AICPA & CIMA

Together as the Association of International Certified Professional Accountants

Key Tax Provisions — Before and After OBBBA

Below is a chart comparing key tax provisions before and after the One Big Beautiful Bill Act (OBBBA) was enacted on July 4, 2025

Individual key provisions

Tax provision	Pre-OBBBA	Enacted OBBBA
Individual income tax rates	Tax Cuts and Jobs Act (TCJA) rates (lowered rates) expire after 2025; rates revert to pre-TCJA levels. Seven tax brackets: 10%, 12%, 22%, 24%, 32%, 35% and 37%. Bracket thresholds are adjusted annually for inflation.	Makes TCJA rates permanent. All brackets continue to be indexed for inflation after 2025. Also adds an additional year of inflation adjustment to the end of the 10% and 12% brackets (where the 22% bracket begins).
Standard deduction	Increased standard deduction (TCJA) expires after 2025; reverts to lower pre-TCJA levels.	Permanently increases the standard deduction. Effective as of Jan. 1, 2025: Single & MFS: $15,750 (indexed) HoH: $23,625 (indexed) MFJ: $31,500 (indexed)
Personal exemptions	Suspended for 2018–2025; allowed in 2026.	Permanently terminates deduction for personal exemptions.
Child tax credit (CTC)	$2,000 per child (TCJA), reverts to $1,000 after 2025	Permanent increase of $2,200 per child, with $1,400 refundable with inflation adjustments. Permanent increase to the phaseout threshold amounts of $200,000 ($400,000 for MFJ).
Other dependent credit	Provides non-refundable credit of $500 per qualifying dependent who does not qualify for the CTC (e.g., older children, elderly parents), set to expire after 2025.	$500 credit is made permanent and the requirement that the dependent be a resident of the US continues; no inflation adjustment.
Estate and gift tax exemption	$13.61 million (2024, inflation-adjusted); reverts to ~$5 million (indexed) after 2025.	Increases exemption to $15 million (indexed from 2026); makes higher exemption permanent.

Individual key provisions (cont.)		
Tax provision	**Pre-OBBBA**	**Enacted OBBBA**
Alternative Minimum Tax (AMT) exemption	Higher exemption and phase-out thresholds (TCJA) expire after 2025.	Makes higher exemption and phase-out thresholds permanent includes modifications to the phaseout amount of the extended individual alternative minimum tax. Preserves TCJA's AMT exemption amounts but increases the phase-out rate to 50% (vs. 25% under current law), steepening the claw-back for upper-income filers.
Mortgage interest deduction	$750,000 acquisition indebtedness limit (TCJA) expires after 2025.	Makes $750,000 limit permanent and includes mortgage insurance premiums.
Home equity debt	Interest on home equity debt is not deductible (if the loan proceeds were used to buy, build or substantially improve the taxpayer's home that secures the loan it is acquisition debt, not home equity debt). This disallowance applies through 2025.	The disallowance of home equity debt interest expense is made permanent.
Casualty loss deduction	Limited to federally declared disasters (TCJA) through 2025.	Limitation of federal declared disasters made permanent and expands the provision to include certain state-declared disasters.
Miscellaneous itemized deductions	Suspended 2018–2025 (TCJA); Reinstated in 2026.	Permanently terminates deductions and removes unreimbursed employee expenses for eligible educators from the list of miscellaneous itemized deductions.
Pease limitation (itemized deductions phaseouts)	Suspended 2018-2025 (TCJA); Reinstated in 2026.	Permanently removes the Sec. 68 overall limitation on itemized deductions (known as the Pease limitation) and replaces it with a new overall limitation on the tax benefit of itemized deductions. The amount of itemized deductions otherwise allowable would be reduced by 2/37 of the lesser of (1) the amount of the itemized deductions or (2) the amount of the taxpayer's taxable income that exceeds the start of the 37% tax rate bracket.
Moving expenses deduction	Suspended 2018–2025 (TCJA) (except for Armed Forces); reinstated in 2026.	Permanently terminates deduction (except for Armed Forces).
Wagering losses	Limited to itemized deduction based on the amount of winnings through 2025 (TCJA).	Limits losses from wagering transactions to 90% of the amount of such losses, only to the extent of winnings.
Charitable deduction for non-itemizers (Cash deductions only)	Not available after 2021.	Creates a charitable contribution deduction of $1,000 for single filers or $2,000 for MFJ for certain charitable contributions. The deduction is permanent, however it starts after 2025.
Charitable deduction for individuals who itemize (Cash deductions only)	Taxpayers who itemize can deduct a portion of their qualified charitable contributions, subject to a specified limitation based on the type of contribution.	Limits the charitable deduction for taxpayers who itemize by providing a deduction only for charitable contributions to the extent that they exceed 0.5% of the taxpayer's contribution base.

Individual key provisions *(cont.)*

Tax provision	Pre-OBBBA	Enacted OBBBA
Excise tax on remittance transfers	There is no federal excise tax imposed on remittance transfers from individuals to foreign recipient.	Introduces a 1% excise tax on remittance transfers by individuals to foreign recipients (vs. 3.5% in H.R. 1), effective Jan 1, 2026. Collectible by RTPs, with the same Bank Secrecy Act/card-funded transfer exception and parallel reporting/penalty regime.
No tax on tips	Tips are taxable income.	Allows up to $25,000 deduction for qualified tips received in certain occupations (as defined by Treasury). The deduction is available to taxpayers who claim the standard deduction or who itemize and is available through 2028. Phases out the deduction when the taxpayer's modified adjusted gross income exceeds $150,000 ($300,000 for MFJ).
No tax on overtime	Overtime pay is taxable income.	Allows up to $12,500 (25,000 for MFJ) for qualified overtime compensation . The deduction is available to taxpayers who claim the standard deduction or who itemize and is available through 2028. Phases out the deduction when the taxpayer's modified adjusted gross exceeds $150,000 ($300,000 for MFJ).
Enhanced deduction for seniors	Additional standard deduction for age 65+	Adds $6,000 bonus deduction for seniors (2025–2028); phased out at higher incomes.
No tax on car loan interest	Personal interest on car loans not deductible.	Allows deduction for up to $10,000 of interest on new car loans (2025–2028); must be US-assembled passenger vehicles with the vehicle serving as security for the loan.
Sec. 108(f), General rules for discharge of indebtedness	Sec. 108(f)(5) allows a reduction in purchase-money debt to be treated as a purchase price adjustment rather than cancellation of debt (COD) income, but this treatment is limited and does not apply to student loan discharges due to death or disability after 2025.	Makes permanent the Sec. 108(f)(5) exclusion for discharge of student loan on account of death or disability that expires after 2025 and adds a requirement for taxpayer to have SSN.
Sec. 127, Employer payments of student loans under educational assistance programs	$5,250 maximum exclusion includes employer payment of qualified student loan payments. Set to expire after 2025.	Assistance programs made permanent and adjusted for inflation.
Adoption credit	Nonrefundable.	Makes $5,000 of the credit refundable; inflation adjusted.
529 plan qualified expenses	Limited to higher education and $10,000 K-12 tuition	Expands to include more K-12 and homeschool expenses, and postsecondary credentialing expenses. In particular, CPA credentialling would also be allowed (including exam expenses).

Individual key provisions *(cont.)*

Tax provision	Pre-OBBBA	Enacted OBBBA
Trump Accounts	N/A — did not exist.	Trump accounts will be IRAs under Sec. 408(a) (but not Roth IRAs) for the exclusive benefit of individuals under 18. Contributions can be made in calendar years before the beneficiary turns 18 and distributions can be made starting in the calendar year the beneficiary turns 18. Trump accounts will have to be designated as such when they are set up, and no contributions are allowed until 12 months after the date of enactment of the Act. Under the Act, Treasury can set up Trump accounts for individuals that it identifies as eligible and for which no Trump account has already been created.
State and local tax (SALT) cap	$10,000 cap.	The SALT provision retroactively increases the individual limit from $10,000 to $40,000 for 2025 and $40,400 for 2026, followed by 1% increases for 2027, 2028, and 2029. Beginning in 2030, the cap would revert to $10,000. Such deduction would also be subject to a phaseout for MAGI greater than $500,000 in 2025, $505,000 in 2026, and similar 1% increases thereafter, but the deduction would not be reduced below $10,000. Additionally, there would be no SALT limitation for pass-through entities.

Note: Medicaid and Premium Tax Credit (PTC)-eligibility interactions are outside the scope of this core-tax chart

Business key provisions

Tax provision	Pre-OBBBA	Enacted OBBBA
Direct file program	IRS Direct File pilot in place.	The Direct File program is not terminated and includes a special appropriation of $15 million for a report on enhancing and establishing public-private partnerships to provide for free tax filing for up to 70% of taxpayers.
Sec. 199A, Qualified Business Income deduction (QBI)	20% deduction for pass-through income, expires after 2025. Deduction subject to phaseout for specified service trades or businesses (SSTBs). Deduction limitations based on taxable income, wages paid and the presence of SSTBs.	Deduction remains at 20% and made permanent. Phase-out amounts are increased (expands the deduction limit phase-in range by increasing the $100,000 (MFJ) and $50,000 (single filers) amounts to $150,000 and $75,000, respectively), and a new minimum $400 deduction is added for taxpayers with at least $1,000 of QBI.
Pass-through entity tax (PTET) SALT deduction	Individual SALT deduction capped at $10,000. 36 states and 1 locality implemented a PTET SALT deduction that is allowed under approved IRS Notice 2020-75.	Individual SALT deduction is $40,000 for most filers. Additionally, there would be no SALT limitation for pass-through entities.
Sec. 461(l), Excess business loss (EBL) limitation	Limits pass-through business losses through 2028. Disallowed losses become NOLs and can be used in subsequent years, subject only to NOL rules.	Makes the Sec. 461(l) EBL limitation permanent, and retains the existing treatment of EBL carryforwards.

Business key provisions *(cont.)*		
Tax provision	**Pre-OBBBA**	**Enacted OBBBA**
Employee retention credit (ERC)	Employers had until April 15, 2024, to file ERC claims for the 2020-year, and until April 15, 2025, to file ERC claims for the 2021 year. The IRS has a 3-year statute of limitations for 2020 and early 2021 claims, and a 5-year statute of limitations for the Q3, Q4, 2021 claims.	Prohibits the payment of Q3 2021 and Q4 2021 claims as of Jan. 31, 2024, and increases enforcement mechanisms for bad actors.
Employer-provided childcare credit	25% of qualified expenses, up to $150,000.	Increases the credit to 40% (50% for small businesses); max credit $500,000 ($600,000 for small businesses); inflation adjusted.
Form 1099 information reporting	The general Form 1099 reporting threshold remains at $600 and applies to payments made in the course of a trade or business.	Increases the information reporting threshold for certain payments to persons engaged in a trade or business and payments of remuneration for services to $2,000 in a calendar year (from $600), with the threshold amount to be indexed annually for inflation in calendar years after 2026.
Repeal revision to de minimis rules for third-party-network transactions	The American Rescue Plan Act (ARPA) of 2021 lowered the threshold for filing of Form 1099-K by third party settlement organizations to over $600 of payments received for the sale of goods and services. Prior to this change, the threshold under Sec. 6050W was over $20,000 of payments and over 200 transactions.	Reinstates the pre-ARPA 2021 threshold as if the lowered one was never enacted. Note: The IRS continued to apply the higher pre-ARPA threshold through 2023 but for 2024 applied a threshold of over $5,000 of payments for goods and services (rather than $600), and $2,500 for 2025 and planned to use $600 for 2026 and later (IR-2024-299).
Paid Family and Medical Leave Credit	Temporary; expires after 2025.	Extends and enhances credit; allows for insurance premiums; modifies aggregation and eligibility rules.
Research and experimental (R&E) expensing	Amortization over 5 years for domestic R&E and 15 years for foreign R&E costs.	Allows full expenses for domestic R&E from Jan. 1, 2025. Foreign R&E remains at 15-year amortization. In addition, the Act provides small businesses with the option to elect this change retroactively back to 2022 through amended returns. It would also allow taxpayers to accelerate any remaining Sec. 174 deductions.
Bonus depreciation	Allows 80% bonus depreciation for qualified property placed in service in 2023, phasing down by 20 percentage points each year until it sunsets after 2026	Permanently extends and modifies additional first year depreciation deduction. Allowance increased to 100% of property acquired and placed in service on or after Jan. 19, 2025.
Qualified production property "Manufacturing Property"	N/A — term does not exist.	Bonus depreciation allowed on manufacturing property where construction begins after Jan. 19, 2025, and before Jan. 1, 2029, and must be placed in service prior to 2031.
Sec. 179, Enhanced Small Business Expensing	Sec. 179 allows businesses to expense up to $1,160,000 of qualifying property, with a phase-out threshold beginning at $2,890,000, both indexed for inflation.	Increases the maximum amount a taxpayer may expense under Sec. 179 to $2,500,000 and increases the phaseout threshold amount to $4,000,000.

Business key provisions *(cont.)*		
Tax provision	**Pre-OBBBA**	**Enacted OBBBA**
Sec. 1202, Qualified small business stock exclusion	Section 1202 provides for the partial exclusion of gain on the sale of qualified small business stock (QSBS) held for more than five years. For stock acquired after September 27, 2010, the exclusion is 100%; for stock acquired in earlier periods, the exclusion is 50% or 75%, depending on the acquisition date.	Modifies the QSBS exclusion to provide a tiered exclusion determined on the years the taxpayer holds the QSBS: • 50% exclusion if held for three years; • 75% exclusion if held for four years; and • 100% exclusion if held for five or more years. The bill also increases eligibility for the exclusion by increasing the eligibility limit on the corporation's aggregate gross assets at the time of issuance from a $50 million limit to a $75 million limit.
Sec. 163(j), Business interest limitation	Based on earnings before interest and taxes (EBIT) through 2021, then earnings before interest, taxes and amortization (EBITDA).	Returns to EBITDA calculation with no expiration.
Tip credit	Applies to the food and beverage industry only; provides a credit for the FICA paid by the employer on tips.	Expands credit to include beauty service industry starting in 2025.
Work Opportunity Tax Credit (WOTC)	The WOTC is available for wages paid to individuals who are certified as members of one of several targeted groups. The credit is generally 40% of up to $6,000 of qualified first-year wages for each eligible employee, resulting in a maximum credit of $2,400 per employee. The Work Opportunity Tax Credit is available for eligible employees who begin work through Dec. 31, 2025. Unless further extended by Congress, the credit will not be available for employees hired after that date.	Not addressed (expires Dec. 31, 2025)
Foreign-Derived Intangible Income (FDII) and Global Intangible Low-Taxed Income (GILTI) deductions	37.5% (FDII) and 50% (GILTI) deductions.	Reduces to 33.34% (FDII) and 40% (GILTI). The Act would also rename GILTI to "net CFC tested income" (NCTI) and FDII to "foreign-derived deduction eligible income" (FDDEI).
Base Erosion and Anti-Abuse Tax (BEAT)	The BEAT rate is scheduled to increase from 10% to 12.5% after 2025	Repeals the scheduled rise to 12.5% and instead sets the BEAT rate at 10.5%, while retaining the existing credit-offset mechanics that reduce the BEAT base.
Opportunity Zones (OZs)	OZs designated under TCJA remain in effect through Dec. 31, 2028, allowing investors to defer and potentially exclude capital gains by investing in Qualified Opportunity Funds (QOFs) that support development in low-income communities.	Establishes a permanent OZ policy, creating a rolling 10-year OZ designation beginning in 2027. The Act also maintains the OZ designation process and strengthens eligibility requirements.

Business key provisions *(cont.)*

Tax provision	Pre-OBBBA	Enacted OBBBA
State tax nexus	Generally, P.L. 86-272 (9/14/59) provides that a state may not impose income tax obligations on a taxpayer otherwise subject to this law if its only in-state activity is solicitation of orders that are approved and shipped from outside of the state. See Wisconsin Dept. of Revenue v. William Wrigley, Jr. Co., 505 US 214 (1992).	Expands P.L. 86-272 to add this definition: "The term 'solicitation of orders' means any business activity that facilitates the solicitation of orders even if that activity may also serve some independently valuable business function apart from solicitation." This broadens the Supreme Court's definition of this term.
Charitable deduction for corporations	10% of taxable income	Adds 1% floor: only contributions above 1% of taxable income are deductible, up to 10% limit.

Energy key provisions

Tax provision	Pre-OBBBA	Enacted OBBBA
Sec. 179D, Energy efficient commercial buildings deduction	Deduction based on the cost of energy efficient commercial building property, up to a maximum amount per square foot (ranging from $.50 to $5.00 per square foot).	Terminates deduction for property that begins construction after June 30, 2026.
Sec. 25C, Energy Efficient Home Improvement Credit	30% of qualified costs, $1,200 annual limit, expires 2032.	Terminates for property placed in service after Dec. 31, 2025.
Sec. 25D, Residential Clean Energy Credit	30% of qualified costs, phases down after 2032, expires 2034.	Terminates for property placed in service after Dec. 31, 2025.
Sec. 25E, Previously Owned Clean Vehicle Credit	Up to $4,000, expires 2032.	Terminates for expenditures made after Sept. 30, 2025.
Sec. 30C, Alternative Fuel Refueling Property Credit	30% of cost, up to $100,000, expires 2032.	Terminates for property acquired after June 30, 2026.
Sec. 30D, Clean Vehicle Credit	Up to $7,500 per new clean vehicle, expires 2032.	Terminates for vehicles acquired after Sept. 30, 2025.
Sec. 45D, New Markets Tax Credits	New Markets Tax Credits (NMTC) are competitively awarded tax credits intended to encourage private investment in certain low-income communities designated by the Community Development Financial Institutions (CDFI) Fund. The NMTC program is set to expire at the end of 2025.	Permanently extends the NMTC program.
Sec.45L, New Energy Efficient Home Credit	Up to $5,000 per home, expires 2032.	Terminates for homes acquired after June 30, 2026.
Sec. 45W, Commercial Clean Vehicle Credit	Up to $40,000, expires 2032.	Terminates for vehicles acquired after Sept. 30, 2025.

Energy key provisions (cont.)		
Tax provision	**Pre-OBBBA**	**Enacted OBBBA**
Sec. 45Y, Clean Electricity Production Credit	No expiration, based on beginning of construction.	Terminates for wind and solar facilities PIS after 12/31/27 and all other facilities after 2032. New foreign entity restrictions
Sec. 48E, Clean Electricity Investment Credit	No expiration, based on beginning of construction.	Terminates for wind and solar facilities PIS after 2027 and all other facilities after 2032. New foreign entity restrictions.