Summary of Individual Tax Provisions in One Big Beautiful Bill Act

Item	IRC Sec.	Prior Law	New Law	Effective Date
Extension and enhancement of reduced rates	1(j)	For post-2025 tax years, pre-TCJA tax rates (and brackets) were scheduled to come back. For individuals, the rates would be 10%, 15%, 25%, 28%, 33%, 35%, and 39.6%, and for trusts and estates, the rates would be 15%, 28%, 31%, 36% and 39.6%. The TCJA expanded the income range for each tax rate bracket and eliminated most of the "marriage penalty" in the individual tax rate structure by setting the joint filing tax brackets at twice the single tax bracket amounts, other than for the top tax bracket. The TCJA also modified the breakpoints at which capital gains rates applied. Those changes were scheduled to go away at the end of 2025.	The 2025 Act makes the tax rates and brackets, including the provisions that index amounts for inflation, in the TCJA permanent.	Tax years beginning after 12/31/2025.
Termination of deduction for personal exemptions other than temporary senior deduction	151(d)(5)	The TCJA eliminated the personal exemption deduction for 2018–2025.	The 2025 Act permanently eliminated the personal exemption deduction for most taxpayers. However, the new law introduces a new temporary deduction (up to $6,000) specifically for seniors.	Tax years beginning after 12/31/2025.
Extension and enhancement of increased standard deduction	63(c)(7)	For 2018–2025, the TCJA temporarily increased the basic standard deduction amounts, but not the additional standard deduction.	The 2025 Act increases the standard deduction amounts for 2025 to $31,500 for joint filers and surviving spouses; $23,625 for heads of household; and $15,750 for singles and marrieds filing separately. After 2025, these amounts will be indexed for inflation.	Tax years beginning after 12/31/2024.
Pease limitation repealed	68(a)	The TCJA temporarily repealed the Pease (3%/80%) limitation on itemized deductions based on the taxpayer's adjusted gross income (AGI). The Pease limitation was set to come back in 2026.	The 2025 Act permanently repeals the Pease limitation and instead generally applies a 2% reduction. Under the new law, itemized deductions will be reduced by 2/37 of the lesser of (a) the amount of the deductions or (b) the taxable income that exceeds the dollar amount at which the 37% rate bracket begins.	Tax years beginning after 12/31/2025.

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Limitation on individual SALT tax deductions	164(b)(6)	The TCJA capped the individual deduction for state and local taxes at $10,000 ($5,000 for married taxpayers filing separately). The cap was slated to sunset at the end of 2025.	The 2025 Act retroactively increases the individual SALT deduction cap from $10,000 to $40,000 for 2025. It further increases the cap to $40,400 in 2026, and by an additional 1% in 2027, 2028, and 2029. The deduction phases out for taxpayers with high modified AGI. The SALT deduction cap will revert to $10,000 beginning in 2030.	Tax years beginning in 2025.
Extension and enhancement of increased child tax credit (CTC)	24(h)	The TCJA temporarily increased the CTC, lowered the earned income threshold necessary to claim it, and increased the modified AGI threshold limit. For tax years after 2025, the CTC rules were scheduled to revert to pre-TCJA levels: a $1,000 per qualifying child CTC amount; a maximum $1,000 refundable credit amount; an earned income threshold of $3,000; and MAGI phase-out thresholds of $110,000 for joint filers, $75,000 for singles or heads of household, and $55,000 for marrieds filing separately.	The CTC increases to $2,200 per qualifying child for 2025. $1,700 of the credit is refunded. Both of these amounts are indexed for inflation. The earned income threshold to claim the credit is $2,500. The modified AGI threshold amounts at which the credit begins to phase out to $400,000 for joint filers, and $200,000 for all other filers.	Tax years beginning after 12/31/2024.
Credit for other dependents extended	24(h)(4)	For 2018–2025, the TCJA provided a $500 nonrefundable credit for dependents who don't qualify for the CTC. The credit phases out at modified AGI of $400,000 for married joint filers, and $200,000 for all other filers. For tax years after 2025, the $500 credit would have expired.	The 2025 Act makes the credit for other dependents permanent. Neither the credit amount nor the modified AGI thresholds are indexed for inflation.	Tax years beginning after 12/31/2024.
No tax on tips	224(a)	Before the 2025 Act, tips were fully taxable income.	The 2025 Act creates a temporary (through 2028) deduction for individuals who receive cash tips in occupations where tipping is customary to offset up to $25,000 of tipped income. The deduction phases out for taxpayers with modified AGI over $150,000 ($300,000 for joint filers).	Tax years beginning after 12/31/2024.

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No tax on overtime	225(a)	Before the 2025 Act, overtime was fully taxable.	Taxpayers may deduct up to $12,500 ($25,000 on a joint return) per year of overtime pay through 2028. The deduction phases out for taxpayers with modified AGI over $150,000 ($300,000 for joint filers).	Tax years beginning after 12/31/2024.
Deduction for car loan interest	613(h)	Generally, interest on personal loans, including loans on a personal automobile, is not deductible.	For tax years 2025–2028, individuals can deduct up to $10,000 of car loan interest per year, subject to a phase-out starting at $100,000 modified AGI for single filers ($200,000 for joint filers). The deduction is available for new personal use vehicles with a gross vehicle weight rating under 14,000 pounds.	Tax years beginning after 12/31/2024.
Home loan interest deduction extended	163(h)(3)(F)	The TCJA temporarily lowered the deduction for qualified residence interest to $750,000 ($375,000 for marrieds filing separate returns). The limitation was set to increase to $1 million, effective 1/12026.	The 2025 Act permanently lowers the deduction for qualified residence interest to $750,000 in home mortgage acquisition debt. It also permanently treats certain mortgage insurance premiums on acquisition indebtedness as qualified residence interest.	Tax years beginning after 12/31/2025.
Miscellaneous itemized deductions permanently eliminated (except for educator expenses)	67(g)	The TCJA eliminated individual miscellaneous itemized deductions for 2018–2025.	The Act makes the elimination of miscellaneous itemized deductions permanent. However, it adds an exception for educator expenses.	Tax years beginning after 12/31/2025.
Tax-deferred savings (“Trump”) accounts for children	530A	No provision. Interest earned on savings accounts is taxed as ordinary income.	The 2025 Act creates a new tax-deferred investment account for children under 18 years old, who are eligible to receive nondeductible contributions from parents, relatives, employers, etc. Contributions to the account may not exceed $5,000 per year, indexed for inflation. For U.S. citizens born between 1/1/2025, 12/31/2028, the federal government will contribute $1,000 per child into every eligible Trump account.	Tax years beginning after 12/31/2025.
Moving expense deduction/exclusion extended and modified	217(k)	The TCJA suspended the moving expense deduction for most taxpayers from 2018 through 2025, preserving it only for active-	The 2025 Act extends both the denial of the deduction and the exception for active-duty servicemembers. The	Tax years beginning after 12/31/2025.

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		duty military members moving due to a permanent change of station.	deduction is expanded to include members of the intelligence community relocating due to a change in assignment.	
Casualty loss deduction limit extended and modified	165(h)(5)	The TCJA limited itemized deductions for personal casualty losses for tax years 2018–2025 to losses attributable to a federally declared disaster.	The Act permanently limits the deduction to personal casualty losses resulting from federally declared disasters and (for the first time) certain state-declared disasters.	Tax years beginning after 12/31/2025.
Limit on wagering losses	165(d)	Losses from wagering transactions were deductible only to the extent of gains from such transactions.	The 2025 Act limits the deduction amount to 90% of the gambling losses in the tax year, to the extent of the gambling winnings during the year.	Tax years beginning after 12/31/2025.
Non-Itemizers Charitable Deduction for Individuals	170(p)	Previously, taxpayers had to itemize in order to claim deductions.	The 2025 Act allows non-itemizers to claim a charitable deduction of up to $1,000 ($2,000 for joint returns) below the line.	Tax years beginning after 12/31/2025.
0.5%-of-AGI Floor for Individuals' Charitable Deductions	170(b)(1)(I)	Under pre-Act law, no AGI floor applied to the charitable contributions of individuals.	An otherwise deductible charitable contribution must be reduced by 0.5% of an individual's contribution base (generally, AGI) for the tax year. Disallowed contributions are carried forward.	Tax years beginning after 12/31/2025.
60%-of-AGI Ceiling for Charitable Cash Contributions Made Permanent	170(b)(1)(G)	The increased 60% limit on charitable contributions to 50% charities was scheduled to expire after 2025.	The 2025 Act makes the 60% limit permanent.	Tax years beginning after 12/31/2025.
Enhancement of the Child and Dependent Care Credit	21(a)(2)(A)	Taxpayers were allowed a credit against child-care expenses of up to $3,000 ($6,000 for taxpayers with two or more children). The credit was equal to 35% times the expense amount. The percentage reduces to 20% as a taxpayer's AGI increases above $43,000.	The 2025 Act increases the maximum credit rate to 50%. The credit is reduced by 1%, but not below 35%, for each $2,000 ($4,000 for joint returns) or fraction thereof by which the taxpayer's AGI exceeds $15,000. For AGIs between $43,001 and $75,000 ($86,001 and $150,000 for joint return.), the credit rate is 35%. The credit rate is further phased down to 20% for AGI between $75,001 and $105,000 ($150,001 and $210,000, for joint returns).	Tax years beginning after 12/31/2025.
Enhancement of Adoption Credit	23(a)	Prior law allowed taxpayers to claim a nonrefundable credit for qualified adoption expenses incurred, up to a maximum of $17,280 per child.	Adoption credit is enhanced to include a $5,000 refundable portion. Amounts are indexed for inflation.	Tax years beginning after 12/31/2024.

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529 Account Expenses Enhanced	529(e)(3)	A student may take distributions tax-free from a 529 plan to pay for qualified higher educational expenses, which includes K-12 tuition up to $10,000 a year.	Qualified expenses now include K-12 expenses other than tuition, such as books, other materials, tutoring, tests and exams, and education-related therapy. The annual limit on K-12 tuition is increased to $20,000. Qualified post-secondary credentialling expenses will now qualify for distributions.	Tax years beginning after 12/31/2025.
Achieving a Better Life Experience (ABLE) Account Contributions, Rollovers	25B(d), 529A	The TCJA allowed additional contributions to ABLE accounts and rollovers from 529 programs. Beneficiaries who made contributions to their ABLE accounts could qualify for the Saver's Credit. These provisions were scheduled to expire at the end of 2025.	Additional contributions and rollovers, as well as eligibility for the Saver's Credit, have been made permanent. Additional contributions are indexed for inflation. The Saver's Credit amount increases to $2,100.	The increase in the Saver's Credit amount is effective for tax years beginning after 12/31/2026. All other provisions apply for tax years beginning after 12/31/2025.
Individual Alternative Minimum Tax Exemption Amounts Permanently Increased	55(d)(4)	The TCJA increased individual AMT exemption amounts and exemption phaseout thresholds through December 31, 2025. The statutory AMT exemption dollar amounts are $70,300 ($109,400 for joint returns), adjusted for inflation. The amount is reduced by 25% of the amount by which AMTI exceeds $1,000,000, adjusted for inflation (or 25% of the amount by which AMTI exceeds 50% of the married-filing-jointly phaseout threshold amount for individuals or marrieds filing separately).	Individual AMT exemption amounts are increased permanently. In addition, the exemption phaseout threshold is set at $500,000 (or $1,000,000 for joint returns) in 2026, and indexed for inflation. The phase-out rate for higher-income taxpayers is increased from 25% to 50%.	Tax years beginning after 12/31/2025.
Extension and Increase of Basic Estate Tax Exclusion Amount	2010(c)(3)	The TCJA increased the basic estate tax-exclusion amount from $5 to $10 million for estates of decedents dying or gifts made after 12/31/2017 through 12/31/2025.	The 2025 Act increases the basic exclusion amount to $15 million, indexed for inflation.	Tax years beginning after 12/31/2025.
Employee Exclusion for Employer Payments of Student Loans	127(c)(1)(B)	"Educational assistance" excluded from employee income includes repayments of an employee's student loan by an employer made after 3/27/2020, and before 1/1/2026.	The annual exclusion of $5,250 is made permanent, and the exclusion amount is indexed for inflation.	Tax years beginning after 12/31/2025.

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Dependent Care Assistance Program Contribution Limits	129(a)(2)(A)	The maximum annual exclusion for dependent care assistance was $5,000 ($2,500 for a married individual filing separately).	The exclusion for dependent care assistance is increased to $7,500 annually ($3,750 for a married individual filing separately).	Tax years beginning after 12/31/2025.
Qualified Bicycle Commuting Reimbursement	Former 132(f)	Prior to 2018, a $20 per month qualified bicycle commuting reimbursement received by an employee from an employer was excluded from income. The TCJA eliminated this benefit for 2018–2025, but it was scheduled to come back in 2026.	The qualified bicycle commuting reimbursement exclusion is permanently eliminated.	Tax years beginning after 12/31/2025.