

## 2025 Fall Topical Update – Study Guide

### Part 1: The One Big Beautiful Bill (OBBBA) & TCJA Updates

- **Tax Brackets and Standard Deductions:** The Tax Cuts and Jobs Act (TCJA) tax rates (10%, 12%, 22%, 24%, 32%, 35%, 37%) are now **permanent** after December 31, 2025. Standard deductions for 2025 have increased to **\$31,500** for joint filers, **\$23,625** for head of household, and **\$15,750** for single and MFS filers, and will be adjusted for inflation thereafter.
- **Senior Deduction:** A **\$6,000** deduction is available for each qualified individual aged 65 or older before the close of the tax year, for tax years 2025 through 2028. This deduction phases out at a rate of 6% for a Modified Adjusted Gross Income (MAGI) exceeding **\$75,000** (**\$150,000** for joint filers). This deduction is in addition to the standard deduction bump for seniors.
- **Child Tax Credit:** The base amount for the Child Tax Credit is permanently increased to **\$2,200**, with a refundable portion capped at **\$1,700** for 2025, indexed for inflation. A **Social Security Number (SSN)** is required for the qualifying child, the taxpayer, and at least one spouse on a joint return.
- **Miscellaneous Deductions and Repeals:** The bill makes the **\$750,000** limit on qualified residence interest **permanent** and permanently terminates the deduction for **moving expenses**, except for members of the Armed Forces and the intelligence community. The casualty loss deduction is now limited to **federally declared disasters** but is expanded to include certain state-declared disasters. The permanent termination of miscellaneous itemized deductions is in effect, but it now allows for unreimbursed educator expenses, and the category has been expanded to include coaches.
- **Tips and Overtime Deductions:** New, temporary deductions for **qualified tips** and **overtime compensation** are available for tax years 2025 through 2028. The tip deduction is a below-the-line deduction, capped at **\$25,000**, with a MAGI phase-out starting at **\$150,000** (**\$300,000** for MFJ). The overtime deduction is also below-the-line, capped at **\$12,500**, with a MAGI phase-out at the same thresholds.
- **Car Loan Interest Deduction:** For tax years 2025 through 2028, a new, “above-the-line” deduction for **up to \$10,000** of interest paid on a qualified new passenger vehicle loan is available. The deduction can be claimed even though the taxpayer does not itemize.
- **Business Provisions:** **Bonus depreciation** is permanently reinstated to **100%** for property acquired and placed in service after January 19, 2025. The Section 179 expense deduction is increased to **\$2,500,000**, with a phase-out beginning at **\$4,000,000**.
- **Image:** A man is struggling to hold a large, heavy stack of tax documents labeled "TAX." This illustrates the complex and heavy burden of new tax legislation.

#### NOTES
















## Appendix

### Appendix A: Detailed OB3 Bill Summary

This appendix provides a more granular look at the provisions of the One Big Beautiful Bill (OBBBA), as outlined in the seminar materials.

- **Individual Income Tax Provisions**
  - **§ 70101:** Permanently extends the TCJA individual income tax rates.
  - **§ 70102:** Increases the standard deduction for 2025 and indexes it for inflation thereafter.
  - **§ 70103:** Terminates the deduction for personal exemptions but adds a new **\$6,000 senior deduction** for individuals 65 and older.
  - **§ 70104:** Permanently increases the child tax credit base amount to **\$2,200** and makes the **\$500 credit** for other dependents permanent.
  - **§ 70107:** Permanently extends the increased AMT exemption amounts and modifies the phaseout thresholds.
  - **§ 70108:** Makes the **\$750,000 mortgage interest limitation** permanent.
  - **§ 70109:** Makes the limitation on casualty loss deductions to federally declared disasters permanent, and expands it to include certain state-declared disasters.
  - **§ 70110:** Permanently terminates miscellaneous itemized deductions, except for unreimbursed educator expenses.
  - **§ 70114:** Limits wagering losses for professional gamblers to 90% of winnings, effective for years beginning after 12/31/25.
  - **§ 70115, 70116, 70117:** Permanently allows rollovers from **529 plans to ABLÉ accounts**, increases contribution limits, and expands Saver's Credit eligibility.
  - **§ 70119:** Permanently excludes discharged student loans due to death or disability from income.
  - **§ 70120:** Temporarily increases the **SALT deduction cap to \$40,000** for 2025-2029, with a phaseout for high-income taxpayers. The permanent cap of **\$10,000** is reinstated in 2030.
  - **§ 70201:** Provides a new deduction for "qualified tips" up to **\$25,000**, with a MAGI phaseout, for tax years 2025-2028.
  - **§ 70202:** Provides a new deduction for "qualified overtime compensation" up to **\$12,500**, with a MAGI phaseout, for tax years 2025-2028.
  - **§ 70203:** Provides a new deduction for car loan interest up to **\$10,000**, with a MAGI phaseout, for tax years 2025-2028.
- **Business Tax Provisions**
  - **§ 70105:** The **§ 199A QBI deduction** is made permanent.
  - **§ 70301:** Permanently reinstates **100% bonus depreciation** for property acquired and placed in service after January 19, 2025.
  - **§ 70302:** Allows for the full expensing of domestic **R&E expenditures**. Small businesses may elect to apply this retroactively to 2022.
  - **§ 70303:** Makes the **limitation on business interest** permanent.
  - **§ 70306:** Increases the **§ 179 expense deduction** to **\$2,500,000**, with a phase-out beginning at **\$4,000,000**, adjusted for inflation.
  - **§ 70433:** Increases the **Form 1099 reporting threshold** from \$600 to **\$2,000**, effective for payments made after December 31, 2025.
- **Other Provisions**









## Appendix E: PTET Handout Summary

- **State Estimated Tax Payments:** States have varying estimated tax payment thresholds.
  - **\$1,000:** West Virginia
  - **\$600:** California, Idaho, Kansas
  - **\$500:** Massachusetts, New Jersey
  - **\$400:** Alabama, Arizona, Arkansas, Colorado, Connecticut, Delaware, Indiana, Illinois, Maine, Missouri, New Mexico, North Carolina, North Dakota, Oregon, South Carolina
  - **\$300:** New York
  - **\$250:** Rhode Island
  - **\$200:** Iowa, Mississippi
  - **\$100:** DC
- **State-Specific PTET Rules:**
  - **Iowa:** To avoid late payment penalties, electing PTEs must pay at least 90% of their PTET tax liability by the original due date of the return. Interest still accrues on unpaid amounts.
  - **Ohio:** Electing PTEs are subject to interest penalties for failing to make timely estimated payments.
  - **Oregon:** PTEs electing to pay the PTET-E tax must make estimated tax payments or face underpayment interest.
  - **Hawaii:** Penalties apply to any underpayment of estimated tax by electing PTEs.
  - **California:** An electing PTE must prepay 50% of its prior year's tax or \$1,000 to participate.
- **PTET Rates by State:** The handout lists PTET rates for various states. Examples include:
  - **California:** 9.3%
  - **Connecticut:** 6.99% (mandatory)
  - **Iowa:** 3.8% (for 2025)
  - **Maryland:** 8.00%
  - **New York:** Variable, based on individual income tax brackets

### NOTES
