



Scared of the OBBBA?

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Upcoming Changes

The One Big, Beautiful Bill Act (OBBBA), signed into law on July 4, 2025, will be effective for the **2025 tax year**. It extends many of the Tax Cuts and Jobs Act (TCJA) provisions of 2017 and makes broad changes to the tax code.



Potential Savings

- ❖ ↑ Standard Deduction for Individuals & *additional deduction for Seniors*
- ❖ ↑ State and Local Tax (SALT)* deduction cap
- ❖ New deductions on Tips*, Overtime*, & Car Loan Interest*
- ❖ ↑ Mortgage Interest deduction
- ❖ ↑ Child Tax credit & new child saving accounts: "Trump Accounts"
- ❖ ↑ Charitable Giving deduction
- ❖ ↑ Estate & Gift Tax exemption

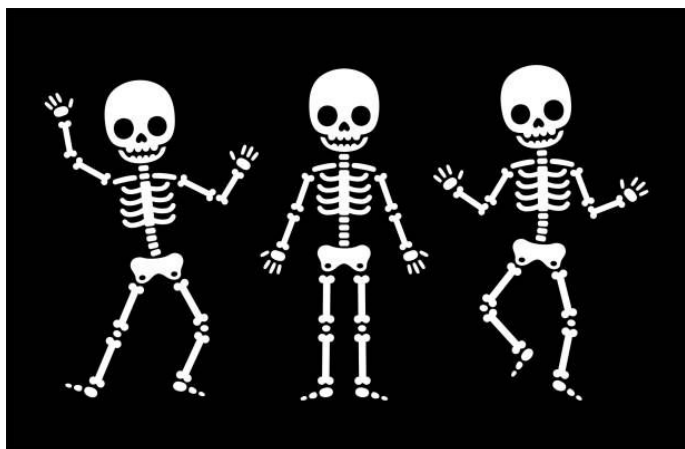
Potential downsides

- ❖ ↓ Gambling losses deduction to 90% - could have a tax liability even if you break even
- ❖ Phases out Clean Energy credits in 2025-2026
- ❖ Eliminates free tax filing direct with the IRS
- ❖ Car loan interest deductible only for new cars in addition to other stipulations
- ❖ Permanently eliminates Personal Exemption deduction except for ages 65+

Predicted Impact

Most estimates (Yale Budget Lab, Penn Wharton, Congressional Budget Office) agree that the wealthiest households would see the biggest increase, followed by a modest increase for middle income households and those in high-tax states.

Meanwhile, low-income households (<18,000/year) are expected to see their income decrease, partially due to eligibility requirements and budget cuts affecting Medicaid and SNAP.



*Deduction has income phase-out thresholds



QIBD & AMT

Qualified Business Income Deduction (QIBD)

Makes 20% deduction permanent, raises phase-in thresholds, and adds a \$400 minimum

- More pass-through businesses may qualify for a portion of the reduction

Alternative Minimum Tax (AMT)

Keeps TCJA's higher exemption and phase-out thresholds with annual inflation adjustments

- 2025: Most taxpayers won't be affected by the phase-out rule
- 2026: The exemption phase-out increases from 25% to 50%; More people may owe AMT



Medicaid, SNAP, & Planned Parenthood

- ❖ Additional work qualifications to be eligible for Medicaid & SNAP
- ❖ States face increased tax burden and limitations; No federal funding to PP
 - Millions predicted to lose healthcare and food stamps



Student Loans

- ❖ Phases out several income based repayment plans (and Parent Plus loans will no longer qualify for these plans either)
- ❖ Discontinues Graduate Plus loans

Any questions?

Please give us a call if you would like any more information regarding the tax implications of OBBBA or would like to use our services.

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