2025 TAX LAW UPDATE: KEY CHANGES IN THE ONE BIG BEAUTIFUL BILL ACT

With the **One Big Beautiful Bill Act** now signed into law, major changes to the tax code are on the horizon. This side-by-side comparison outlines how the new law differs from previous tax rules, highlighting key impacts for individuals and estates starting in 2025 and beyond.

BEFORE OBBBA	ENACTED OBBBA LAW
– INDIVIDUAL TAX –	
For 2026, tax brackets would have become 10%, 15%, 25%, 28%, 33%, 35%, and 39.6%.	The 2025 tax brackets of 10%, 12%, 22%, 24%, 32%, 35%, and 37% are permanent for 2026 and beyond. Also provides an adjustment to the 10% bracket, allowing for more income to fall into the 10% rather than the 12% bracket.
For 2026, the standard deduction would have become $8,300 for single filers and $16,600 for married couples (compared to pre-law change 2025 amounts of $15,000 for single filers and $30,000 for married couples).	The standard deduction is permanently increased. For 2025, the standard deduction edges up to $15,750/single, $31,500/married, and indexed for inflation thereafter.
Not applicable in the current law.	Seniors (age 65+) can claim an additional $6,000 deduction per eligible filer for 2025 – 2028, subject to income limitations.
Taxpayers would be able to claim a personal exemption of $5,300 per dependent beginning in 2026.	Personal exemptions are permanently repealed for 2026 and beyond.
The child tax credit would have been $2,000 per qualifying child in 2025 and $1,000 per qualifying child in 2026.	The credit will be permanently increased to $2,200 in 2025 and indexed for inflation after 2025.
The maximum percentage for computing the dependent care credit was 35%.	Beginning in 2026, the maximum percentage for computing the dependent care credit will be 50%.
Individuals would have been able to claim state and local taxes as itemized deductions without limitation in 2026 (prior cap was $10,000 for 2025).	Individuals can claim up to $40,000 of state and local taxes in 2025. This limitation would increase by 1% annually from 2027 through 2029, then return to a $10,000 cap in 2030. However, the SALT caps for 2025-2029 are lower if a taxpayer's gross income exceeds certain thresholds.
Mortgage interest on the first $750,000 of debt can be claimed as an itemized deduction in 2025. This mortgage debt limit was scheduled to increase to $1M in 2026.	The $750,000 limit on mortgage debt is retained permanently. Additionally, certain mortgage insurance premiums can qualify as deductible mortgage interest.

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Interest paid on automobile loans is treated as nondeductible personal interest.	Individuals can claim up to $10,000 of vehicle loan interest for loans incurred after 12/31/2024, subject to income limitations. The deduction only applies to new vehicles with a final assembly in the US, and the deduction would be allowed for tax years 2025 – 2028.
Casualty loss deductions are limited to federally declared disasters in 2025 but expand to any casualty loss in 2026.	Casualty losses are permanently limited to federally declared disasters and certain state-declared disasters.
Taxpayers must itemize their deductions to claim charitable contribution deductions.	Beginning in 2026, taxpayers can deduct $1,000 (single)/$2,000 (married joint) in addition to claiming a standard deduction. Additionally, individuals who do itemize will have their contribution deductions reduced by a 0.5% floor.
Miscellaneous itemized deductions, such as unreimbursed employee expenses, tax preparation fees, and investment-related expenses, would be deductible in 2026.	Permanently eliminates miscellaneous itemized deductions. Eligible educators may claim unreimbursed classroom expenses as an itemized deduction.
Overall itemized deductions are not limited in 2025, but beginning in 2026, there would have a phaseout on itemized deductions based on an individual's income.	Permanently eliminates the prior phaseout on itemized deduction but caps the overall tax benefit of itemized deductions to 35%.
Moving expenses would once again become deductible beginning in 2026.	Moving expenses are nondeductible except for active-duty Armed Forces and the Intelligence Community members.
Income earned from tips was considered taxable income.	A new deduction of up to $25,000 is available for qualified tip income. The deduction may phase out based on an individual's gross income. The new deduction would be allowed for tax years 2025 – 2028.
Overtime pay was included in taxable income.	A new deduction of up to $12,500 (single) or $25,000 (married joint) is created for qualified overtime income. The deduction may phase out based on an individual's gross income. The new deduction would be allowed for tax years 2025 – 2028.
Individual tax credits for energy/green purchases, such as energy-efficient home improvements or electric cars, could be claimed.	Many of these tax credits are repealed during/after 2025.

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– ESTATE TAX –

The estate tax exclusion of $13.99M per decedent in 2025 was scheduled to revert to approximately $7M per decedent in 2026.	The estate tax exclusion is permanently increased to $15M per decedent in 2026, and indexed for inflation thereafter.

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