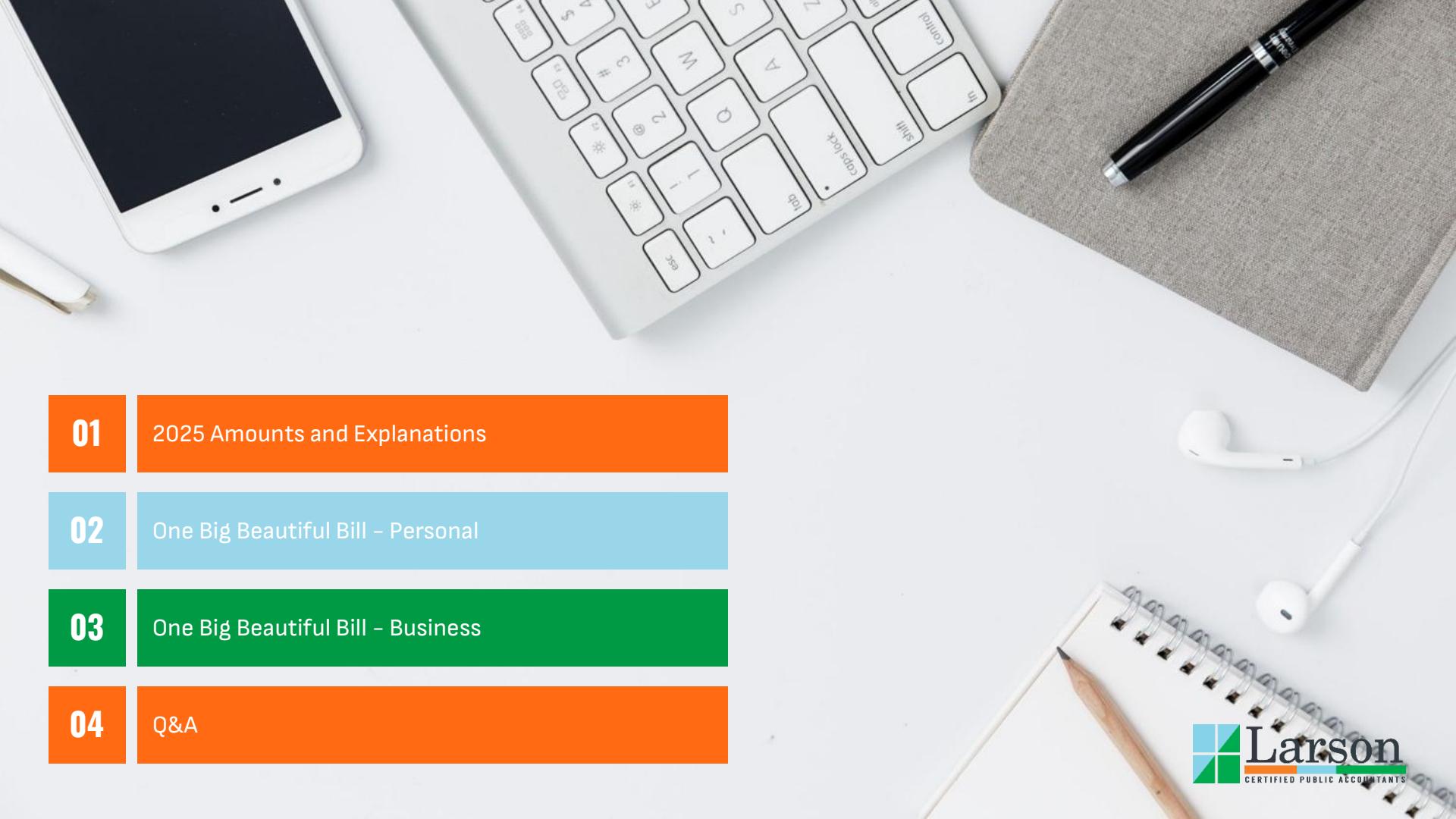


# Base Camp 2026: Navigating the One Big Beautiful Bill

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January 28, 2025

A top-down photograph of a white desk. On the desk are a white smartphone, a white Apple keyboard, a grey notebook with a black pen, a pair of white earbuds, and a small gold-colored object. The lighting is bright and even.

01

2025 Amounts and Explanations

02

One Big Beautiful Bill – Personal

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One Big Beautiful Bill – Business

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Q&A



# 2025 Amounts and Explanation

# 2025 Marginal Tax Rates

Example:

Taxable Income: \$100,000

MFJ

All Ordinary Income

Total Tax: \$11,828

Marg Rate – 22%; Effect Rate – 11.8%

How?

$\$0 - \$23,850 \times 10\% = \$2,385$

$\$23,851 - \$96,950 \times 12\% = \$8,772$

$\$96,951 - \$100,000 \times 22\% = \$671$

OR

$\$23,850 \times 10\% = \$2,385$

$\$73,100 \times 12\% = \$8,742$

$\$3,050 \times 22\% = \$726$

Total = \$11,828

Ordinary Income	Long - Term Cap Gain	MFJ				Single					
		10%	0%	\$	-	\$	23,850	\$	-	\$	11,925
		12%	0%	\$	23,851	\$	96,700	\$	11,926	\$	48,350
		12%	15%	\$	96,701	\$	96,950	\$	48,351	\$	48,475
		22%	15%	\$	96,951	\$	206,700	\$	48,476	\$	103,350
		24%	15%	\$	206,701	\$	394,600	\$	103,351	\$	197,300
		32%	15%	\$	394,601	\$	501,050	\$	197,301	\$	250,525
		35%	15%	\$	501,051	\$	600,050	\$	250,526	\$	533,400
		35%	20%	\$	600,051	\$	751,600	\$	533,401	\$	626,350
		37%	20%	\$	751,601			\$	626,351		

# 2025 Standard Deduction

Example:

Adjusted Gross Income: \$100,000

Taxable Income: \$68,500 (\$100,000 – \$31,500)

MFJ

All Ordinary Income

\$100,000 Taxable Income: \$11,828 Effective Rate 11.8%

\$68,500 Taxable Income: \$7,743 Effective Rate 11.3%

Decrease in tax of \$4,085

How?

\$0 - \$23,850 x 10% = \$2,385

\$23,851 - \$68,500 x 12% = \$5,358

OR

\$23,850 x 10% = \$2,385

\$44,650 x 12% = \$5,358

Total = \$7,743

MFJ	Single
\$ 31,500	\$ 15,750

Ordinary Income	MFJ		
10%	\$ -	\$ 23,850	
12%	\$ 23,851	\$ 96,950	
22%	\$ 96,951	\$ 206,700	
24%	\$ 206,701	\$ 394,600	
32%	\$ 394,601	\$ 501,050	
35%	\$ 501,051	\$ 751,600	
37%	\$ 751,601		

# 2025 IRA/Retirement

IRA Contribution Limits: \$7,000 (\$8,000 if 50+)

401(k) Employee Cont. Limit: \$23,500 (\$7,500 catch up if 50+)

Required Minimum Distribution: April 1<sup>st</sup> of the year after you turn 73 from  
retirement accounts (ROTH not required until after death)

ROTH IRA Contribution Limits		
Filing Status	MAGI	IRA Contribution
MFJ	<\$236,000	\$7,000 (\$8,000 If 50+)
MFJ	\$236,000 - \$245,999	Reduced Amount
MFJ	\$246,000+	zero
Single	<\$150,000	\$7,000 (\$8,000 If 50+)
Single	\$150,000 - \$164,999	Reduced Amount
Single	\$165,000+	zero

IRA Deduction Limits		
Filing Status	MAGI	IRA Deduction
MFJ	<\$126,001	Full Deduction
MFJ	\$126,001 - \$145,999	Partial Deduction
MFJ	\$146,000+	No Deduction
Single	<\$79,001	Full Deduction
Single	\$77,001 - \$86,999	Partial Deduction
Single	\$87,000+	No Deduction

# Credits & Deductions

## American Opportunity Tax Credit:

- Up to \$2,500 Per year, per student
- Phase out if income >\$80,000 (\$180,000 MFJ)

## Lifetime Learning Credit

- Up to \$2,000 Credit
- Phase out if income >\$80,000 (\$180,000 MFJ)

## Student Loan Interest Deduction:

- Lesser of \$2,500 or amount paid
- Phase out if MAGI >\$85,000 (\$170,000 MFJ)

## HSA Deduction:

- Self - \$4,300
- Family - \$8,550
- Deduction is lesser of amount above or contribution.
- Can contribute to 2025 until 04/15/2026
- Married couples are limited to \$8,550 between them.

# Gift & Estate Limits

2025 Estate & Gift Basis Exclusion Amount: \$13,990,000 (27,980,000 for MFJ)

## Annual Gift Tax Exclusion

- Per Donee: \$19,000
- Split Gifts by Spouses: \$38,000

## CHILD TAX CREDIT AND TRUMP ACCOUNTS

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### NEW DEDUCTIONS

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### ITEMIZED DEDUCTIONS

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# One Big Beautiful Bill - Personal

# Child Tax Credit and Trump Accounts

- ❑ Child Tax Credit was increased to \$2,200 (from \$2,000) for all children claimed as a dependent (aged 0-16)
- ❑ This will be adjusted for inflation in future years
- ❑ Trump Accounts were created for Children's future
  - ❑ All US Children under the age of 18 (with a valid SSN) are eligible
  - ❑ \$5,000 maximum annual contribution
  - ❑ Once child reaches age 18, the account will act like an IRA
- ❑ Two ways to open an account:
  - ❑ File form 4547 with your 2025 tax return
  - ❑ Through online portal that will be available summer of 2026 ([trumpaccounts.gov](http://trumpaccounts.gov))
- ❑ Pilot program: Children born between January 1<sup>st</sup>, 2025, and Dec 31, 2028, receive \$1,000 from the government
- ❑ Employers can contribute up to \$2,500



# New Personal Tax Deductions: No Tax on Tips

- ❑ Max of \$25,000 income tax deduction of Qualified Tips.
- ❑ Phase out starting at MAGI of \$150,000 (\$300,000 MFJ).
- ❑ Still subject to FICA taxes and state tax (no state conformity yet).
- ❑ Deduction available to itemizers and non-itemizers.
- ❑ Deduction available to employees and self-employed individuals.
- ❑ Tax years 2025 – 2028, retroactive to January 1, 2025.
- ❑ Tips must be paid voluntarily by the customer – for example, restaurant that imposes an automatic tip % for large parties will not qualify.

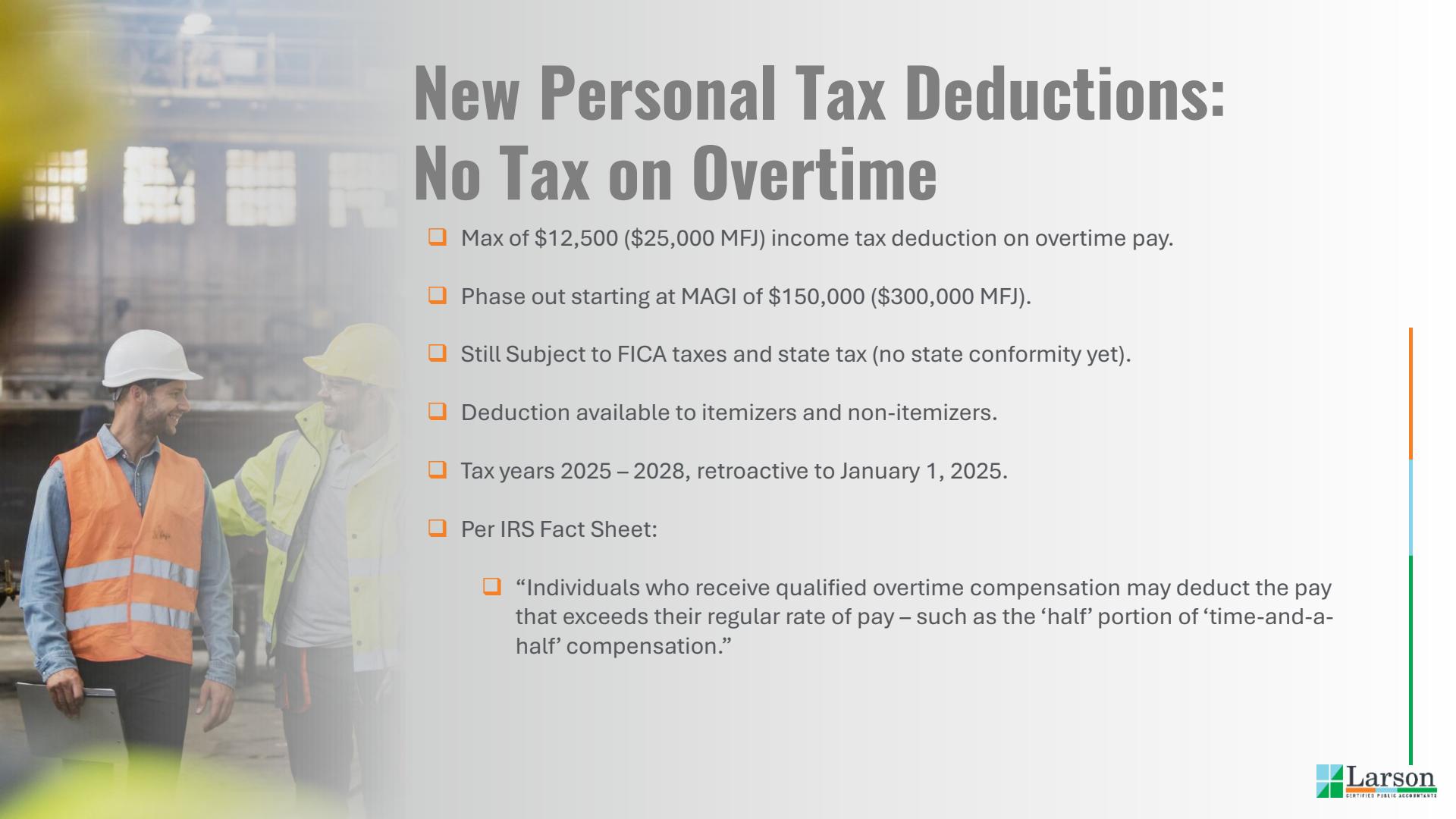


# New Personal Tax Deductions: No Tax on Tips

- ❑ Tips must be received in occupations that are listed by the IRS as customarily and regularly receiving tips on or before December 31, 2024.
- ❑ Per IRS Fact Sheet:
  - ❑ “Guidance: By October 2, 2025, the IRS must publish a list of occupations that ‘customarily and regularly’ received tips on or before December 31, 2024.”
- ❑ Proposed Regulations released on September 22, 2025. Nearly 70 occupations are listed, all grouped within these eight categories:

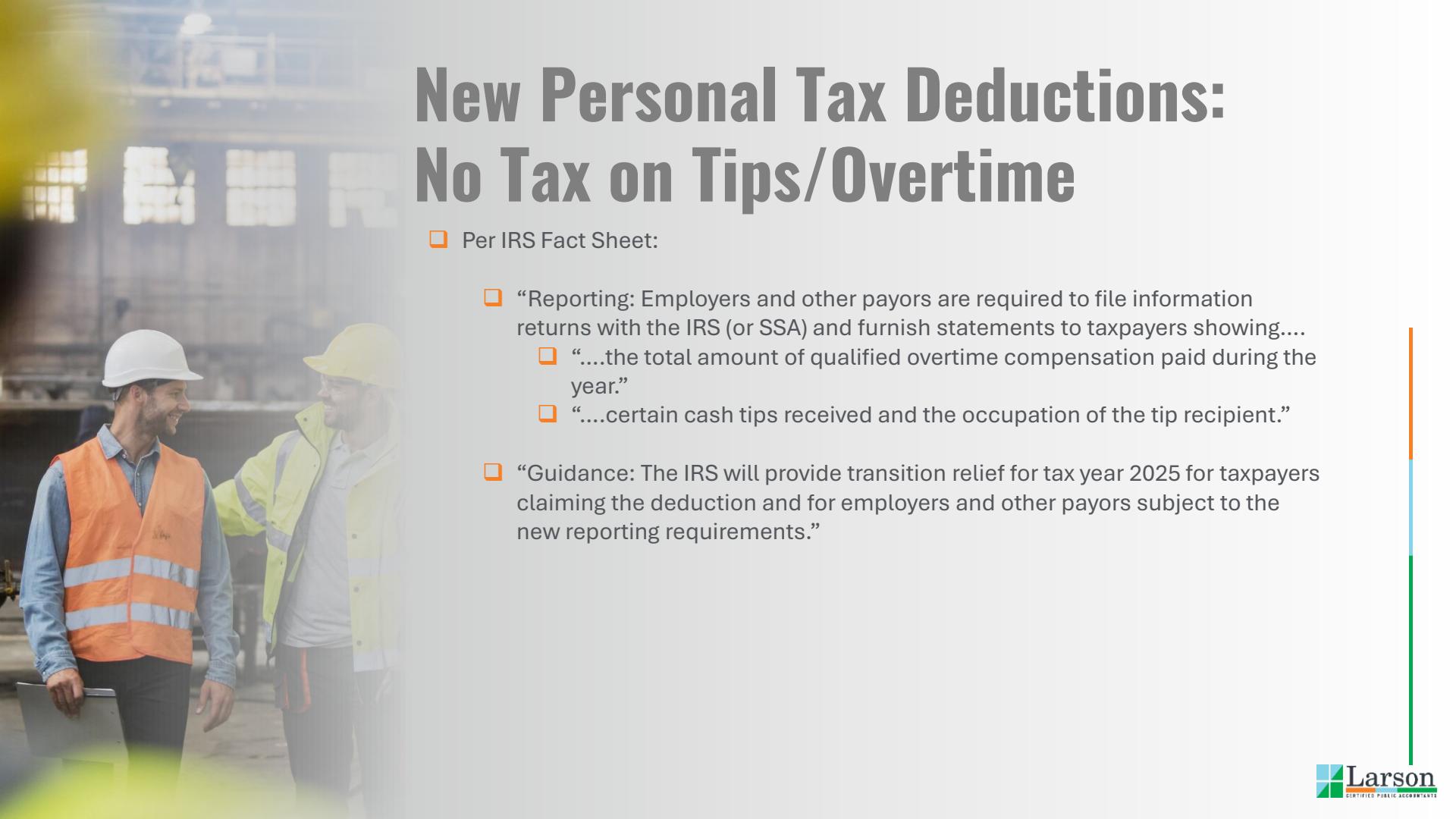
- 100s – Beverage and Food Service
- 200s – Entertainment and Events
- 300s – Hospitality and Guest Services
- 400s – Home Services
- 500s – Personal Services
- 600s – Personal Appearance and Wellness
- 700s – Recreation and Instruction
- 800s – Transportation and Delivery





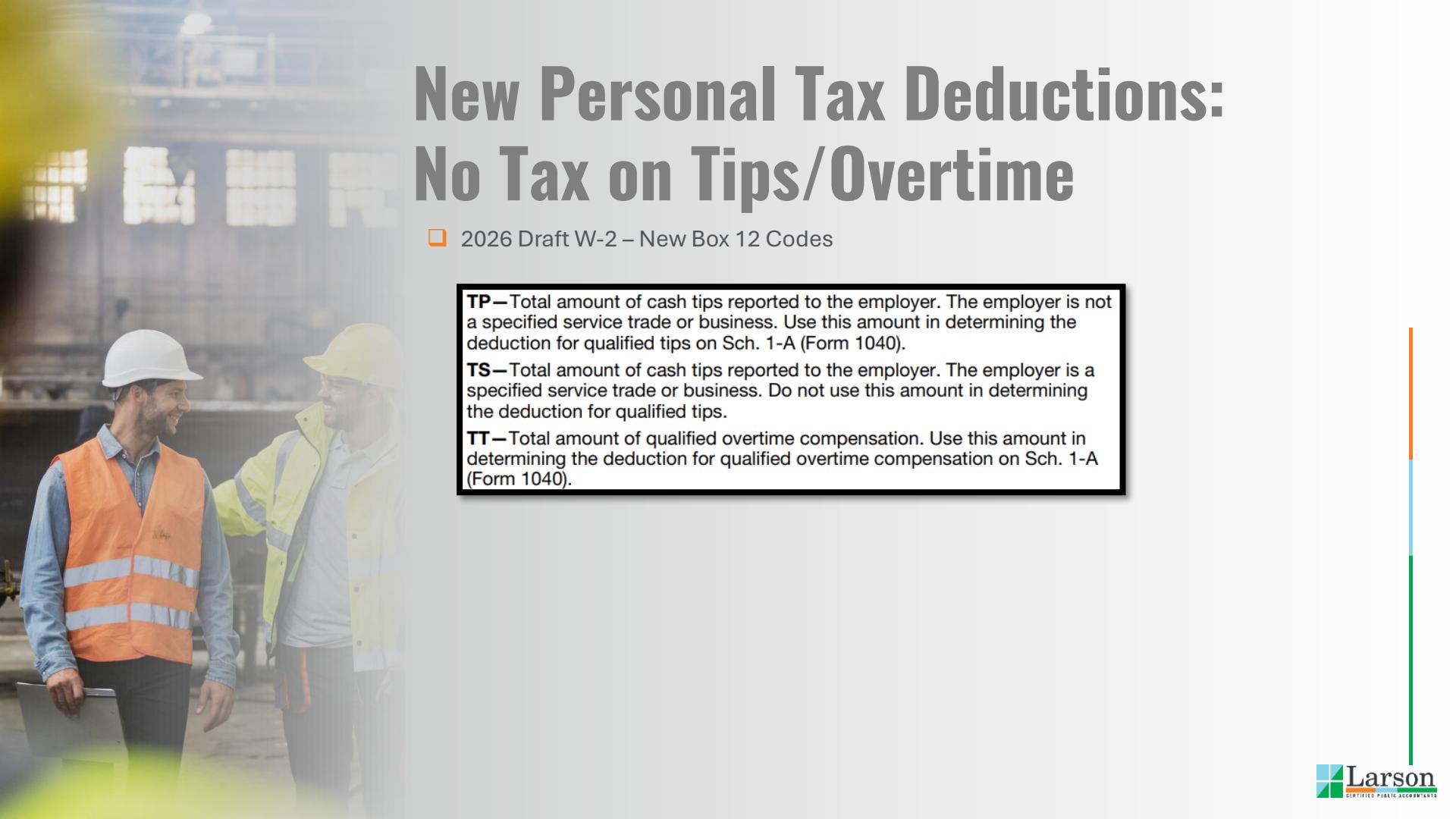
# New Personal Tax Deductions: No Tax on Overtime

- Max of \$12,500 (\$25,000 MFJ) income tax deduction on overtime pay.
- Phase out starting at MAGI of \$150,000 (\$300,000 MFJ).
- Still Subject to FICA taxes and state tax (no state conformity yet).
- Deduction available to itemizers and non-itemizers.
- Tax years 2025 – 2028, retroactive to January 1, 2025.
- Per IRS Fact Sheet:
  - “Individuals who receive qualified overtime compensation may deduct the pay that exceeds their regular rate of pay – such as the ‘half’ portion of ‘time-and-a-half’ compensation.”

A photograph of two construction workers in a factory setting. One worker is wearing an orange vest and a white hard hat, holding a clipboard. The other worker is wearing a yellow vest and a yellow hard hat. They are both smiling and appear to be engaged in a conversation. The background shows industrial structures and windows.

# New Personal Tax Deductions: No Tax on Tips/Overtime

- ❑ Per IRS Fact Sheet:
  - ❑ “Reporting: Employers and other payors are required to file information returns with the IRS (or SSA) and furnish statements to taxpayers showing....
    - ❑ “....the total amount of qualified overtime compensation paid during the year.”
    - ❑ “....certain cash tips received and the occupation of the tip recipient.”
  - ❑ “Guidance: The IRS will provide transition relief for tax year 2025 for taxpayers claiming the deduction and for employers and other payors subject to the new reporting requirements.”



# New Personal Tax Deductions: No Tax on Tips/Overtime

- 2026 Draft W-2 – New Box 12 Codes

**TP**—Total amount of cash tips reported to the employer. The employer is not a specified service trade or business. Use this amount in determining the deduction for qualified tips on Sch. 1-A (Form 1040).

**TS**—Total amount of cash tips reported to the employer. The employer is a specified service trade or business. Do not use this amount in determining the deduction for qualified tips.

**TT**—Total amount of qualified overtime compensation. Use this amount in determining the deduction for qualified overtime compensation on Sch. 1-A (Form 1040).

# New Personal Tax Deductions: No Tax on Car Loan Interest

- ❑ Max deduction of \$10,000 for qualified new car loans for tax years 2025 – 2028.
- ❑ Phase out starting at MAGI \$100,000 (\$200,000 MFJ).
- ❑ Various Requirements:
  - ❑ Original use starts with taxpayer (used vehicles do not qualify)
  - ❑ Final assembly in the United States
  - ❑ Applies to vehicles purchased for personal use
- ❑ Deduction available to itemizers and non-itemizers.
- ❑ Lenders required to report qualified interest – 2025 transition relief provided (Notice 2025-57).
- ❑ Tax years 2025 – 2028, retroactive to January 1, 2025.





# New Personal Tax Deductions: Senior Deduction

- ❑ Effective for tax years 2025 – 2028.
- ❑ Individuals who are 65 or older before the close of the tax year may claim an additional \$6,000 deduction on their tax return.
- ❑ \$6,000 deduction is per individual (i.e., \$12,000 total for a married couple).
- ❑ Deduction phases out based on modified adjusted gross income (MAGI) as follows:
  - ❑ Single Filers: Begins to phase out at \$75,000; fully phased out at \$175,000
  - ❑ Joint Filers: Begins to phase out at \$150,000; fully phased out at \$250,000
- ❑ Deduction is in addition to the taxpayer's standard deduction / itemized deductions.

# State & Local Tax (SALT) Deduction

## SALT Cap Increase

- ❑ The **TCJA**, capped state and local taxes (SALT) deductions at \$10,000 (includes property tax) for individuals and trusts (\$5,000 for married filing separate). This cap was set to expire after December 31, 2025.
- ❑ The **OBBA** makes the \$10,000 cap permanent, however, it is increased to \$40,000 for individuals (\$20,000 for married filing separate filers) for tax years 2025 - 2029.
- ❑ Phase out on deduction begins at \$500,000 for individuals (\$250,000 for married filing separate).
- ❑ Both the temporary increased cap and phaseout thresholds increase by 1% annually through 2029.
- ❑ For tax years after 2029 the SALT deduction cap reverts to TCJA levels.

# Charitable Contributions For Individuals

- For tax years beginning in 2026, an individual who does not itemize deductions can deduct up to \$1,000 (\$2,000 in the case of a joint return) in charitable contributions made in cash during the tax year.
- The deduction is claimed in calculating taxable income and not as an above-the-line deduction in calculating adjusted gross income (AGI).

<b>Standard Deduction for—</b> <ul style="list-style-type: none"><li>Single or Married filing separately, \$12,550</li><li>Married filing jointly or Qualifying widow(er), \$25,100</li><li>Head of household, \$18,800</li><li>If you checked any box under Standard Deduction, see instructions.</li></ul>	6a	b Taxable amount . . . . .	6b
6a	Social security benefits . . . . .	7 Capital gain or (loss). Attach Schedule D if required. If not required, check here <input type="checkbox"/>	7
7	Other income from Schedule 1, line 10 . . . . .	8	8
8	Add lines 1, 2b, 3b, 4b, 5b, 6b, 7, and 8. This is your <b>total income</b> . . . . .	9	9
9	Adjustments to income from Schedule 1, line 26 . . . . .	10	10
10	Subtract line 10 from line 9. This is your <b>adjusted gross income</b> . . . . .	11	11
11	12a Standard deduction or itemized deductions (from Schedule A)	12b	12c
12a	b Charitable contributions if you take the standard deduction (see instructions) <input type="checkbox"/>	12b	13
12b	c Add lines 12a and 12b . . . . .	13	14
13	14 Qualified business income deduction from Form 8995 or Form 8995-A . . . . .	14	15
14	Add lines 12c and 13 . . . . .	15	
15	<b>Taxable income.</b> Subtract line 14 from line 11. If zero or less, enter -0- . . . . .		

For Disclosure, Privacy Act, and Paperwork Reduction Act Notice, see separate instructions. Cat. No. 11320B Form 1040 (2021)



# Charitable Contributions For Individuals

- ❑ New 0.5% Floor
  - ❑ Individuals that itemize can deduct only the charitable contributions in excess of 0.5% of adjusted gross income.
  - ❑ Effective for tax year 2026 and beyond.
- ❑ Example:
  - ❑ Taxpayer has AGI of \$750,000 and makes charitable donation of \$5,000.
  - ❑ 0.5% of \$750,000 is \$3,750. Thus, only \$1,250 can be taken as a charitable contribution deduction in the current year.
  - ❑ Disallowed donations (due to AGI limitations) can be carried forward and can be used in future years only after current-year contributions are considered first. The .5% floor limitation is also carried forward when excess contributions exist
  - ❑ No carryforward allowed based solely on .5% floor limitations.



## DEPRECIATION UPDATES

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## §199A QUALIFIED BUSINESS INCOME

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## MEALS

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# One Big Beautiful Bill - Business

# Bonus Depreciation & Sec. 179

- Bonus depreciation has allowed for special depreciation on certain types of property since 2002.
- With the sunset of the **TCJA** bonus depreciation was set to **continue** to be phased-down by 20% a year until 0% in 2027 (40% in 2025, 20% in 2026).
- Under the **OBBA** 100% bonus depreciation is restored permanently for all qualified property, which includes most machinery, furniture, and equipment.
- Applicable to property that is acquired and placed in service after January 19, 2025.
- Introduction of a temporary 100% bonus depreciation for qualified production property.



# Bonus Depreciation & Sec. 179

- Section 179 allows businesses to deduct the cost of qualified property up to an annual limit (subject to phase out rules). Under the OBBBA, the annual deduction limit and the phase-out threshold have been increased (see table below).
- OBBBA deduction limits and phase-out thresholds will be indexed annually for inflation.
- Applicable to property that is acquired and placed in service after December 31, 2024.

Tax Year	Deduction Limit	Phase-Out Threshold
2023 (prior law)	\$1.16 million	\$2.89 million
2024 (prior law)	\$1.22 million	\$3.05 million
2025 (OBBBA)	\$2.5 million	\$4 million

*Word of caution: Section 179 cannot bring you to a taxable loss from all business activity*



# Qualified Production Property

New to **100% Bonus Depreciation** under OBBBA and applicable to production property where construction begins after January 19, 2025, and before January 1, 2029, and property is placed in service before January 1, 2031.

## Meets all the following criteria:

- It is new, nonresidential real property,
- It is constructed by the taxpayer,
- It is placed in service in the United States,
- It is directly integral to a qualified production activity (see right).

## Qualified Production Activity:

- Includes operation that involve substantial transformation of tangible property. **Activities include:**
  - Manufacturing
  - Production, limited to agricultural and chemical production.
  - Refining, with substantial transformation of qualified product\*.

## Depreciation Recapture

- Generally, nonresidential real property is governed by Section 1250 of IRC.
- Under **OBBA**, qualified production property is subject to recapture instead under Section 1245.
- Recapture can be triggered by a change in use within ten years after property is placed in service.

*\*Exclusion for production of property used for "support functions"*

*\*Qualified production does not include food or beverages prepared in the same building as the retail establishment in which they are sold*

# Qualified Business Income

- ❑ Sec. 199A, enacted by the Tax Cuts & Jobs Act allows for a deduction of up to 20% of qualified business income (QBI) for non-corporate owners of pass-through entities (partnerships & S-corporations), subject to various thresholds and limitations.
- ❑ Under OBBBA, the QBI deduction has been permanently extended.
- ❑ OBBBA also introduces an inflation-adjusted minimum deduction of \$400, ensuring eligible taxpayers receive at least a baseline benefit each year.
  - ❑ For the minimum \$400, taxpayer must have at least \$1,000 of QBI.



# Employer Meals

- ❑ Meals provided to employees on business premises for the employer's convenience:
  - ❑ Current Tax Law (through 2025): 50% deductible
  - ❑ Effective after December 31, 2025: Nondeductible
  - ❑ Cafeteria lunches, catered meals, food meant to keep employees on-site
- ❑ De Minimis Meals & Snacks:
  - ❑ Current Tax Law (through 2025): Can be 100% deductible
  - ❑ Effective after December 31, 2025: Nondeductible
  - ❑ Breakroom coffee, snacks, etc.
- ❑ Certain meals provided on vessels, oil or gas platforms, drilling rigs, and support camps still deductible.
- ❑ Unaffected and still deductible:
  - ❑ Business travel meals (50%)
  - ❑ Client or prospect meals (50%)
  - ❑ Team-building, social outings, company events (100%)
  - ❑ Promotional or public-facing events (100%)
  - ❑ Meals included in taxable employee compensation (100%)



# Q&A

# Next Workshop TBD

What would you like to learn about?

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January 28, 2026