



TPF TIPS – AUGUST, 2025

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Welcome to TPF TIPS, our monthly newsletter where we apply our over 30 years of experience to cut through the noise, select what is relevant, unpack the jargon, and offer clear, digestible insights on topics important to our clients.

We know your time is precious and your inbox sacred, so we strive to make these emails an easy read (5-7minutes) and plan to deliver TPF TIPS on or around the 15<sup>th</sup> of each month (subliminal plug for tax preparation).

*If, for some reason, you do not wish to receive the monthly newsletter, please do not unsubscribe. Rather, please reply to the email with the word UNSUBSCRIBE in the subject line. We will ensure you are removed from the newsletter list, but you will remain subscribed to our other emails about important financial deadlines, events, and other critical updates.*

After all, it's your money and we want you to keep as much of it as possible!

### **THANK YOU!**

*This year's 3<sup>rd</sup> Annual Client Appreciation Event was a "SMASH HIT" thanks to **YOU!** We are grateful so many of you made time to spend with us and "meet & mingle" with other cherished clients, friends and business partners!*

*We could not do what we do without **YOU!**  
Thank you for your continued support and patronage.*

*Next year is a **very special** year and event planning has already begun.  
Stay tuned to your email inbox.....you won't want to miss it!.*

It's that time.....buckle up and let's get **savvy!!!**

The theme for this month is:

**The BIG Bill With so Many Names. . .**

**H.R. 1, 2025 Reconciliation Legislation, One Big Beautiful Bill Act (OBBBA), Public Law 119-21**

The One Big Beautiful Bill Act (OBBBA) in spite of its many names is like the Swiss Army knife of tax and business policy. This single piece of legislations contains a wide variety of provisions, each of which serves a different purpose.

Just as a Swiss Army knife combines tools like a blade, screwdriver, can opener, etc., into one all-purpose device, the OBBBA brings together a diverse set of tax cuts, business incentives, and spending reforms into a single bill.

The OBBBA is here to make your financial life a little brighter. So, let's dive into outlining all the **"taxtastic"** (that's a "technical" accounting term by the way) benefits and explanations of what the bill is all about!

### **The Big Bill at a Glance**

Public Law 119-21 (OBBBA) makes several popular provisions from the 2017 Tax Cuts and Jobs Act (TCJA) long-term or permanent, adds targeted new deductions and credits, and simplifies parts of the tax code that have been tripping people up for years. In short, it's a road map designed to smooth out tax filing season, reduce surprise tax bills, and reward investment in people, equipment, and communities.

Let's break it down into individual and business benefits, keeping the jargon to a minimum and the fun to a maximum.

### **Individual Benefits: Your Wallet's New Best Friend**

Most households will notice the updates on their very first paycheck and their very next tax return. The "headline changes" are: *bigger standard deductions, locked-in individual tax rates, more generous family benefits, and a few new, very practical deductions.*

#### - Larger Standard Deduction and Permanent Tax Rates

The OBBBA makes the TCJA's increased standard deduction permanent: \$15,750 for singles, \$23,625 for heads of household, and \$31,500 for married joint filers in 2025.

Plus, the TCJA's tax rates (10% to 37% for income, 0% to 20% for capital gains) are here to stay. This means simpler tax preparation and more predictable savings! So, that dream vacation or home upgrade may happen sooner than you think!

#### - Child and Family Credits

Families, rejoice!

The Child Tax Credit is now **permanent** at \$2,200 per child (up to \$1,700 refundable), with phase-outs starting at \$200,000 for singles or \$400,000 for joint filers.

The Child and Dependent Care Credit gets a boost, with the maximum credit rate jumping from 35% to 50% for work-related care expenses.

Plus, the OBBBA introduces "Trump Accounts," tax-deferred savings accounts for kids under 18, with up to \$5,000 in annual contributions (and a \$1,000 government deposit for kids born 2025–2028). Nothing like planting a financial "seed" for your child's future.

#### - No Tax on Tips—Thank You Las Vegas Waitress!

If you're in a tip-driven job like bartending, serving, or hairstyling, the OBBB has your back.

Starting in 2025, you can deduct up to \$25,000 of qualified tips reported on your W-2 or Form 1099. This deduction is available whether you itemize or take the standard deduction, but it phases out if your income exceeds \$150,000 (\$300,000 for joint filers).

It's like the government saying, "Thanks for the great service!"

Just make sure your employer reports those tips properly, and we'll help you claim this awesome benefit.

#### - Overtime Pay—Take a Tax Holiday

For those burning the midnight oil, the OBBBA offers a deduction for overtime pay that exceeds your regular wage (think the “half” in “time-and-a-half”).

You can deduct up to \$12,500 (\$25,000 for joint filers) through 2028, as long as your income stays below \$150,000 (\$300,000 for joint filers). This deduction means more money stays in your pocket. It's like getting a bonus for your hustle without Uncle Sam taking a cut.

#### - Car Loan Interest Deduction

Buying a new car?

The OBBBA lets you deduct up to \$10,000 of interest on a car loan for a vehicle assembled in the USA, as long as it's for personal use and weighs less than 14,000 pounds – sorry, no monster trucks.

The catch?

Your income can't exceed \$100,000 (\$200,000 for joint filers), and you'll need the vehicle's VIN to claim it.

This deduction is like a patriotic high-five for supporting manufacturing here in the US of A.

#### - Seniors Get Extra Love – And They Should!

If you're 65 or older, the OBBBA gifts you an extra \$6,000 deduction on top of the existing senior standard deduction of \$2,000 for singles and, \$1,600 per spouse for joint filers.

This temporary perk (through 2028) starts phasing out at \$75,000 for singles or \$150,000 for joint filers. It's like a warm hug from the tax code, saying, “You've earned it!”

Whether you itemize or not, we'll make sure you snag this benefit.

#### - Above-the-Line Charitable Deduction

Here's a charitable bonus: If you don't itemize, you can now still deduct donations up to \$1,000 (\$2,000 for joint filers) right off the top.

Plan your year-end giving and feel-good knowing Uncle Sam approves.

### **Business Benefits: Gearing Up For Growth**

We know business owners already lose sleep over cash flow, making payroll, equipment repairs, unforeseen emergencies, competition and hiring/retention to name a few. The OBBBA is crafted to keep the business running while providing opportunity for growth.

#### - Bonus Depreciation (aka “Write Off Everything but the Coffee Maker”)

If your operation runs on trucks, computers, ovens, or anything else with a recovery period of 20 years or less, you can now claim **100% bonus depreciation** permanently for eligible purchases.

Translation?

Invest in new gear, write it ALL off the first year, and keep your cash flow healthy. No more crawling through cryptic depreciation schedules! Yay!

#### - Section 179 Deductions – New and Improved

Section 179 just got souped up.

Equipment and software purchases up to \$2.5 million can now be fully deducted. Tell your IT Department to start making their wish list.

#### - More Generous Business Income Deductions

The OBBBA expands deductions for qualified business income, so your “bottom line” looks a little less lonely during tax time.

This applies not only to big manufacturers and retailers but also to S-corps, LLCs, and partnerships that make up the backbone of “Main Street” America.

#### - Employee Retention Credits—Benefits for Loyalty

If you’re keeping your team together through economic bumps, OBBBA makes it pay off better, restoring and expanding of employee retention credits.

That means more resources to reward folks who stick with you when times are tough and uncertain.

#### - Smoother Cash Flow, Less Paperwork

From repealing and phasing out many “green corporate welfare subsidies” to ending Biden-era tax breaks to big corporations, the OBBBA aims to redirect incentives toward homegrown investment and local hiring.

Small businesses particularly benefit from a simplified tax code and less red tape. Think fewer trips to the accountant (*we love seeing you so keep visiting*) and more time to grow the business.

#### - Charitable Deduction – Much Easier

Not just for individuals—businesses can more easily score above-the-line deductions for charitable giving, provided they don’t itemize.

Good deeds now come with clearer tax benefits.

#### **Quirks & Footnotes**

As with any new legislation, the OBBBA comes with caveats:

- Not all states conform instantly—so some benefits may vary locally until the particular state legislature catches up.

- Businesses with complex international dealings should check with us about foreign-entity restrictions and tweaks to the global intangible low-taxed income rules. While that sounds like a mouthful, not to worry – we have you covered.

- No tax on Social Security did not make it into the OBBBA. (**booooooooo!!!**)

It's important to note the new legislation does not directly change the rules regarding the taxation of Social Security benefits themselves. *Instead*, it provides a larger deduction that effectively reduces the taxable income for many seniors, in many cases to zero.

For individuals age 65 and older, the OBBBA **did** introduce a temporary additional tax deduction of \$6,000. For a married couple where both spouses are 65 or older, the deduction is \$12,000. This is in addition to the standard deductions already available to seniors.

#### - Bigger Paychecks for Families

According to the White House, the OBBBA aims to put more than **\$10,000** a year back in middle-class pockets—helping cover everything from summer camp to surprise dental visits!

## **Final Thoughts. . .Here to Help**

The One Big Beautiful Bill is rolling out lots of benefits, but also comes with changes that could affect your tax filings, your financial well-being, overall planning strategy, and your peace of mind.

As always, we at *The Pierson Firm* are here to help you navigate the chaos, maximize your savings and, explain it all in simple terms.

### **Remember:**

If you have questions about how to best navigate these new and dynamic changes, *please reach out to us!* And, as always. . .

***We are committed to help you keep as much of your money as possible!***

### **About The Pierson Firm**

Conroe-based The Pierson Firm offers a comprehensive range of tax-related services to individuals and businesses alike; and have been doing so for over 30 years. From Tax Planning, Preparation & Representation to Business Operations, Advisory and Compliance, the firm provides personalized solutions to those around the block or around the globe. Additional company information can be found by visiting [www.thepiersonfirm.com](http://www.thepiersonfirm.com).



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