The Big Beautiful Bill

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This sweeping "Big Beautiful Bill" blends permanent and temporary policies to deliver across-the-board tax relief—particularly raising standard deductions, extending business and family-friendly credits, and retaining the Tax Cuts and Jobs Act reductions. Yet, many of the more targeted deductions (like those for tips, overtime, seniors, and auto interest) are short-term, set to sunset in 2028, creating uncertainty for long-term planning. Additionally, the rollback of clean energy incentives and tightening of deductions for high earners signal a shift in policy priorities.

Here's a concise breakdown of the **tax-related provisions** in the *One Big Beautiful Bill Act* (often nicknamed the "Big Beautiful Bill"), signed into law on **July 4, 2025**. These measures include both permanent reforms and temporary reliefs set to expire around **2028**, with broader tax policy changes stretching into the future.

Key Tax Provisions

1. Permanent Extensions from the 2017 Tax Cuts and Jobs Act (TCJA)

- **Individual tax rates and brackets** remain permanently as set under TCJA.
- **Standard deduction** is locked in at a higher level: $15,750 (singles), $31,500 (married filing jointly), and $23,625 (head of household), beginning in 2025.
- **Child Tax Credit** increases to $2,200 per child and is made permanent, along with higher phase-out thresholds and a refundable portion indexed for inflation.
- **Qualified Business Income Deduction (Section 199A)** remains permanent at 20% for pass-through businesses, with expanded phase-out ranges.
- **Estate and Gift Tax Exemptions** raised permanently to $15 million per person ($30 million for couples), indexed for inflation.
- **Alternative Minimum Tax (AMT)**: Keeps higher exemption and phase-out thresholds, maintains 2018-level thresholds (indexed) for high-income filers.
- **Itemized deduction limits** for top-bracket taxpayers (37%) reduced to a benefit equivalent of only 35%.
- **SALT (State and Local Tax) deduction cap** increased temporarily to $40,000 for those earning under $500,000; reverts to $10,000 after five years.

2. Temporary Tax Deductions (Through 2028)

- **No tax on tips**: Workers can deduct up to **$25,000** of tip income, subject to phase-out above $150,000 of AGI ($300,000 for joint filers).
- **No tax on overtime pay**: Deduction of up to **$12,500 per person** (or $25,000 joint), with similar income phase-outs.
- **Car loan interest deduction**: Up to **$10,000** per year for interest on new, U.S.-assembled vehicle loans; phased out after certain AGI thresholds ($100,000 single, $200,000 joint).
- **Senior deduction**: Additional **$6,000** deduction per qualifying individual aged 65+, available to both itemizers and non-itemizers, phased out after $75,000 single / $150,000 joint

3. Broader Tax Changes

- **Trump Accounts**: Tax-advantaged accounts for children—details are emerging and set to expire in 2028.
- **Clean energy incentives** from the Inflation Reduction Act are curtailed or phased out.
- It also includes some revenue-raising tweaks such as a **1% tax on remittances** and **taxes on endowment investment income**, though these are less prominent.