

THE BIG BEAUTIFUL TAX REFERENCE GUIDE

Senior Deduction

An additional deduction of up to \$6,000 can be claimed by taxpayers over the age of 65 (this is in addition to the existing increase to the standard deduction when a taxpayer turns 65). This deduction can be claimed whether a taxpayer is itemizing or taking the standard deduction.

	2024	2025-2028
Senior Deduction (Per Taxpayer)	\$0	\$6,000
	Begins	Ends
Single		
Phaseout - Modified AGI	\$75,000	\$175,000
Married filing jointly		
Phaseout - Modified AGI	\$150,000	\$250,000

The maximum tax benefit of the deduction for a married couple filing jointly is ~\$2,700 (total deduction multiplied by marginal tax rate). This benefit is then reduced incrementally as a taxpayer progresses through the phaseout range and is completely phased out at the high end of the range.

State And Local Taxes (SALT)

Historically the maximum deduction for state and local taxes on Schedule A was \$10,000, this was increased to \$40,000 in 2025 and will increase 1% annually through 2029. In 2030 it is set to revert to \$10,000.

	2024	2025-2028
Single		
Maximum deduction	\$10,000	\$40,000
Married filing jointly		
Maximum deduction	\$10,000	\$40,000
	Begins	Ends
Phaseout - Modified AGI	\$500,000	\$600,000

Phaseout only applies to the increased deduction, at \$600,000 a taxpayer is limited to \$10,000 of SALT deductions. Phaseout is the same for single and MFJ taxpayers but is cut in half for couples electing married filing separately.

Child Tax Credit

The child tax credit has been expanded to \$2,200 beginning in 2025 with the increase being a permanent change. The amount will also be adjusted for inflation annually.

	2024	2025 and Beyond
Child Tax Credit	\$2,000	\$2,200
	Begins	Ends
Single		
Phaseout - Modified AGI	\$200,000	\$240,000
Married filing jointly		
Phaseout - Modified AGI	\$400,000	\$440,000

The phaseout for the child tax credit did not change as a result of O3BA.

Charitable Giving

Giving Floor

Beginning in 2026 there will be a charitable giving "floor" calculated as 0.5% of adjusted gross income (AGI). Similar to the floor on deducting medical expenses the calculated amount represents a minimum threshold a taxpayer has to reach before any amount of charitable giving is deductible.

	2025	2026 and Beyond
Charitable Giving Floor - Individuals	0.00%	0.50%
Charitable Giving Floor - Corporations	0.00%	1.00%

Charitable Deduction for Non-Itemizers

Beginning in 2026 a deduction for cash gifts made to qualified charitable organizations can be taken by non-itemizers. All other charitable giving rules apply except that up to the amount listed below can be deducted without reaching the threshold to itemize deductions.

Non-Itemizers	2025	2026 and Beyond
Single		
Charitable Deduction	\$0	\$1,000
Married filing jointly		
Charitable Deduction	\$0	\$2,000

Tax Deductible Income

From 2025 through 2028, employees and self-employed individuals can deduct qualified tips earned in jobs the IRS designates as regularly tip-based. The deduction is available whether or not the taxpayer itemizes. The maximum annual deduction is \$25,000 regardless of filing status. For self-employed individuals, the deduction cannot exceed the net income (before this deduction) from the trade or business where the tips were earned.

	Begins	Ends	Max Deduction
Single			
Phaseout - Modified AGI	\$150,000	\$400,000	\$25,000
Married filing jointly			
Phaseout - Modified AGI	\$300,000	\$550,000	\$25,000

Effective from 2025 through 2028, employees can deduct the extra pay they receive for overtime work—the amount above their regular hourly rate, such as the "half" portion of time-and-a-half pay required by federal labor law. This deduction applies regardless of whether the taxpayer itemizes deductions. The maximum annual deduction is \$12,500 for single filers and \$25,000 for married couples filing jointly. Employers must report qualified overtime wages separately to employees and the IRS.

	Begins	Ends	Max Deduction
Single			
Phaseout - Modified AGI	\$150,000	\$400,000	\$12,500
Married filing jointly			
Phaseout - Modified AGI	\$300,000	\$550,000	\$25,000

Gambling Losses

Starting in 2026, taxpayers can only deduct 90% of their gambling losses, even if their losses equal or exceed their winnings. This means that even if losses exceed winnings for the year, there could still be taxable income. As always, taxpayers must itemize deductions to claim gambling losses.

	2024 and 2025	2026 and Beyond
Deductible Gambling Losses	Up to 100% of winnings	Lessor of 90% of winnings or losses

Clean Energy Credits

Many clean energy tax credits are being phased out and terminated as a result of OBBA. This includes credits for clean vehicles, alternative fuel vehicle refueling, energy-efficient home improvements, and residential clean energy. While some of these credits are still available for a limited time, most of these incentives will no longer be available after 2025.

Credit	Credit Termination
Clean Vehicle Credit	Sept. 30th, 2025
Alt. Fuel Vehicle Refueling Credit	Sept. 30th, 2025
Energy-Efficient Home Improvements	Dec. 31st, 2025
Residential Clean Energy Credit	Dec. 31st, 2025

Bonus Depreciation

100% bonus depreciation has returned! This change reverses the previous phase-down schedule, allowing for a full deduction of the cost of eligible assets in the year they are placed in service for assets acquired after January 19th, 2025.

	2024	2025 and Beyond
Allowable bonus depreciation	60%	100%

Vehicle Loan Interest

The new vehicle loan interest deduction for 2025 through 2028 allows individuals to deduct up to \$10,000 of interest paid on loans used to purchase a new, U.S.-assembled vehicle weighing 14,000 pounds or less. Importantly, this deduction is available even if the taxpayer does not itemize deductions, making it an above-the-line deduction that reduces taxable income directly.

	2024	2025 and Beyond
Deductible Vehicle Interest Limit	Non-Deductible	\$10,000

	Begins	Ends
Single		
Phaseout - Modified AGI	\$100,000	\$150,000
Married filing jointly		
Phaseout - Modified AGI	\$200,000	\$250,000

2025 Marginal Tax Brackets

Tax Rate	Single	Married filing jointly	Head of household
10%	\$0 – \$11,925	\$0 – \$23,850	\$0 – \$17,000
12%	\$11,926 – \$48,475	\$23,851 – \$96,950	\$17,001 – \$64,850
22%	\$48,476 – \$103,350	\$96,951 – \$206,700	\$64,851 – \$103,350
24%	\$103,351 – \$197,300	\$206,701 – \$394,600	\$103,351 – \$197,300
32%	\$197,301 – \$250,525	\$394,601 – \$501,050	\$197,301 – \$250,500
35%	\$250,526 – \$626,350	\$501,051 – \$751,600	\$250,501 – \$626,350
37%	\$626,351 or more	\$751,601 or more	\$626,351 or more

2025 Contribution Limits

	Base Limit	Age 50+ Catch-Up	Age 60-63 Catch-Up
401(k)s or 403(b)s (employee portion)	\$23,500	Additional \$7,500	Additional \$11,250
Total maximum contribution for 2025 including the employer contributions is \$70,000			
Solo 401(k) (employee portion)	\$23,500	Additional \$7,500	
Total maximum contribution for 2025 including the employer contributions is \$70,000			
SEP IRA	Lesser of \$70,000 or 25% of eligible employee compensation		
SIMPLE IRA	\$16,500	Additional \$5,000	Additional \$5,250
Traditional IRA	\$7,000	Additional \$1,000	
Roth IRA	\$7,000	Additional \$1,000	

IRA Contribution Deduction Phase-Out	Begins	Complete Phase-Out
Single	\$79,000	\$89,000
Married filing jointly	\$123,000	\$143,000
Allowed Roth Contribution Phase-Out		
Single	\$150,000	\$165,000
Married filing jointly	\$236,000	\$246,000

Health Savings Accounts (HSAs)	Base Limit	Age 55+ Catch-Up
Single	\$4,300	Additional \$1,000
Family	\$8,550	Additional \$1,000