



What the “Big Beautiful Bill” Means for New York Taxpayers

Recent changes at the federal level, commonly referred to as the One Big Beautiful Bill Act, are already impacting taxpayers across the country. Because New York State is a high-tax state, residents may feel these effects more than others.

Here’s what New Yorkers should know.

The Upside: Potential Federal Tax Relief (Short-Term)

Higher SALT deduction cap (temporary)

New Yorkers who itemize deductions may now be able to deduct more state and local taxes on their federal return than before. This is especially helpful for homeowners and higher-income earners.

Federal tax cuts continue

Lower federal tax rates and larger standard deductions remain in place, helping many households keep more of what they earn.

Tax relief for some workers

Certain tip income and overtime pay may be treated more favorably, potentially lowering federal tax bills for hourly and service workers

The Trade-Offs: Broader Budget Impacts

Reduced federal funding to states

The law includes cuts to programs such as Medicaid and food assistance. For New York, this could mean **less federal money coming into the state.**

Pressure on state and local budgets

When federal funding drops, states often have two choices:

- Cut services, or
- Raise state or local taxes to make up the difference

Estate planning remains complex in NY

While federal estate tax exemptions have increased, New York's estate tax rules have not changed, meaning some families may still face state-level estate taxes even if no federal estate tax is owed.

What This Means Overall

In the near term:

Many New York taxpayers may see lower federal taxes, especially those who itemize deductions.

Over time:

Budget pressures could lead to higher state or local taxes or reduced services, affecting residents indirectly.

The Takeaway

The “Big Beautiful Bill” may put more money in your pocket today, but it also creates long-term considerations for New York taxpayers. Smart tax planning — and understanding how federal and state rules interact — matters more than ever.



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