

Welcome! Here's a summary of the One Big Beautiful Bill:

1. Senior deduction beginning in 2025 and expiring after 2028. If you're 65 and older, you qualify whether or not you are receiving social security. The phaseout begins for single seniors at \$75,000 of Modified Adjusted Gross Income (MAGI) at 6% and totally phases out at \$175,000. For married couples filing jointly, the phaseout begins at \$150,000 and totally phases out at \$250,000. If you're under 65 but drawing social security, you don't qualify for this deduction. If you're married, you must file jointly to get this deduction.

2. The federal standard deduction rates are:

Single: \$15,750

Married filing jointly: \$31,500

Head of household: \$23,625

Married filing separately: \$15,750

Please note:

If you're 65 or over or head of household, add \$2,000 to these amounts

If you're married and filing jointly, add \$3,200 to those amounts

If you're married but filing separately, add \$1,600 to those amounts.

3. Long-term Capital Gains, qualified dividends, and capital gain distributions are still tax favored. Here are the brackets:

2025 long-term capital gains tax brackets

Rates:

Single 0% Up to \$48,350; 15% \$48,351 to \$533,400; 20% Over \$533,400

Married Filing Jointly 0% Up to \$96,700; 15% \$96,701 to \$600,050; 20% Over \$600,050

Head of Household 0% Up to \$64,750; 15% \$64,751 to \$566,700; 20% Over \$566,700

4. Car loan interest is now deductible for 2025-2028. The vehicle has to have been bought after 12/31/24, less than 14,000 GVWR, new and not previously owned, and only used for personal purposes. Maximum tax deduction is \$10,000 even if you don't itemize.

5. No tax on tips is applicable 2025-28. Maximum deduction is \$25,000 and begins phasing out at \$150,000 for singles and \$300,000 for married couples filing jointly. Phaseout rate is 10%.

6. No tax on overtime for 2025-28. Maximum deduction is \$12,500 for singles and \$25,000 for joint filers and begins phasing out at \$150,000 for singles and \$300,000 for married couples filing jointly. Phaseout rate is 10%.

7. SALT taxes are increased 2025-29 for people making less than \$500,000, generally, and under \$250,000 for married but filing separately.

8. Expiring credits are all the Green New Deal credits for solar, EV's, and energy efficient upgrades to your home. All of those are done as of 12/31/25 except for the battery charging credit which expires 6/30/26.

9. 2026 changes coming:

a. New deduction for non-itemizers. Singles can donate up to \$1,000 and joint filers up to \$2,000 even if they don't itemize. The donations must be monetary. Can't be used if you're also using the AZ state tax credits.

b. If you itemize your deductions, charitable contributions will be allowed to the extent they exceed .5% of your AGI.

c. Gambling income is still only deductible to the extent of winnings, but you must first take only 90% of the losses before applying them to your winnings.

d. Catch-up retirement contributions for 401K, 403, 457 plans, etc., for those making more than \$145,000 of Medicare and Social Security wages will be limited to Roth, only. Up to the normal deduction amount will still be either a Roth or traditional version. If the employer does not offer a Roth version of their retirement plan, no catch-up contribution will be allowed.

e. Super catch-up amounts for those between ages 60-63 are \$11,250 in 2026. Same income restrictions as in (d).

10. Social security benefits are still taxable. No change to the structure of its taxability.