



## THE ONE BIG BEAUTIFUL BILL ACT AND WHAT IT MEANS FOR YOU

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The newly passed One Big Beautiful Bill Act brings sweeping changes across multiple sectors with potentially far reaching effects. We've highlighted a few areas likely to have the greatest personal impact, so you can understand what matters to you and why. While some provisions introduce entirely new rules, some are temporary and remain subject to future revision, and others cement changes first enacted as part of the 2017 Tax Cuts and Jobs Act (TCJA). The following will become effective January 1, 2026, for the 2025 tax year, unless otherwise specified.

### **Provisions Made Permanent**

Introduced under the TCJA, the provisions are now a permanent part of the Internal Revenue Code.

**Individual Tax Brackets.** The seven current income tax brackets will remain, with rates ranging from 10% to 37%. However, only the 10%, 12%, and 22% brackets will be adjusted annually for inflation.

**Standard Deduction.** Doubled by the TCJA, the standard deduction will increase to \$15,750 for single filers (\$31,500 for joint filers) and be adjusted annually for inflation.

**Child Tax Credit.** Doubled by the TCJA to \$2,000, this credit will increase to \$2,200 per child and be adjusted annually for inflation.

**Mortgage Interest Deduction.** The \$750,000 cap on mortgage debt (\$375,000 for single filers), remains. This is a reduction from the pre-TCJA limit of \$1 million.

**SALT Deduction.** The \$10,000 cap on state and local tax (SALT) deductions will temporarily increase to \$40,000, with a phase-out beginning at \$500,000 of modified adjusted gross income (MAGI) (\$250,000 for single filers). In 2030, it reverts to \$10,000 for all taxpayers and becomes permanent.

**Gift and Estate Tax Exclusion.** The lifetime gift and estate tax exemption jumps to \$15 million from \$13.99 million per taxpayer (\$30 million for joint filers) and will be adjusted annually for inflation.

**Personal Exemption.** The \$4,050 the personal exemption eliminated by the TCJA is permanently eliminated, in exchange for increased standard deductions and Child Tax Credit.

**Qualified Business Deduction.** The 20% deduction, created by the TCJA, on income for qualified passthrough entities is made permanent and the phase out income level is increased.

**New Temporary Provisions – Four Year Duration**

These provisions are only effective for tax years 2025 to 2028.

**Extra Deduction for Seniors.** In addition to the current deduction of \$2,000 for single filers (\$3,200 for married filers), over the age 65, those same taxpayers are now eligible for an additional \$6,000 deduction, which phases out at a MAGI of \$75,000 for single filers (\$150,000 for joint filers).

**Deduction for Tips and Overtime.** Tip income of up to \$25,000 and overtime pay of up to \$12,500 annually is now deductible. Income phaseouts begin at a MAGI of \$150,000 (\$300,000 for joint filers).

**Car Loan Interest Deduction.** Up to \$10,000 in interest on U.S. assembled vehicles is deductible for taxpayers with a MAGI not exceeding \$100,000 (\$200,000 for joint filers).

**New Permanent Provisions**

These new provisions do not have an expiration date.

**529 Accounts.** Eligible uses for contributed funds are expanded and now include expenses such as homeschooling, outside tutoring, disabled student's educational therapies, and the cost of professional registration, Advanced Placement, and college admission exams. The \$10,000 annual limit on K-12 expenses is increased to \$20,000.

**New Child Savings Accounts.** This new account type allows up to \$5,000 in annual contributions and will convert to a traditional IRA when the child turns 18. In addition, children born between 2025 and 2028 will receive an initial \$1,000 deposit from the federal government.

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**About the Author:** [Leigh Segal](#) focuses her practice on implementing estate and tax planning strategies and estate administration, for individuals, families and businesses.

If you have any questions about this client alert, or your estate and business planning needs, please email Leigh Segal at [lsegal@wispearl.com](mailto:lsegal@wispearl.com) or Adam Fernandez at [afernandez@wispearl.com](mailto:afernandez@wispearl.com) or call Leigh or Adam at 610-825-8400. *We look forward to hearing from you!*

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