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Key Tax Provisions Compared — Current Law vs. One Big Beautiful Bill Act

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Below is a chart comparing key tax provisions under current law with proposed changes included in H.R. 1, One Big Beautiful Bill Act, which was passed by the House on May 22, 2025.

Individual key provisions

Tax provision	Current law (2025)	House bill proposed change (2025)
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; inflation adjustment continues. Permanently extends the current seven-bracket structure: 10%, 12%, 22%, 24%, 32%, 35% and 37% for tax years after 2025. Bracket thresholds continue to be adjusted for inflation, with a technical change to the inflation adjustment for the 35% and 37% brackets after 2025.
Standard deduction	Increased standard deduction (TCJA) expires after 2025; reverts to lower pre-TCJA levels.	Permanently increases the standard deduction and adds a temporary enhancement for 2025-2028: $2,000 for joint filers, $1,500 for heads of household and $1,000 for all others.
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	Temporary increase of $2,500 per child for 2025–2028, $2,000 thereafter; inflation adjustments. Requirements for Social Security numbers (SSNs) are expanded to also require for the child and the person claiming the CTC and, if married, that person's spouse must have a SSN.
Earned Income Tax Credit (EITC)	Taxpayers may claim the EITC for qualifying children without formal verification. Form 8867, *Paid Preparer's Due Diligence Checklist*, is required for paid preparers to claim EITC and other credits.	Starting in 2028 the IRS will create an EITC certificate program that requires a certificate in advance in order to claim a child for EITC purposes.
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.

Individual key provisions *(cont.)*

Tax provision	Current law (2025)	House bill proposed change (2025)
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.
Alternative Minimum Tax (AMT) exemption	Higher exemption and phase-out thresholds (TCJA) expire after 2025.	Makes higher exemption and phase-out thresholds permanent.
Mortgage interest deduction	$750,000 acquisition indebtedness limit (TCJA) expires after 2025.	Makes $750,000 limit permanent.
Home equity debt	Interest on home equity debt is not deductible. This disallowance applies through 2025.	The disallowance of home equity debt interest expense is made permanent, regardless of how the loan proceeds are used (but as with 2018 through 2025 law, see if a deductible category of interest expense is possible under Reg. 1.163-15).
Casualty loss deduction	Limited to federally declared disasters (TCJA) through 2025.	Makes limitation permanent.
Miscellaneous itemized deductions	Suspended 2018–2025 (TCJA); Reinstated in 2026.	Permanently terminates deduction.
Pease limitation (itemized deductions phaseouts)	Suspended 2018-2025 (TCJA); Reinstated in 2026.	Effective for tax years starting after Dec. 31, 2025, a new permanent limitation replaces the current Pease limitation and caps the value each dollar of itemized deduction at $0.35. Applies to taxpayers in the highest individual income tax bracket.
Moving expenses deduction	Suspended 2018–2025 (TCJA) (except for Armed Forces); reinstated in 2026.	Permanently terminates deduction (except for Armed Forces).

Individual key provisions *(cont.)*

Tax provision	Current law (2025)	House bill proposed change (2025)
Wagering losses	Limited to itemized deduction based on the amount of winnings through 2025 (TCJA).	Makes limitation permanent.
Charitable deduction for non-itemizers	Not available after 2021.	Reinstates partial deduction: $150 ($300 joint) for 2025–2028.
Excise tax on remittance transfers	There is no federal excise tax imposed on remittance transfers from individuals to foreign recipient.	Introduces a new 5% excise tax on remittance transfers made by individuals to foreign recipients, effective Jan. 1, 2026. The tax is collected by remittance transfer providers (RTPs), with exemptions for U.S. citizens and nationals who may claim a credit. The bill also imposes new reporting requirements and penalties for noncompliance.
No tax on tips	Tips are taxable income.	Allows deduction for qualified tips (excludes highly compensated employees, which is $160,000 for 2025 under Sec. 414 and Rev. Proc. 2024-40) received in certain occupations (as defined by Treasury); deduction ends after 2028; SSN required.
No tax on overtime	Overtime pay is taxable income.	Allows deduction for qualified overtime compensation (excludes highly compensated employees and tips); deduction ends after 2028; SSN required.
Enhanced deduction for seniors	Additional standard deduction for age 65+	Adds $4,000 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(e)	Sec. 108(e)(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(e)(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.

Individual key provisions *(cont.)*

Tax provision	Current law (2025)	House bill proposed change (2025)
Employer payments of student loans under educational assistance programs (Sec. 127)	$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).
"Trump Accounts"	N/A — did not exist.	The bill would create a new Sec. 530A, to establish a new type of tax-preferred account. These accounts would be set up for the exclusive benefit of an individual and designated at the time of establishment as such (under rules Treasury will promulgate). The accounts would be exempt from tax. Incudes a pilot program where the federal government pays a one-time $1,000 credit to an account of each qualifying child (born after 2024 and before 2029).
State and local tax (SALT) cap	$10,000 cap.	Cap increased to $40,000 (except for MFS who are entitled to $20,000). Phaseout starts for MAGI greater than $500,000, down to $10,000.
Penalties for unauthorized disclosure	$5,000 fine, up to 5 years prison.	Increases to $250,000 fine, up to 10 years prison.
Contingent fees	Treasury regulations under Circular 230 generally prohibit tax practitioners from charging contingent fees for preparing original tax returns or refund claims, except in limited circumstances (e.g. amended returns or judicial proceedings).	All contingent fees are allowed. The bill contains language under which Treasury "may not regulate, prohibit, or restrict the use of a contingent fee in connection with tax returns, claims for refund, or documents in connection with tax returns or claims for refund prepared on behalf of a taxpayer. The AICPA had asked that that language be stricken.
Direct File Program	IRS Direct File pilot in place.	Terminates Direct File Program; creates task force for public-private free file partnership.

Business key provisions

Tax provision	Current law (2025)	House bill proposed change (2025)
Qualified Business Income (QBI) deduction (Sec. 199A)	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.	Increase in deduction to 23%, deduction made permanent. Modified phase-out rules for SSTBs.
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. PTET SALT deduction tied to the Sec. 199A deduction. Eliminates PTET deduction for SSTBs. SSTBs subject to individual SALT deduction limits.
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, currently set to expire at the end of 2028, permanent. It would also modify the limitation, subjecting previously disallowed excess business losses to re-testing in the subsequent year.
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.	Ends processing and payment of ERC claims retroactive to Jan. 31, 2024. Defines COVID-ERC promoter and increases Secs. 6695 and 6701 penalties; increases the statute of limitations to 6 years for both IRS and taxpayers.
Employer-Provided Childcare Credit	25% of qualified expenses, up to $150,000.	Increases 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.	The bill would increase 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.

Business key provisions *(cont.)*

Tax provision	Current law (2025)	House bill proposed change (2025)
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 threshold until 2024 when they allowed a threshold of over $2,500 and over $5,000 for 2025.
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&D) expensing	Amortization over 5 years for domestic R&D and 15 years for foreign R&D costs.	Allows full expensing for domestic R&D costs from Jan. 1, 2025, through 2029. Foreign R&D remains at 15-year amortization.
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	Reinstates and extends 100% bonus depreciation for qualified property acquired and placed in service between Jan. 19, 2025, and Dec. 31, 2029, restoring full expensing for a broader range of assets.
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 2033.
Sec. 179	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.	The proposal 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.
Small Business Accounting Methods	TCJA added special accounting methods for "small businesses" as defined at Sec. 448. In 2025 that gross receipts threshold is $31 million for 2025.	Allowing "manufacturing" taxpayers a higher threshold of $80M for determining the Sec. 448 limitation as it applies to accounting methods.

Business key provisions *(cont.)*

Tax provision	Current law (2025)	House bill proposed change (2025)
Business interest limitation (Sec. 163j)	Based on earnings before interest and taxes (EBIT) through 2021, then earnings before interest, taxes and amortization (EBITDA).	Returns to EBIT calculation for 2025–2029.
Tip credit	Applies to the food and beverage industry only; provides a credit for the FICA paid by the employer on tips.	Expanded to include beauty service industry starting in 2025.
Foreign-derived intangible income (FDII) and global intangible low-taxed income (GILTI) deductions	37.5% (FDII) and 50% (GILTI) deductions.	Reduces to 36.5% (FDII) and 49.2% (GILTI).
Base Erosion and Anti-Abuse Tax (BEAT)	The BEAT rate is scheduled to increase from 10% to 12.5% after 2025	Repeals the scheduled increase in BEAT from 10% to 12.5% after 2025 and instead increases it to 10.1%.
Certain fringe benefits as UBIT	The TCJA added Sec. 274(a)(4) disallowing a deduction for an employer's costs of providing qualified transportation fringe benefits (Sec. 132(f)).	Expenses incurred by a tax-exempt organization for qualified transportation fringe benefits will be treated as UBTI. Exception for church organizations. Effective for amounts paid or incurred after Dec. 31, 2025.
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.	Ends current OZ designations two years early (Dec. 31, 2026) and authorizes a new round of designations for 2027–2033 with stricter eligibility criteria, a 33% rural zone requirement, and enhanced reporting obligations for funds and investors.
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 credit key provisions

Tax provision	Current law (2025)	House bill proposed change (2025)
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 vehicles acquired after Dec. 31, 2025.
Sec. 30C, Alternative Fuel Refueling Property Credit	30% of cost, up to $100,000, expires 2032.	Terminates for property placed in service after Dec. 31, 2025.
Sec. 30D, Clean Vehicle Credit	Up to $7,500 per new clean vehicle, expires 2032.	Terminates for vehicles placed in service after Dec. 31, 2025; special rule for 2026 for manufacturers under 200,000 vehicles.
Sec.45L, New Energy Efficient Home Credit	Up to $5,000 per home, expires 2032.	Terminates for homes acquired after Dec. 31, 2025 (Dec. 31, 2026, if construction began before May 12, 2025).
Sec. 45W, Commercial Clean Vehicle Credit	Up to $40,000, expires 2032.	Terminates for vehicles acquired after Dec. 31, 2025; exception for binding contracts before May 12, 2025.
Sec. 45Y, Clean Electricity Production Credit	No expiration, based on beginning of construction.	Phases out for facilities placed in service after 2028 (80% in 2029, 60% in 2030, 40% in 2031, 0% after 2031); transferability repealed for facilities beginning construction 2 years after enactment; new restrictions for foreign entities.
Sec. 48E, Clean Electricity Investment Credit	No expiration, based on beginning of construction.	Same phaseout as Sec. 45Y; transferability repealed; new foreign entity restrictions.

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