HALL ESTILL
ATTORNEYS AT LAW

News & Insights

Summary - Tax Provisions in the One Big Beautiful Bill

July 14, 2025

https://conta.cc/3GGSd8L

Major Tax Provisions

1. Extensions of Prior Tax Cuts and Jobs Act (TCJA) Provisions

· Increased Standard Deduction for 2025 to $15,750 and $31,500 for single and married filing jointly, respectively

· Increases Child Tax Credit Per Child to $2,200 for 2025 tax year

· Raised the Estate Tax Exemption to $15,000,000 per taxpayer for tax years beginning in 2026

· Individual, Corporate, and Estate Tax Rates remain at Reduced TCJA Levels

· Bonus Depreciation (100% Current Year Deduction on Qualifying Business Property Acquired After January 19, 2025)

· Expensing of Research and Development Costs reinstated

2. New Tax Cuts

· Adds a Deduction for Seniors of $6,000 and $12,000 for single and married filing jointly, respectively (Income Phase-Outs start at $75,000 and $150,000, respectively) for the 2025 - 2028 Tax Years

· MAGA Savings Accounts Allow Funding of up to $5,000 per year, with an Initial Contribution of $1,000 by the Treasury for Children Born in 2025 - 2028, Tax-Free Growth, and Distributions Receiving Favorable Tax Treatment if used for Qualifying Expenses (e.g., education and first-time home purchases)

· No Taxes on Tips or Overtime for 2025 - 2028 (limited by amount and income levels)

· More favorable provisions on Qualified Opportunity Zones (e.g., made permanent, longer gain deferral, and increased basis step-up for rural land and farmland)

· Increased Incentive for Qualified Small Business Stock (e.g., tiered system for shorter holding periods, higher gain exclusion, and higher gross asset limitation)

· Deduction of Interest on Cars for Personal Use

o Taxpayers Can Deduct Up To $10,000 of Interest on Personal Car Loans for Vehicles with Final Assembly in the US after December 31, 2024

o Applies to 2025 - 2028 Tax Years, with Income Phase-Outs Starting at MAGI of $100,000 and $200,000 for single and married filing jointly, respectively

3. Provisions Indexed for Inflation

· The Limitations or Amounts of the Child Tax Credit, Standard Deduction, SALT Cap and the Estate Tax Exemption are Indexed for Inflation.

State and Local Tax Deduction (SALT)

The cap on the deduction is increased to $40,000, retroactively applying to the 2025 tax year, but starts to phase out by 30% for individuals with Modified Adjusted Gross Income (MAGI) above $500,000. For example, if your MAGI is $550,000, the amount of the cap is reduced to $25,000 and if your MAGI is in excess of $600,000, the cap on your SALT deduction goes back down to the existing $10,000 (i.e., you are no better off under the new law). The increase to the $40,000 per year limitation goes back to $10,000 beginning in 2030. The people who benefit most from the cut are individuals who liv[illegible] higher income or property taxes. For Oklahomans, the applicable state and local tax [illegible] income and property taxes which are relatively low as compared to states like California or New York.

Practices

- Tax