

# THE ACT OF 2025: A PRACTICAL BREAKDOWN

## OVERVIEW

On July 4, 2025, the **Act of 2025**, commonly referred to as the **One Big Beautiful Bill (OB BB)**, was signed into law by President Donald Trump. The Act permanently extends provisions from the 2017 Tax Cuts and Jobs Act and was passed through budget reconciliation, a legislative process that allows certain tax and spending measures to advance with a simple majority in the Senate.

The Act provides further tax relief through enhanced child tax credits, expanded standard deductions, and small business deductions. It also introduces new tax breaks for workers and families, including exclusions for tips, overtime pay, auto-loan interest, and a new senior income deduction.

For businesses, the Act restores and makes several key provisions permanent, including full expensing of research and development (R&D) and capital investments. It enhances incentives for long-term investment in Opportunity Zones, expands the Section 179 expensing cap, and reinstates 100% bonus depreciation—measures aimed at reducing tax burden, encouraging domestic growth, and spurring job creation.

On the policy side, the Act reduces spending authorized under the Inflation Reduction Act, eliminates certain tax credits such as those for commercial electric vehicles, and promotes domestic energy production, including support for nuclear energy development.

Together, these changes represent one of the most significant shifts in tax and economic policy in recent years. Below is a breakdown of the key provisions, along with what they could mean for you, your family, or your business. As always, we're here to help you understand, navigate, and make the most of these updates to support your financial and strategic goals.

## KEY BILL HIGHLIGHTS

### Taxes & Tax Relief

- Permanent extension of the 2017 individual tax rates and standard deduction.
- New temporary deductions (expiring in 2028):
  - Up to \$25,000 in tips and \$12,500–\$25,000 for overtime income
  - Auto-loan interest deductibility
  - Expanded SALT deduction cap of \$40,000 (reverting to \$10,000 starting 2030)
- Senior deduction of \$6,000 (individuals ≤ \$75k) and \$12,000 (couples ≤ \$150k) on income including Social Security.
- Child tax credit increased by \$200 to \$2,200 and made permanent.
- “Trump Accounts” introduced: New tax-deferred savings accounts to help families save for children’s future expenses, available through 2028.

### **Business & Investment Incentives**

- Small Business QBI (Section 199A) deduction made permanent and increased, providing long-term tax relief by helping eligible business owners reduce their taxable income.
- Section 179 expensing cap doubled from \$1.25 million to \$2.5 million, and 100% bonus depreciation reinstated—allowing businesses to fully deduct the cost of qualifying equipment, manufacturing assets, and domestic R&D upfront.
- Opportunity Zones program extended with 10-year rolling designations.

### **Healthcare, Spending & Debt**

- Medicaid and SNAP spending reduced with new work requirements introduced.
- Clean energy tax credits from the Inflation Reduction Act (IRA) are fully or partially rolled back, reducing incentives for certain renewable energy projects.
- Defense (+\$150B) and border security (+\$150B) funding authorized.
- Debt ceiling increased by \$5 trillion.

### **What It Means for People & Businesses**

- Individuals & families regain long-term certainty with permanent tax rate cuts and standard deductions. Temporary deductions (tips, overtime, auto interest) may boost middle- and upper-middle-income take-home pay in the near term.
- Seniors benefit from an expanded deduction that effectively shields Social Security from federal income tax for those under certain income limits.
- Small businesses & entrepreneurs gain sustained savings via QBI and Section 179 changes—supporting reinvestment, hiring, and growth.
- Manufacturers & innovators benefit from enhanced depreciation and full R&D expensing—encouraging capital investment.
- Communities in Opportunity Zones have ongoing incentives for long-term economic development.

### **Next Steps: How You Can Benefit and Where We Can Help**

#### **For Individuals & Families**

- Review your eligibility for new deductions on tips, overtime, and auto loan interest, making sure you have the proper payroll and receipt documentation in place.
- Seniors should assess their income to fully maximize the new standard deduction benefits and consider tax planning opportunities.
- Explore how the expanded child tax credit and new “Trump Accounts” can support your family’s long-term savings and education goals.

### **For Small Businesses & Entrepreneurs**

- Work with trusted advisors to optimize your QBI deduction and take full advantage of Section 179 expensing.
- Plan equipment purchases or business expansions by year-end to benefit from 100% bonus depreciation.
- Investigate eligibility and investment opportunities in Opportunity Zones to maximize incentives.

### **For Corporations & Investors**

- Reassess your capital structure and R&D plans to leverage the full deduction of domestic R&D expenses.
- Stay informed on evolving energy tax incentives, especially if your investments include clean energy sectors.

### **We're Here To Help**

Navigating these changes can be complex, but you don't have to do it alone. We're here to:

1. Help you identify and document qualifications for new and enhanced deductions.
2. Integrate these changes into your overall tax strategy, cash flow, and capital investment plans.
3. Guide you through reporting requirements for Opportunity Zones and Trump Accounts.
4. Provide ongoing support as provisions phase out or expire in 2028.

**REACH OUT TO US WITH QUESTIONS OR FOR A REVIEW OF YOUR UNIQUE SITUATION. WE'RE HERE TO HELP YOU DESIGN A STRATEGY THAT PUTS THE ONE BIG BEAUTIFUL BILL TO WORK FOR YOU.**

***Editorial Note:** AI tools such as ChatGPT were used to support the initial drafting and research for this article. Final content was reviewed and refined by our internal team, with editorial oversight by Victoria Ruiz, Marketing and additional review by Jane Frances, CPA, Senior Tax Manager.*