

Tax Rates and Many Other Provisions Made Permanent

The OB BB made many temporary provisions from 2017 tax bill permanent.

Deduction for Tips

Beginning in 2025 through 2028, you will be able to deduct up to \$25,000 of tips. The tips must be reported on W-2 or 1099. The tips deduction phases out as your income exceeds \$150,000 (\$300,000 joint).

Deduction for Overtime

Beginning in 2025 through 2028, you will be able to deduct up to \$12,500 (\$25,000 joint) of overtime. Your overtime will be reported on your W-2 or 1099. The overtime deduction phases out as your income exceeds \$100,000 (\$200,000 joint).

Senior Deduction

Beginning in 2025 through 2028, there is a \$6,000 deduction available to each person age 65 or older. This deduction phases out as your income exceeds \$75,000 (\$150,000 joint).

Car Loan Interest Deduction

Beginning in 2025 through 2028, you can deduct up to \$10,000 of car loan interest. The car must be assembled in the United States. Campers and RVs are excluded. The deduction phases out as your income exceeds \$100,000 (\$200,000 joint).

Trump Accounts – Free Money – No Income Phase Out

All children born between January 1, 2025 and December 31, 2028, will be eligible for a \$1,000 seed payment to a Trump account from the U.S. Treasury. This is free money. The parents can also make a non-

deductible contribution of up to \$5,000 a year to the account.
Employers can contribute up to \$2,500 to the account.

The earnings are tax deferred. Distributions from the account can begin when the child turns 18. The earnings portion of the distributions will be subject to tax at favorable capital gains tax rates.

Trump Accounts can be opened for any children under 18, but the \$1,000 seed money is only for newborns between 2025 and 2028. The accounts can be established by parents or the IRS.

There is no phase out for your income level.

Charitable Contributions Deduction

Beginning in 2026, you can deduct up to \$1,000 (\$2,000 joint) of charitable contributions. There is no phase out for your level of income.

Mortgage Insurance Premiums Now Deductible

Beginning in 2025 mortgage insurance premiums are now deductible as an itemized deduction.

Flexibility Added to Section 529 Accounts

The OB BB allows tax-free distributions in connection with elementary or secondary school expenses (including private and religious schools. The bill also allows for additional higher education expenses, including vocational schools.

Gambling Losses Limited

Beginning in 2026, gambling losses will be limited to 90% of winnings.

Clean Energy Tax Credits Eliminated

The Clean Vehicle (Electric Car) tax credit is terminated after September 30, 2025. To obtain the \$7,500 (new) or \$4,000 (used) credit, you must purchase the electric vehicle prior to September 30, 2025.

The Residential Clean Energy Credit for solar, wind and geothermal is terminated after December 31, 2025. To obtain this 30% credit, you must purchase and place in service the qualifying energy improvement prior to 2026.

The Energy-Efficient Home Improvement Credit for insulation, doors, windows and heat pumps is terminated after December 31, 2025. To obtain this credit, you must purchase and place in service the qualifying energy improvements prior to 2026.

State and Local Tax (SALT) Deduction Increased

Beginning in 2025, The SALT deduction limit if you can itemize is increased from \$10,000 to \$40,000. The SALT deduction includes your state and local tax withholding as well as property taxes you pay. The \$40,000 limit reverts to \$10,000 in 2030. The limit is reduced when your income exceeds \$500,000.

Child Tax Credit Increased

Beginning in 2025, the child tax credit increased from \$2,000 to \$2,200. This credit is now indexed for inflation increases after 2025. This credit is reduced as your income exceeds \$200,000 (\$400,000 joint).

Excess Educator Expenses Deductible as Itemized Deduction

Educator Expenses in excess of the current \$300 deduction limit are deductible as itemized. Educators now include coaches.

100% Write-Off of Business Assets Made Permanent

The 100% write-off for business fixed assets is made permanent.

Deduct 100% of Construction to Build a Manufacturing Facility

For any build that begins after January 19, 2025 and before January 1, 2029, you can deduct 100% of the construction, reconstruction or erection of a facility that will manufacture tangible property.

Form 1099 Threshold Increased to \$2,000

Beginning in 2026, the threshold to issue Forms 1099 will increase from \$600 to \$2,000.