Professional Education Services, LP

One Big Beautiful Bill Summary

Professional Education Services, LP

The Professional's Choice for Quality CPE.

4208 Douglas Blvd. • Suite 50
Granite Bay, CA 95746 • www.mypescpe.com
1-800-998-5024 • Customer Service: 1-800-990-2731
Fax: 916-791-4099

ONE BIG BEAUTIFUL BILL - SIGNED JULY 4, 2025

NEW TAX LAW CHANGES FOR 2025 TAX RETURNS

Most of the changes in the One Big Beautiful Bill take effect on January 1, 2026, but some are retroactive and could impact 2025 tax returns. Many of the changes have certain requirements, such as adjusted gross income limits, and some are temporary. Changes that might affect most 2025 tax returns include:

- ***Additional Senior Deduction***

  Temporarily adds a senior deduction of $6,000 for each qualifying individual for both itemizers and non-itemizers that phases out when modified adjusted gross income exceeds $75,000, available from 2025 through 2028.

- ***Increased State and Local Tax (SALT) Itemized Deduction***

  Temporarily increases the cap on the itemized deduction for state and local taxes (SALT) to $40,000 for 2025, and increases the cap by one percent each year from that level through 2029, subject to a phaseout for taxpayers with incomes above $500,000, then reduces the cap to a flat $10,000 thereafter.

- ***Increase in the Standard Deduction***

  Makes the standard deduction increase permanent with an enhancement, starting in 2025 at $31,500 for joint filers, $23,625 for head of household, and $15,750 for all other filers, inflation adjusted thereafter.

- ***No Tax on Tips***

  Temporarily makes up to $25,000 of tip income deducible for individuals in traditionally and customarily tipped industries for tax years 2025 through 2028; deduction phases out at a 10 percent rate when adjusted gross income exceeds $150,000 ($300,000 for joint filers).

- ***No Tax on Overtime***

  Temporarily makes up to $12,500 ($25,000 for joint filers) of the premium portion of overtime compensation deductible for itemizers and non-itemizers for tax years 2025 through 2028; the deduction phases out at a 10 percent rate when adjusted gross income exceeds $150,000 ($300,000 for joint filers).

- ***Deduction for Interest Payments on Certain Vehicles***

  Temporarily makes auto loan interest deductible for itemizers and non-itemizers for new autos with final assembly in the United States for tax years 2025 through 2028; deduction limited to $10,000, and phases out at a 20 percent rate when income exceeds $100,000 for single filers and $200,000 for joint filers.

- ***AMT***

  Makes the increase in the alternative minimum tax (AMT) exemption permanent; reverts AMT exemption phaseout thresholds to 2018 levels of $500,000 for single filers and $1 million for joint returns, indexed for inflation thereafter; increases the phaseout rate.

- ***Increased Child Tax Credit***

  Makes the expiring child tax credit permanent with an increased maximum of $2,200 in 2025, inflation adjusted thereafter.

- ***Increased Section 179 Limits***

  Expands the Section 179 expensing cap to an inflation-adjusted $2.5 million with a phasedown starting when the cost of qualifying property exceeds an inflation-adjusted $4 million; applies after Dec. 31, 2024.

- ***Partially Refundable Adoption Credit***
- ***Trump Savings Accounts for Eligible Children Born Between 2025-2028 - One Time: $1,000***
- ***End of the Electric Vehicle Credit as of September 30, 2025***

Additional items included in the bill mostly having an impact on businesses include:

- ***Restoration of 100% Bonus Depreciation***
- ***Restoration of Expensing of Certain R&D Costs***
- ***Business Interest Deductions Moving Back to the EBITDA standard***
- ***100% Expensing for Certain Manufacturing Structures (Temporary)***

NEW TAX LAW CHANGES FOR 2026 TAX RETURNS AND THEREAFTER

As the TCJA changes were set to expire at the beginning of 2026, the 2025 One Big Beautiful Bill makes many of these once-temporary changes permanent. Much of what takes effect beginning in 2026 is a permanent continuation of the TCJA of 2017.

While there are a handful of changes that are retroactive to 2025, the majority of the changes in the One Big Beautiful Bill take effect on January 1, 2026. Some are permanent, while others last a few years.

In addition to the tax-year 2025 retroactive changes, 2026 and thereafter tax changes include many changes, including:

- ***Increase of Estate Tax Exemption***

  Permanently increases the estate and lifetime gift tax exemption to an inflation-indexed $15 million for single filers, and $30 million for joint filers, beginning in 2026.

- ***Above the Line Charitable Contributions***

  Creates a permanent $1,000 above-the-line deduction for charitable contributions ($2,000 for joint filers).

- ***Limits on the Value of Itemized Deductions***

  Limits the value of itemized deductions to 35 cents on the dollar for taxpayers in the top tax bracket.

  0.5 percent floor on charitable contributions in order to take them as an itemized deduction.

- ***Elimination of Personal and Dependent Exemptions***
- ***Increased Standard Deductions***
- ***Current Tax Brackets***
- ***Increased Child Tax Credit***
- ***$750,000 Deductible Personal Mortgage Limit***
- ***Limitation on Personal Casualty Losses, Miscellaneous Itemized Deductions, and Moving Expense Deduction for Most Taxpayers***
- ***Increased AMT Exemption***
- ***Deduction for Qualified Business Income (QBI) at 20%***
- ***Business Tax Provisions***
  - Permanently restores immediate expensing for domestic research and development (R&D) expenses; small businesses with gross receipts of $31 million or less can retroactively expense R&D back to after December 31, 2021; all other domestic R&D between December 21, 2021 and January 1, 2025 can accelerate remaining deductions over a one- or two-year period.
  - Permanently reinstates the EBITDA-based limitation on business net interest deductions.
  - Permanently restores 100 percent bonus depreciation for short-lived investments.
  - Temporarily provides 100 percent expensing of qualifying structures, with the beginning of construction occurring after January 19, 2025, and before January 19, 2029, and placed in service before January 1, 2031.
  - Makes the Section 199A pass-through deduction permanent; increases phase-in range of limitation by $50,000 for non-joint returns and $100,000 for joint returns.
  - Implements a one percent floor on deduction of charitable contributions made by corporations.

THIS PAGE INTENTIONALLY
LEFT BLANK.