexed) HoH: $23,625 (indexed) MFJ: $31,500 (indexed)

INCOME TAX PLANNING (CONT.)

TAX PROVISION	PRE-OBBBA	ENACTED OBBBA
Pease limitation (itemized deductions phaseouts)	Suspended 2018-2025 (TCJA); Reinstated in 2026.	Permanently removes the Sec. 68 overall limitation on itemized deductions (known as the Pease limitation) and replaces it with a new overall limitation on the tax benefit of itemized deductions. The amount of itemized deductions otherwise allowable would be reduced by 2/37 of the lesser of (1) the amount of the itemized deductions or (2) the amount of the taxpayer's taxable income that exceeds the start of the 37% tax rate bracket.
Personal exemptions	Suspended for 2018–2025; allowed in 2026.	Permanently terminates personal exemptions.

Personal Financial Planning Considerations:

- This will be an area of planning especially for those who live in high tax states
- Consider bunching deductions or timing payments
- For existing non-grantor trusts consider passing out less income to beneficiaries to capture the SALT deduction in the trust
- Consideration if grantor status should be turned off to take advantage of this deduction, depending on final language
- Reduces taxable income for many, diminishing the need to itemize deductions
- High-income taxpayers will be subject to a calculated cap based on itemized deduction amount instead of AGI-based calculation; consider timing deductions to minimize the impact

CASH FLOW PLANNING

TAX PROVISION	PRE-OBBBA	ENACTED OBBBA
No tax on car loan interest	Personal interest on car loans is not deductible.	Allows deduction for up to $10,000 of interest on new car loans (2025– 2028); must be US-assembled passenger vehicles with the vehicle serving as security for the loan.
Mortgage interest deduction	$750,000 acquisition indebtedness limit (TCJA) expires after 2025.	Makes $750,000 limit permanent.

Personal Financial Planning Considerations:

- Opportunity for buyers of new vehicles; consider timing purchases
- Impact other AGI-based income phaseout decisions
- As an above-the-line reduction, it can play into decisions on reducing AGI and, indirectly
- Consider alternative ways to finance items that are not related to home improvement.

CHARITABLE PLANNING

TAX PROVISION	PRE-OBBBA	ENACTED OBBBA
Standard deduction	Increased standard deduction (TCJA) expires after 2025; reverts to lower preTCJA levels.	Permanently increases the standard deduction. Effective as of Jan. 1, 2025: Single & MFS: $15,750 (indexed) HoH: $23,625 (indexed) MFJ: $31,500 (indexed)
Pease limitation (itemized deductions phaseouts)	Suspended 2018-2025 (TCJA); Reinstated in 2026.	Permanently removes the Sec. 68 overall limitation on itemized deductions (known as the Pease limitation) and replaces it with a new overall limitation on the tax benefit of itemized deductions. The amount of itemized deductions otherwise allowable would be reduced by 2/37 of the lesser of (1) the amount of the itemized deductions or (2) the amount of the taxpayer's taxable income that exceeds the start of the 37% tax rate bracket.
Charitable deduction for individuals who itemize (Cash deductions only)	Taxpayers who itemize can deduct a portion of their qualified charitable contributions, subject to a specified limitation based on the type of contribution.	Creates a charitable contribution deduction of $1,000 for single filers or $2,000 for MFJ for certain charitable contributions. The deduction is permanent; however, it starts after 2025.

Personal Financial Planning Considerations:

- Consider front-loading charitable gifts before the new itemized deduction limitations kick back in
- Impacts decisions on charitable contributions and mortgage interest deductions, if not in excess of higher standard deduction
- Donor Advised Funds are an option to facilitate "bunching" deductions to park accelerated gifts
- Qualified charitable contributions (QCDs) continue to be a key planning opportunity for non-itemizers who are over age 70½

TAX PROVISION	PRE-OBBBA	ENACTED OBBBA
Charitable deduction for nonitemizers	Not available after 2021.	Creates a charitable contribution deduction of $1,000 forsingle filers or $2,000 for MFJ for certain charitable contributions. The deduction is permanent; however, it starts after 2025.

Personal Financial Planning Considerations:

- Non-itemizers can deduct some charitable gifts
- It will be important to make sure all clients currently using DAFs or QCDs for charitable to do at least a small amount of cash contributions too

RETIREMENT PLANNING

TAX PROVISION	PRE-OBBBA	ENACTED OBBBA
Enhanced deduction for seniors	Additional standard deduction for age 65+	Adds $6,000 bonus deduction for seniors (2025– 2028); phased out at higher incomes.

Personal Financial Planning Considerations:

- Consider impact Social Security claiming strategies
- Consider opportunities to accelerate or delay income to meet deduction thresholds
- First-time required minimum distribution (RMD) clients may consider deferring the first year RMD if doing so allows them to get the additional deduction in one of the years

EDUCATION PLANNING

TAX PROVISION	PRE-OBBBA	ENACTED OBBBA
Child Tax Credit (CTC)	$2,000 per child (TCJA), reverts to $1,000 after 2025	Permanent increase of $2,200 per child, with $1,400 refundable with inflation adjustments. Permanent increase to the phaseout threshold amounts of $200,000 ($400,000 for MFJ).

Personal Financial Planning Considerations:

- Review planning for disabled children or adults for more savings opportunities that will not jeopardize governmental benefits received.

TAX PROVISION	PRE-OBBBA	ENACTED OBBBA
"Trump Accounts"	N/A — did not exist.	Trump accounts will be IRAs under Sec. 408(a) (but not Roth IRAs) for the exclusive benefit of individuals under 18. Contributions can be made in calendar years before the beneficiary turns 18 and distributions can be made starting in the calendar year the beneficiary turns 18. Trump accounts will have to be designated as such when they are set up, and no contributions are allowed until 12 months after the date of enactment of the Act. Under the Act, Treasury can set up Trump accounts for individuals that it identifies as eligible and for which no Trump account has already been created.

Personal Financial Planning Considerations:

- Provides a foundation for young adults' financial planning
- Families may consider integrating these accounts into broader education or homeownership savings plans

EDUCATION PLANNING (CONT.)

TAX PROVISION	PRE-OBBBA	ENACTED OBBBA
529 plan qualified expenses	Limited to higher education and $10,000 K-12 tuition	Expands to include more K-12 and homeschool expenses, and postsecondary credentialing expenses. In particular, CPA credentialling would also be allowed (including exam expenses).

Personal Financial Planning Considerations:

- Review education planning with more diverse learning paths included
- Consider impact on professional credentials preparation
- When combined with existing flexibility, there are tremendous planning opportunities for grandparents and parents to make a multi-generational impact on their families.

BUSINESS OWNER PLANNING

(Maximizing the impact and minimizing the risk of the business on their personal financial situation)

TAX PROVISION	PRE-OBBBA	ENACTED OBBBA
Qualified Business Income (QBI) deduction (Sec. 199A)	20% deduction for pass-through income, expires after 2025. Deduction subject to phaseout for specified service trades or businesses (SSTBs). Deduction limitations based on taxable income, wages paid and the presence of SSTBs.	The deduction remains at 20% and made permanent. Phase- out amounts are increased (expands the deduction limit phase-in range by increasing the $100,000 (MFJ) and $50,000 (single filers) amounts to $150,000 and $75,000, respectively), and a new minimum $400 deduction is added for taxpayers with at least $1,000 of QBI.

Personal Financial Planning Considerations:

- Greater benefit for pass-through owners
- Review entity structure; review compensation structures and bonus payouts to maximize QBI
- Continued use of strategies to minimize income above the line will improve opportunities to take advantage of this deduction

OTHER INDIVIDUAL PROVISIONS WITH LESS IMPACT ON PFP DISCUSSIONS

TAX PROVISION	PRE-OBBBA	ENACTED OBBBA
No tax on tips	Tips are taxable income.	Allows up to $25,000 deduction for qualified tips received in certain occupations (as defined by Treasury). The deduction is available to taxpayers who claim the standard deduction or who itemize and is available through 2028. Phases out the deduction when the taxpayer's modified adjusted gross income exceeds $150,000 ($300,000 for MFJ).
No tax on overtime	Overtime pay is taxable income.	Allows up to $12,500 (25,000 for MFJ) for qualified overtime compensation . The deduction is available to taxpayers who claim the standard deduction or who itemize and is available through 2028. Phases out the deduction when the taxpayer's modified adjusted gross exceeds $150,000 ($300,000 for MFJ).

Personal Financial Planning Considerations:

- May provide opportunities to exercise more Incentive stock options to fill the higher exemption for AMT