

What the “One Big Beautiful Bill” Could Mean for Your Taxes (15 Changes to Know)

Here’s a simple breakdown of what the “One Big Beautiful Bill” (OBBB) could mean for your taxes. There is a lot of noise online, so this is meant to explain the changes in a clear way.

15 tax changes in OBBB (compared to before)

1) No tax on tips and overtime (up to \$25,000)

Pros

- More take-home pay for people who earn tips or work overtime.
- Easier to understand because it’s a set limit.

Cons

- Only helps if you receive tips or overtime.
- Rules may be detailed (what counts as tips/overtime, reporting, etc.). ex. if you own a business it varies what tips are considered

2) Bonus depreciation is now permanent (instead of 40%)

Pros

- Businesses can write off qualifying purchases faster.
- Can lower taxable income in the year of purchase.

Cons

- Mostly benefits business owners/investors.
- Can create bigger deductions now but smaller deductions later.

3) R&D expensing (domestic R&D is expensed now; foreign R&D is over 15 years)

What this means: Businesses can deduct U.S. research and development costs in the year they happen. Foreign R&D costs are spread out over 15 years.

Examples of R&D can include:

- Designing or improving a product
- Building prototypes
- Software development
- Testing and experimentation

We also help clients look into and claim R&D tax credits if you think your business might qualify or you have questions, consult with us.

Pros

- Helps businesses that invest in U.S. innovation.
- Can improve cash flow by taking the deduction sooner.

Cons

- Foreign R&D gets a slower deduction.
- R&D rules can be complicated and require good documentation and consulting with your accountant.

4) Manufacturing deduction: 100% expensing for certain manufacturing structures (Section 168(n))

Pros

- Encourages building/manufacturing in the U.S.
- Can reduce taxes for qualifying projects.

Cons

- Only applies to certain projects that meet the rules.
- Might require planning and proof that it qualifies.

5) SALT (state and local tax) cap increased to \$40,000 (phases out over \$500K for married filers)

Pros

- Bigger deduction for many taxpayers in higher-tax states (if you itemize).
- Helps homeowners and high earners (up to the phaseout).

Cons

- Phases out for higher incomes.
- Does not help if you take the standard deduction.

6) PTET (Pass-Through Entity Tax) can help bypass the SALT cap for some owners

What this means: PTET lets certain pass-through entities deduct state taxes at the entity level, which can help owners get around the SALT cap.

Pros

- Can increase deductions for some business owners.
- Useful planning tool in certain states.

Cons

- Not available in every state.
- Requires elections/filings and extra tracking.

7) Section 179D changes (sunsets for property with construction beginning after 6/30/26)

Pros

- Can still provide deductions/benefits before the sunset date.
- Can help reduce tax cost on certain property projects.

Cons

- Timing matters (construction start date).
- May reduce long-term planning options after the sunset.

8) Section 179 expensing: \$2.5M limit, \$4M phaseout; inflation indexing reset to 2024 (for property placed in service after 12/31/24)

Pros

- Big immediate write-off for qualifying business equipment/property.
- Helps small and mid-sized businesses invest.

Cons

- Phaseout reduces the benefit for larger purchases.
- Must meet “placed in service” timing rules.

9) 1099-K reporting threshold: \$20,000 and more than 200 transactions (instead of \$2,500 previously)

Pros

- Fewer taxpayers may get a 1099-K for small side income.
- Can reduce confusion for small sellers.

Cons

- People still must report taxable income even if they don't get a 1099-K.
- Tracking income is still important.

10) Estate tax exemption: \$15M per person / \$30M married (permanent; effective beginning of 2026)

Pros

- More families may avoid estate tax.
- Helps with long-term planning for higher net worth families.

Cons

- Mainly impacts higher net worth taxpayers.
- Estate planning still matters (trusts, gifting, state rules, etc.).

11) Auto loan interest deduction: up to \$10K for U.S. vehicles (phases out at \$100K single / \$200K married)

Pros

- Can lower taxes for people buying qualifying U.S. vehicles.
- Helps middle-income taxpayers the most.

Cons

- Income phaseout limits who qualifies.
- Must meet vehicle and loan requirements.

12) Adoption credit: \$5K of the credit becomes refundable (inflation-adjusted)

Pros

- Refundable credit can help more families (even if tax is low).
- Provides extra support for adoption expenses.

Cons

- Credit rules and documentation can be strict.
- May not cover total adoption costs.

13) Senior deduction: \$6K for age 65+ (up to \$75K single / \$150K married)

Pros

- Extra tax relief for many seniors.
- Simple income thresholds.

Cons

- Phases out above the income limits.
- May not apply depending on filing situation.

14) Clean electricity credits (48E / 45Y) end sooner for some projects

What this means: Credits end for projects that start construction 12 months after the bill is enacted and are placed in service after 2027.

Pros

- Encourages faster project timelines.
- Still provides a window for qualifying projects.

Cons

- Less time to plan and start projects.
- Can reduce incentives for later projects.

15) Standard deduction increases

- Single: \$15,750 (was \$15,000)
- Married filing jointly: \$31,500 (was \$30,000)

Pros

- Simple tax savings for many people (especially if not itemizing).
- Helps most filers directly.

Cons

- People who itemize may not see a benefit.

- May not change tax much for higher-income filers who already itemize.

Questions?

If you have any questions or concerns about how these changes might affect you or your business, please consult with us. We're happy to review your situation and help you plan the best next steps.