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New Tax Legislation: What's on the Table

The One Big Beautiful Bill Act

H.R. 1, the One Big Beautiful Bill Act, narrowly passed the House of Representatives on May 22, 2025. The legislation is now being deliberated in the Senate, after the Senate Committee on Finance released its own version of proposed tax provisions on June 16, 2025.

This legislation is being proposed and considered as part of a process known as budget reconciliation, which is generally limited to tax and spending matters, as well as the debt limit. The budget reconciliation process limits debate, preventing the use of the filibuster to delay or prevent passage. Whereas 60 votes are required to break a filibuster and pass most legislation, budget reconciliation requires only 51 votes in the Senate. The following are some of the act's provisions that could affect income taxes for individuals and businesses.

Tax Cuts and Jobs Act provisions made permanent

The legislation would make permanent many provisions implemented by the 2017 Tax Cuts and Jobs Act, which are scheduled to expire at the end of this year. These include:

- Lower marginal income tax rates, with a top marginal tax rate of 37%
- Increased standard deduction amounts
- Elimination of deduction for personal exemptions
- Increased Child Tax Credit (some additional changes proposed)
- Limits on mortgage interest deductions and interest on home equity debt
- Higher estate and gift tax exemption
- Alternative Minimum Tax (AMT) exemption and phaseout thresholds
- Changes relating to itemized deductions
- Section 199A Qualified Business Income Deduction


Other changes

The legislation includes a host of additional tax provisions, such as:

- Raising the U.S. debt limit
- Additional deduction for seniors for years 2025–2028, phased out at higher incomes
- New tax-exempt investment accounts ("Trump Accounts") for children
- State and Local Tax (SALT) deduction; while the House version would significantly increase the cap, the Senate version appears to retain the current \$10,000 cap
- New deduction for qualified tips
- New deduction for qualified overtime compensation
- New deduction for personal interest on car loans (2025–2028, U.S.-assembled passenger vehicles)
- New charitable deduction for individuals who do not itemize deductions
- Repeal of energy tax credits created by the Inflation Reduction Act



Assuming that the Senate passes its version of the legislation, the House would need to vote again since the Senate version will include changes.

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- Bonus depreciation increased to 100% and Section 179 expensing limit increased

What happens next?

The Senate Committee on Finance report already reflects some departures from the House version, including differences relating to the SALT deduction, mentioned above, as well as the tax treatment of tips and overtime. The legislation is subject to review by the Senate parliamentarian for compliance with reconciliation rules, and the final Senate version of the legislation must be debated on the Senate floor. Assuming that the Senate passes its version of the legislation, the House would need to vote again since the Senate version will include changes.

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