

The One Big Beautiful Bill Act

Summary of potentially relevant provisions

The new tax bill—known as the One Big Beautiful Bill Act (OBBBA)—was signed into law on July 4, 2025. The OBBBA extends many of the provisions contained in the Tax Cuts and Jobs Act (TCJA), amends some of those same provisions and provides revisions to other sections of the U.S. Tax Code.

The chart below summarizes and describes select provisions of the OBBBA. This summary is not a comprehensive survey; rather, it highlights certain provisions of the bill that could be relevant to financial professionals engaged in client planning. Many of the provisions in the OBBBA do not sunset on a particular date and therefore are deemed “permanent.” As with many things, however, these provisions are only permanent until they are not, and the OBBBA can be changed by act of Congress in the future.

Individual tax provisions*		
Provision	Details	Effective date
Ordinary income brackets	Deemed the brackets enacted by the TCJA to be “permanent.”	In effect
Standard deduction	Increased standard deduction from \$15,000 unmarried (UM) / \$30,000 married filing jointly (MFJ) to \$15,750 UM / \$31,500 MFJ.	2025
Increased deduction for seniors	Provided an additional deduction of \$6,000 for filers 65 and older, and \$12,000 for married couples if both filers are 65 and older. Subject to income phaseouts.	2025-2028
State and local taxes (SALT) cap	Increased the cap from \$10,000 to \$40,000 (with 1% annual indexing and reversion back to \$10,000 in 2030), subject to income phaseouts.	2025-2030
Miscellaneous itemized deductions	Eliminated permanently.	In effect
Charitable deductions for non-itemizers	Created a new charitable deduction of \$1,000 UM / \$2,000 MFJ for filers who do not itemize.	2026
Charitable deductions for itemizers	Enacted a new rule allowing charitable deductions to be claimed only to the extent that they exceed 0.5% of the taxpayer’s contribution base (adjusted gross income, generally). Note that the OBBBA limits the benefit of itemized deductions for taxpayers in the 37% bracket.	2026

* One Big Beautiful Bill Act (OBBBA), Pub. L. No. 119-21, H.R. 1, 119th Cong. (2025).

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Individual tax provisions* (continued)

Provision	Details	Effective date
Taxes on tips	Allows a deduction of up to \$25,000 of tip income, subject to income phaseouts.	2025-2028
Taxes on overtime	Provided a deduction for overtime pay of up to \$12,500 UM / \$25,000 MFJ filers, subject to income phaseouts.	2025-2028
Mortgage interest	Extended the mortgage interest deduction limitation to up to \$750,000 of mortgage indebtedness.	In effect and deemed permanent
Alternative minimum tax (AMT)	Reset AMT exemption phaseouts to 2018 levels and accelerated the phaseout.	2026

Estate tax provisions

Provision	Details	Effective date
Exemption increase	Increased gift and estate tax exemption (unified credit) to \$15M per person, indexed for inflation.	2026

Business taxation

Provision	Details	Effective date
Section 199a deduction	Made the deduction permanent and kept it at 20%. Also added new minimum \$400 deduction and increased phase-ins for calculation of deduction in certain instances.	2026

* One Big Beautiful Bill Act (OBBBA), Pub. L. No. 119-21, H.R. 1, 119th Cong. (2025).

To learn about how the One Big Beautiful Bill Act could impact your tax strategies, connect with your financial professional or visit jackson.com today.

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