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THE ONE BIG BEAUTIFUL BILL

How will this affect your business and personal taxes?
Here are just some of the provisions signed into law on July 4, 2025

Qualified Business Income Deduction

The temporary Qualified Business Income Deduction (QBID) is a significant tax benefit designed for business owners, allowing them to deduct up to 20% of their qualified business income from their taxable income. Enacted as part of the Tax Cuts and Jobs Act (TCJA) in December 2017,

This deduction aims to support small businesses and stimulate economic growth. This has now become a permanent deduction.

Expanded Employer-Provided Childcare Credit

The Expanded Employer-Provided Childcare Credit is a significant tax benefit that allows employers to provide childcare assistance to their employees, thereby enhancing workforce retention and productivity. This credit allows businesses to claim a credit of up to 50% of the expenses incurred for employee childcare services (up from 25%).

Higher Reporting Transactions for Form 1099

Form 1099-NEC and Others

The reporting threshold increases from \$600 to \$2,000. This threshold will be indexed for inflation starting in 2027.

Form 1099-K

The scheduled \$600 threshold for 2026 has been rolled back. The older threshold of \$20,000 and 200+ transactions is reinstated.

Research & Experimental (R&E) Expensing Returns

Businesses can now fully deduct domestic R&E expenses. This change applies from January 1, 2025 through December 31, 2029.

No Tax on Tips and Overtime

For tax years 2025-2028, a deduction of \$25,000 is available for qualified tips and an above the line deduction of up to \$12,500 (\$25,000 for joint filers) is available for qualified overtime compensation.

Extension of Current Tax Brackets

The bill makes the 2017 TCJA's individual income tax brackets permanent.

Bonus Depreciation and Sec 179

The 100% bonus depreciation is back for qualified property and applies to property acquired and placed in service between January 19, 2025 and December 31, 2029.

Sec 179 deduction limit doubled. The maximum deduction increases to \$2.5 million, up from \$1.25 million. This supports greater upfront expensing for qualifying business assets.

Auto Loan Interest

For tax years 2025-2028, a deduction of up to \$10,000 of loan interest is available on qualified passenger vehicles assembled in the U.S. Note that the vehicle must be collateral for the loan. This deduction is phased out with MAGI exceeding \$100,000 (\$200,000 for MFJ).

SALT Deduction

The federal deduction for state and local taxes is temporarily increased to \$40,000 (from the current \$10,000). In 2026, the cap will be \$40,400, and will then increase by 1% annually, through 2029. In 2030, it will revert to the current \$10,000.

Charitable Contributions

Beginning in 2026, taxpayers who don't itemize can claim a charitable deduction of \$1,000 for (single) and \$2,000 (married filing jointly.)

Increased Gift & Estate Tax Exemption

The exemption amount is raised to \$15 million per individual (\$30 million for couples) in 2026.

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