

One Big Beautiful Bill Act (OBBBA) Tax Changes for 2025

Key Provisions: Businesses

Provision	Changes Under OBBBA	Effective	Prior Tax Law
Bonus Depreciation	100% bonus - now permanent	January 19, 2025	40%
R&D Expensing (Section 174)	Full expensing for domestic R&E expenses in the year they occur (foreign = 15 years)	Tax years beginning after December 31, 2024 (can amend back to 2022 if gross sales < \$31M annually)	Domestic expenses amortized & capitalized over 5 years (foreign = 15 years)
Qualified Manufacturing Deductions	100% expensing for certain manufacturing structures. Section 168(n)	Construction began after January 19, 2025 and before 2029. Placed in service date must be before 2033	N/A
Section 179 Deductions	\$2.5M expensing limit; \$4M phase-out threshold	Tax years beginning after December 31, 2024	\$1M expensing limit; \$2.5M phase-out threshold (base year 2019)
Section 163(j) Interest Deductions	EBITDA Standard	Tax years beginning after December 31, 2024	EBIT Standard
Section 199A Flow-Through Deduction	20% - now permanent	Tax years beginning after December 31, 2017	20%
No Tax on Overtime & Tips	Up to \$25,000	Allowed from 2025 to 2028	N/A
Moving Expense Deduction	Permanently eliminated except for active-duty members	Starting after 2025	Allowed starting in 2026
Qualified Small Business Stock (QSBS) Section 1202	Up to \$15M exclusion; 50% for 3 years 75% for 4 years 100% for 5+ years	Qualified stock issued after July 4, 2025	Can still exclude up to 100% of \$10M after 5 years

Key Provisions: Individuals

Provision	Changes Under OBBBA	Effective	Prior Tax Law
Standard Deduction	\$15,750 (single) \$31,500 (married)	January 1, 2025	\$15,000 (single) \$30,000 (married)
Additional Deductions for Seniors	\$6,000 for age 65+ (per person), (phase out > \$75,000 single or \$150,000 married)	Allowed from 2025 to 2028	\$2,000 (single) \$1,600 (per married filer)
State and Local Tax (SALT) Deduction	\$40,000 cap, phasing out at incomes > \$500,000 married	2025 through 2029, \$10,000 in 2030	\$10,000 cap
Car Loan Interest Deduction	Up to \$10,000 for new U.S. vehicles (phase out > \$100k single or \$200k married)	Allowed from 2025 to 2028	N/A
Charitable Contributions Deduction	Permanent deduction for non-itemizers to claim up to \$1,000 for single or \$2,000 if married	January 1, 2026	N/A
Personal Exemptions	Permanently eliminated	Starting after 2025	Previously allowed starting in 2026
Child Tax Credit	\$2,200 per child (adjusted for inflation, prospectively)	January 1, 2025	\$2,000 per child
Estate Tax Exemption	\$15M per individual or \$30M if married - now permanent, inflation indexing	January 1, 2026	Would have reverted January 1, 2026 to ~\$5-7M (inflation-indexed)
Income Tax Bracket	Income tax brackets did not change		

Reference - <https://www.irs.gov/newsroom/one-big-beautiful-bill-act-of-2025-provisions>

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