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Newsletter Feature

Tax Impacts for Individuals Under the "One Big Beautiful Bill"

1. Standard Tax Structure Made Permanent

- Permanent Tax Cuts & Deductions

The bill locks in the Tax Cuts and Jobs Act (TCJA) provisions—keeping all seven tax rates

(10%, 12%, 22%, 24%, 32%, 35%, 37%) indefinitely. [Congress.gov](#) [H&R Block Tax preparation company](#) [U.S. Bank](#)

- Standard Deduction Increases

For 2025, the new standard deduction rates are:

- Single: \$15,750
- Head of Household: \$23,625
- Married Filing Jointly: \$31,500
- These amounts will be inflation-adjusted going forward. [Congress.gov](#) [H&R Block Tax preparation company](#) [U.S. Bank](#)

2. New Temporary Above-the-Line Deductions (2025-2028)

- Tip Income ("No Tax on Tips")

Eligible workers in tip-prevalent fields (per IRS listing) may deduct up to \$25,000 per year—even without itemizing. The benefit phases out above MAGI of \$150,000 (single) or \$300,000 (joint). [IRS](#) [+1TaxAct Blog](#) [MarketWatch](#)

- Overtime Pay ("No Tax on Overtime")

A deduction up to \$12,500 (single) or \$25,000 (joint) for overtime compensation is allowed, subject to the same phase-out thresholds as tips. [IRS](#) [TaxAct Blog](#)

- Car Loan Interest

Up to \$10,000 in interest annually on a loan for a new, U.S.-assembled vehicle qualifies for a deduction. Phase-outs start at MAGI \$100,000 (single) or \$200,000 (joint). Lease payments do not qualify. [IRS](#) [Fidelity](#) [U.S. Bank](#)

- Senior Deduction

Taxpayers aged 65 or older may claim an additional \$6,000 deduction per person, on top of the standard deduction. Phase-outs begin at MAGI of \$75,000 (single) and \$150,000 (joint). [IRS](#) [Investopedia](#) [Fidelity](#)

3. Enhanced Deductions & Credits

- SALT Deduction Cap Raised

The SALT limit climbs from \$10,000 to \$40,000 (for joint filers with AGI up to \$500,000), phasing down for higher earners and reverting to \$10,000 by 2030. [Cohen & Company](#) [TaxAct Blog](#) [U.S. Bank](#) [Kiplinger](#)

- Charitable Contributions

- Non-itemizers: Deduct up to \$1,000 (single) or \$2,000 (joint) for cash donations, starting 2026.
- Itemizers: Must subtract a 0.5% floor of their AGI from allowable deductions; top-bracket filers' deductions capped effectively at 35% value. [Cohen & Company](#) [Fidelity](#) [H&R Block Tax preparation company](#) [U.S. Bank](#) [Key.com](#)

- Child Tax Credit (CTC)

The CTC increases to \$2,200 per child in 2025, with annual inflation adjustments starting 2026. [Congress.gov](#) [TaxAct Blog](#) [U.S. Bank](#) [Fidelity](#)



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Newsletter Feature Continuation...

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4. Other Key Provisions for Individuals

- QBI (Qualified Business Income) Deduction

The deduction remains at 20%, with expanded phase-out thresholds for service businesses: \$75k (single) and \$150k (joint), plus a minimum \$400 deduction if qualifying. [J David Tax Law®](#) [Key.com](#)

- EV and Green-Energy Breaks Eliminated

Tax credits for new/used EVs end after September 30, 2025, and home efficiency credits end after December 31, 2025.

[CNBC TaxAct Blog](#) [Vox](#) [Kiplinger](#)

- Miscellaneous Deductions

- Personal Exemptions remain eliminated per TCJA.
- Mortgage Interest follows TCJA cap of \$750,000 (new mortgages). [Congress.gov](#) [U.S. Bank](#)

5. Long-Term Considerations

- Budget & Equity Concerns

Critics highlight that while some middle-class relief occurs now, the long-term impact favors high-income households and undermines social programs. The Congressional Budget Office estimates a \$3.3 trillion increase in the deficit over the next decade. [Kiplinger](#) [Vox](#)

- State-Level Reactions

Some states are launching workarounds—e.g., EV incentives in California or using pass-through entity taxes despite the SALT cap changes. [Kiplinger](#)

Bottom Line for Taxpayers

- Short-term wins: New deductions for tips, overtime, car interest, and seniors are available for 2025–2028.
- Permanent gains: Locking in higher standard deductions, tax brackets, and increased child tax credit.
- Plan carefully: If you're a senior, tipped worker, or in a high-tax state, review timing and deductions. If you're investing in green energy or EVs, you may need to act before deadlines.
- Watch 2026+ changes: New rules affect charitable giving, itemized deductions, and special savings accounts for children.