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Dear Client,

As you may already know, congress recently passed sweeping new tax legislation (H.R. 1, "*The One Big Beautiful Bill Act*"), with major changes for workers, families, and small business owners. As further guidance emerges, we are tracking the latest updates and remain your trusted resource for clients looking to understand how these changes may affect their financial outlook.

Below is a high-level overview of some of the most notable provisions taking effect in 2025 and beyond:

- 2017 Tax Cuts and Jobs Act tax brackets were made permanent.
- Standard deduction rises to \$15,750 (single) / \$31,500 (MFJ) in 2025.
- Limitation on Individual Deductions for Certain State and Local Taxes (SALT) increases to \$40,000 in 2025.
- Child Tax Credit increases to \$2,200 and is now permanent.
- 20% Qualified Business Income Deduction ("*QBID*") for business owners is now permanent.
- 100% Bonus Depreciation is extended to qualifying business property placed into service on or after January 19, 2025, and has been made permanent.
- Certain service workers can deduct up to \$25,000 in reported tips from income for the years 2025 through 2028.
- For employers, the FICA Tip Credit under IRC Section 45 now expands to beauty salons and spas.
- Qualifying overtime compensation under Fair Labor Standards Act (FLSA) may be deducted up to \$12,500 (or \$25,000 for joint filers) for the years 2025 through 2028.
- Taxpayers who are age 65 or older are eligible for a \$6,000 senior deduction for the years 2025 through 2028.
- Interest on qualifying personal-use vehicles assembled in the U.S. is now deductible (up to \$10,000) for the years 2025 through 2028.

- Taxpayers who do not itemize their deductions may claim a deduction of up to \$1,000 (single) / \$2,000 (MFJ) for certain charitable contributions.
 - Estate and Gift tax exemption increases to \$15 million in 2026.
 - Several clean energy tax incentives have been repealed.
 - Parents may open a tax-deferred investment account titled “Trump Accounts” for any child under 18. Children born between 2025 and 2028 will receive a \$1,000 government contribution. Growth in the account is tax-deferred, but gains will be taxable upon withdrawal.
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With many provisions set to take effect in 2025, now is the ideal time to start planning ahead. Whether you earn tips, run a small business, manage payroll, or support a growing family, the new tax rules could have a meaningful impact on your return. As always, we are here to help you navigate these changes with clarity and confidence.

Sincerely,

CRG Waddill, CPA, PC