

## Key Provisions in One Big Beautiful Bill

*Reflects bill passed signed into law on July 4, 2025*

On July 4, 2025, President Donald Trump signed a Republican reconciliation bill into law that extends or makes permanent many expiring provisions in the *Tax Cuts and Jobs Act of 2017*, and implements many of the President's campaign tax priorities, such as no tax on tips, overtime, etc. The bill also authorizes a \$5 trillion increase to the federal debt ceiling, directs funding towards border security, national defense, and other priorities for the Trump administration.

### Next Steps

Now that the bill has been passed, Treasury and IRS will begin to implement the tax package. This includes the creation of rules to administer.

### Notable Non-Tax Policy Changes

- Extension of debt limit raised by \$5 trillion
- 6.5% cut in funding to the Consumer Financial Protection Bureau (CFPB)
- Implements stringent requirements for Medicaid eligibility and federal Medicaid match rate
- Provides a significant increase in funding for the Department of Homeland Security agencies

### Top Tax Provisions

#### Individual

Provision	Pre-2017	Tax Cuts and Jobs Act	One Big Beautiful Bill
<b>Reduction in individual income tax rates</b>	The topline tax rate was 39.6%	Topline tax rate reduced to 37%	Reductions made permanent
<b>Increase in the standard deduction</b>	\$6,500 (single), \$13,000 (joint), \$9,550 (head of household)	Doubled to \$12,000 (single), \$24,000 (joint), \$18,000 (head of household)	Permanently extend and enhance the standard deduction, adjusts for inflation Increased to \$15,750 (single), \$31,500 (joint), \$23,625 (head of household)
<b>Ends personal and miscellaneous itemized deductions</b>	Individuals could itemize certain miscellaneous deductions, including investment advice, based on adjusted gross income	Suspended	Permanently eliminated

<b>Itemized deduction limitation</b>	“Pease” limitation that required taxpayers to reduce itemized deductions by 3% of every dollar above certain thresholds	Suspended	Reinstated but subject to a cap based on income tax bracket above 37%
<b>Capital gains tax</b>	Determined by regular income tax bracket	Separated capital gains from ordinary income	Preserves separated capital gains from ordinary income
<b>Increased child tax credit</b>	\$1,000 per child	Doubled to \$2,000 per child with a one-year increase included in COVID relief legislation	Permanent increase to \$2,200
<b>Extends lifetime estate and gift tax exemptions</b>	\$5.5 million (single), \$11.1 million (joint)	\$14 million (single), \$28 million (joint)	Increased to \$15 million (single), \$30 million (joint)
<b>State and local income tax (SALT)</b>	Unlimited total deduction	Reduced to \$10,000 per filer	Increased to \$40,000 per filer through 2029, then reverts to \$10,000 per filer
<b>Pass-through entity tax (PTET)</b>	N/A	Created as a workaround for SALT cap	PTET deduction preserved
<b>Trump / “MAGA” accounts</b>	N/A	N/A	Allow guardians of children under age 18 to establish an IRA with a one-time \$1,000 tax refund from the government for children born between 2025 - 2028. Employer contributions are permitted, and accounts have an annual \$5,000 cap on contributions
<b>Senior tax credit</b>	N/A	N/A	Additional \$6,000 for the standard deduction for individuals over the age of 65, phasing out for taxpayers with income over \$150,000. Expires end of 2028.

<b>Expansion of 529 plan account allowable expenses</b>	N/A	Expanded allowable expenses to include private K-12 tuition	Max withdrawal amount increased to \$10,000. Allowable expenses to include additional post-secondary credentials, home schooling expenses and materials for tutoring, books, and curriculum.
<b>ABLE accounts</b>	Established in 2014	Allowed rollovers from 529s to ABLE accounts, increased contribution limits, allowed contributions to be eligible for Saver’s Credit	Makes provisions permanent and provides an additional year of inflation adjustment for the base amount of the limit

**Small Business**

Provision	Pre-2017	Tax Cuts and Jobs Act	One Big Beautiful Bill
<b>Section 199A qualified business income deduction</b>	Established in TCJA	Allowed for up to 20% deduction on QBI, with SSTBs earning more than \$483,000 unable to take advantage	Permanently extends 20% rate. Expands eligibility pending rule making at Treasury.
<b>Employer repayment of student loans</b>	Established in CJA	Employers can pay employee student loans tax-free up to \$5,250.	Made permanent

**Corporate**

Provision	Pre-2017	Tax Cuts and Jobs Act	One Big Beautiful Bill
<b>Opportunity zones reestablished</b>	Established in TCJA	Created opportunity zones to spur investment and allow deferral of capital gains into an opportunity zone with favorable tax treatment	In addition to deferral of invested gain, establishes a 10% step-up basis for investments held in a qualified opportunity zone for at least 5 years. Rural opportunity zone enhancements created to incentivize investment in rural areas, such as a 30% step-up in tax basis for investments in QROFs held for at least 5 years.

<b>Section 163(j) deductions</b>	Adjusted taxable income is calculated using EBIT	N/A	Businesses may deduct before interest – ATI calculation using EBIT restored
<b>Changes to deduction for excessive employee compensation</b>	Corporations are unable to deduct compensation in excess of \$1 million paid to the top five earning employees.	Expanded scope of corporations subject to deduction limitation	Adds entity aggregation rule to application of excise tax on employees paid more than \$1 million
<b>Bonus depreciation</b>	Bonus depreciation rate was 50%	Increased bonus depreciation rate to 100% for most tangible assets until 2023, with a phase out through 2026	Makes permanent 100% depreciation rate for certain properties. Increases threshold for phase out of qualified properties
<b>R&amp;D expensing</b>	Taxpayers could deduct R&D costs in the year expended	Beginning in 2022, deductions for R&D costs must be amortized over a five year period	Suspends TCJA amortization for domestic research or experimental expenditures; Companies can once again fully deduct R&D costs in the year incurred
<b>Paid family and medical leave</b>	N/A	Credit is equal to 12.5% if the rate of payment is 50% of normal wages and increased by 0.25% for each percentage over 50% paid to the employee on PFML	Makes permanent the existing tax credit and allows corporations to claim the credit for a percentage of either wages paid to or premiums paid for the insurance policy providing PFML for qualifying employees.
<b>Section 179 expensing</b>	Certain business costs (cars, office equipment, machinery, computers) can be deducted with a maximum of \$500,000	Increased the maximum deduction to \$1 million	Made permanent and increased the maximum amount a taxpayer may expense to \$2.5 million and increases phaseout threshold to \$4 million
<b>Floor on deduction of charitable contributions made by corporations</b>	Corporate taxpayers can deduct charitable contributions up to a limitation equal to 10% of taxable income	N/A	Establishes a floor equal to one percent of taxable income for the deductibility of corporate charitable contributions. The existing cap of 10% remains unchanged

Provisions take effect January 1, 2026. The Government Relations Team is ready to answer questions you have regarding these and additional provisions in the bill. You can reach us at [lplgovernmentrelations@lpl.com](mailto:lplgovernmentrelations@lpl.com).