

The 2025 Act
[formerly referred to as the One Big Beautiful Bill (OB BB)]
Changes to Tax Provisions Affecting 2025

<i>Item</i>	<i>IRC §</i>	<i>Effective Date</i>	<i>New Law</i>	<i>Before Law Change</i>
Individual Deductions and Exclusions				
Deduction for Seniors	151(d)(5)(C)	Tax years beginning after 12/31/24	A deduction of \$6,000 will be allowed for each qualified individual 65 or older. This deduction is subject to a modified adjusted gross income (MAGI) limitation of \$150,000 for those MFJ and \$75,000 for all other taxpayers. This deduction will be reduced by 6% of the taxpayer's MAGI in excess of those limitations.	N/A
No Tax on Tips	New 224	Tax years beginning after 12/31/24	Allows a deduction of up to \$25,000 on reported qualified tips received by taxpayers. The deduction is available to both itemizers and non-itemizers. The deduction is phased out for individuals with a MAGI over \$150,000 (\$300,000 for MFJ).	N/A
No Tax on Overtime Pay	New 225	Tax years beginning after 12/31/24	Allows a deduction of up to \$12,500 (\$25,000 for MFJ) for qualified overtime compensation. The deduction is available to both itemizers and non-itemizers. The deduction is phased out for individuals with a MAGI over \$150,000 (\$300,000 for MFJ).	N/A
Qualified Passenger Vehicle Loan Interest	163(h)(4)	Tax years beginning after 12/31/24	Allows an interest deduction of up to \$10,000 per year on qualified personal car loans. The deduction is phased out for a MAGI of \$200,000 for MFJ and a MAGI of \$100,000 for all other taxpayers. The car must have been assembled in the U.S.	N/A
Standard Deduction	63(c)(7)	1/1/25	Permanently increases the standard deduction to \$31,500 MFJ, \$23,625 HOH, and \$15,750 for single filers. These amounts will be indexed annually for inflation.	Prior to the Act, the standard deduction for 2025 was scheduled to be \$30,000 MFJ, \$22,500 HOH, and \$15,000 for single filers.
State & Local Tax (SALT) Deduction	164(b)(6)	Beginning in calendar year 2025	The limitation on the SALT deduction is increased to \$40,000 (\$20,000 for MFS). The deduction is reduced by 30% of the excess over a \$500,000 MAGI (\$250,000 for MFS).	The previous limit was \$10,000 (\$5,000 for MFS).
Telehealth Visits	223(c)(2)	For plan years beginning after 12/31/24	Permanently extends the safe harbor for HDHPs to cover telehealth visits before the deductible is met and individuals can still contribute to their HSA.	Expired for plan years that began on or after 1/1/25.

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Business Property				
179 Depreciation Limits	179(b)	Tax years beginning after 12/31/24	The maximum allowable IRC Sec. 179 limit is increased to \$2.5 million, reduced by the amount by which the cost exceeds \$4 million. These amounts will be indexed for inflation after 2025.	The maximum allowable IRC Sec. 179 limit previously indexed for inflation was \$1 million.
Bonus Depreciation	168(k)(1)(A)	For qualified property acquired and placed in service after 1/19/25	This Act makes 100% bonus depreciation permanent.	Bonus depreciation was being phased out and was due to expire entirely after 2026. 40% bonus depreciation was available for 2025 prior to enactment of the Act.
Certain Qualified Sound Recording Productions	181	For productions commencing in tax years ending after 7/4/25	Expensing allowed for certain sound recording costs up to \$150,000 per year and qualifies sound recordings for bonus depreciation.	Previously, the provision did not include sound recording productions.
Disguised Sale Rules	707(a)(2)	For services performed and property transferred after 7/4/25	Replaced the statutory phrase “under regulations prescribed by the Secretary” with “except as provided by the Secretary,” making it clear the IRS can apply the disguised sale rules even if final regulations have not been issued.	Because final regulations had not been issued on disguised sales of partnership interests, some taxpayers argued that the rules did not apply.
Energy Property Cost Recovery	168(e)(3)(B)	Construction begins after 12/31/24	Removes the provision for five-year MACRS for energy property described in IRC Sec. 48(a)(3).	Five-year MACRS recovery period for certain energy property.
Floor Plan Financing	163(j)(9)(C)	Tax years beginning after 12/31/24	This section is amended to include any trailer or camper designed to provide temporary living quarters for recreational, camping, or seasonal use and is designed to be towed by, or affixed to, a motor vehicle.	The definition of <i>motor vehicle</i> did not previously include trailers or campers.
Form 1099-K Information Reporting	6050W	Retroactively effective prior to ARPA changes	The threshold for reporting transactions on Form 1099-K information returns reverts to \$20,000 and when the number of transactions exceeds 200.	The reporting threshold for information returns was scheduled to be \$600 for a seller in a calendar year.

See “The 2025 Act—Continued” on page 5

The 2025 Act—Continued

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Business Property				
Limitation on Business Interest	163(j)(8)(A)(v)	Tax years beginning after 12/31/24	Permanently restores the adjusted taxable income (ATI) calculation to align with earnings before interest, taxes, depreciation, and amortization (EBITDA).	For years beginning after 2021, ATI aligned with earnings before interest and taxes (EBIT), meaning depreciation, depletion, and amortization deductions were not added back to taxable income to compute ATI.
Qualified Production Property (QPP)	168(n)	For property for which construction begins after 1/19/25 and before 1/1/29, and is placed in service before 1/1/31	QPP is newly constructed real property used in the production of goods at qualified U.S. production facilities. Buildings or portions of buildings used for manufacturing, processing, refining, or similar productive activities are eligible for 100% bonus depreciation.	N/A
Research & Experimental Costs	New 174A	Tax years beginning after 12/31/24	Allows a permanent deduction for domestic research or experimental expenditures. Small businesses that meet the qualification under IRC Sec. 448(c) can apply the change retroactively to 2022. Foreign R&E expenses must be amortized over 15 years.	R&E expenditures were required to be capitalized and amortized over a 60-month period (15 years for foreign R&E expenses).
Tax Credits				
Adoption Credit	23(a)	Tax years beginning after 12/31/24	Partially refundable up to \$5,000 (indexed for inflation). Allows Indian tribal governments to determine a child's "special needs" status.	Nonrefundable credit only.
Child Tax Credit	24(h)	Tax years beginning after 12/31/24	Nonrefundable credit amount permanently increased to \$2,200 per eligible child. The refundable credit is permanently increased to \$1,400 along with increased income phaseout threshold amounts. The credit amounts will be indexed for inflation beginning in 2026. Taxpayers and qualifying children must have social security numbers to claim the credit.	Nonrefundable credit amount of \$2,000 per eligible child. The refundable portion of credit was up to \$1,700 per child.
Clean Vehicle Credit	30D(h)	Vehicles acquired after 9/30/25	Repealed.	Individuals and certain commercial taxpayers were allowed a maximum credit of \$7,500 for vehicles meeting certain requirements. The credit was allowed subject to certain AGI limitations.

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Energy Efficient Home Improvement Credit	25C(h)	Property placed in service after 12/31/25	Repealed.	30% credit of costs, subject to limitations, for certain energy-saving home improvements.
Previously-Owned Clean Vehicle Credit	25E(g)	Vehicles acquired after 9/30/25	Repealed.	Individuals were allowed a maximum credit of the lesser of \$4,000 or 30% of the sales price for vehicles meeting certain requirements. Sale price not to exceed \$25,000. The credit is allowed subject to certain AGI limitations.
Qualified Commercial Clean Vehicle Credit	45W(g)	Vehicles acquired after 9/30/25	Repealed.	Businesses and tax-exempt entities were allowed a credit of \$7,500 up to \$40,000 based on a vehicle's gross weight rating limited to the lesser of 15% of the vehicle's cost (30% for vehicles not gasoline or diesel powered) or the incremental cost of the vehicle as compared to vehicles powered with a gasoline or diesel internal combustion engine.
Residential Clean Energy Credit	25D(h)	Expenditures made after 12/31/25	Repealed.	30% credit for qualifying residential installations of solar electric, solar water heating, geothermal heat pumps, fuel cells, small wind energy, and battery storage systems.