

MEMORANDUM

DATE: July 8, 2025
TO: All Clients
FROM: Wendy J. Manson, CPA and William J. Palazzolo, Esq.
RE: Trump One Big Beautiful Bill selected summary

There has been a significant development in U.S. tax policy. Last week, Congress passed the One Big Beautiful Bill Act, a sweeping tax reform package that was signed into law by President Trump on the 4th of July. This legislation introduces some of the most substantial changes to the tax code since 2017, with wide-ranging implications for individuals, families, and businesses.

Key Highlights for Individuals

- **Permanent Tax Cuts:** The bill locks in the individual tax rate reductions from the 2017 Tax Cuts and Jobs Act (“TCJA”), ensuring continued lower rates and a higher standard deduction.
- **No Tax on Tips & Overtime:** Income from tips, and overtime, will now be tax-exempt for eligible workers subject to income limits.
- **Car loan interest deduction:** Interest up to \$10,000 paid for vehicles assembled in America and purchased after 2024 will now be deductible.
- **Estate taxes:** The estate tax basic exclusion amount is increased to \$15 million for decedents dying in 2026 and indexed for inflation.
- **Expanded Child Tax Credit:** The Child Tax Credit increases to \$2,200 per child, indexed for inflation, with broader eligibility.
- **Senior Tax Relief:** A new deduction of up to \$6,000 for Social Security recipients with income under \$75,000 (\$150,000 for joint filers).
- **Higher SALT Deduction Cap:** The State and Local Tax (“SALT”) deduction cap is raised to \$40,000 for households earning under \$500,000 through 2029.

Key Highlights for Businesses

- **Permanent Expensing:** Full expensing for short-lived assets and R&D investments is now permanent, encouraging capital investment.
- **Pass-Through Deduction Extended:** The 20% deduction for pass-through business income is made permanent.
- **Section 179 Expansion:** Higher expensing limits for small businesses purchasing equipment or software.
- **International Tax Overhaul:** New rules aim to reduce the tax burden on U.S.-based multinationals and simplify compliance.

Considerations & Next Steps

While the bill offers substantial tax relief and pro-growth incentives, it also introduces complexity and long-term fiscal implications. Some green energy credits are being rolled back, and Medicaid reforms may affect healthcare access for some.

We recommend reviewing your current tax strategy in light of these changes. Whether you're an individual taxpayer or a business owner, proactive planning will be essential to maximize benefits and ensure compliance.

We will continue to review this almost 900-page bill and provide additional updates as needed.

Please don't hesitate to contact us to schedule a consultation. We are here to help you navigate these changes and position yourself for success under the new law.