



Dear Clients:

We hope you're enjoying a wonderful summer. We wanted to reach out personally to share some exciting tax news. There are some significant changes on the horizon, with some impacting the 2025 tax year. The recently passed *One Big Beautiful Bill Act* (OBBBA) introduces a range of new provisions for both individuals and businesses.

These updates could bring fresh opportunities for tax planning as well as new reporting requirements you'll want to be aware of. We've outlined key highlights below:

### **Individual Tax Highlights**

- Lower tax rates are now permanent, and the standard deduction is higher.
- The Child Tax Credit increased to \$2,200 per child and will continue rising with inflation.
- State and Local Tax Deduction (SALT) is increased to \$40,000 with limitations.
- The estate and gift tax exemption increases to \$15 million in 2026 — this is a good time to revisit estate planning.
- A new \$6,000 deduction is available for individuals aged 65 and older from 2025 through 2028. This is to help reduce taxable Social Security Income.
- Car loan interest deductions (up to \$10,000 per year) are available on new, U.S.-built vehicles from 2025 through 2028.
- Childcare credits, education savings and adoption credits have all expanded — with additional opportunities for families.
- A new tax-deferred "Trump Account" is available for each eligible child, with up to \$5,000 in annual contributions and a \$1,000 government match for children born between 2025 and 2028.
- A new tax deduction for Tips and Overtime pay. This law is being developed and there are more details to come.
- Gambling losses have been limited to 90% and casualty losses for federally declared disasters now may include state-declared disasters.



## Business Tax Highlights

- The 20% Qualified Business Income (QBI) deduction is now permanent and easier to qualify for.
- 100% bonus depreciation is back - allowing businesses to write off full equipment costs upfront.
- Section 179 expensing limits increased to \$2.5 million with a \$4 million phaseout threshold.
- 1099 reporting thresholds are less burdensome — 1099-NEC and 1099-MISC thresholds are moving from \$600 to \$2,000. 1099-K's will be issued for more than 200 transactions or \$20,000 in transaction volume.
- Certain clean energy credits and incentives will begin phasing out after 2025. Plan early if you intend to invest in electric vehicles, solar energy, or efficient buildings.
- Corporate charitable deductions are now subject to a 1% minimum floor. Put simply, you must donate at least 1% of your taxable net income to claim the deduction.
- Key changes that affect foreign tax credits, executive compensation, and capital gains on small business stock.
- As part of the new deduction for Tips and Overtime Pay, payroll reporting requirements will change. The law is still being developed and there are more details to come.

## What You Should Do Now

This law is still in development and will take time to finalize its details. We will review all client files by the end of the year and will contact clients as needed throughout the remainder of the year. In the meantime, if any of these changes apply to you or if you have questions about how they affect your 2025 return or future planning, please don't hesitate to contact our office. We're happy to provide additional services that may guide you through a tailored strategy. As always, Thank You for allowing us to "Selflessly Serve" you!

Your Advisors at: **BC&V Advisors + CPAs PLLC**

### ***Tax Disclosure***

*This email is for informational purposes only and is not intended as tax advice. Tax laws are complex and subject to change. We strongly recommend speaking with us, as your tax advisor, before taking action. Our team is here to help you navigate the new rules and identify the best course of action for your situation.*