

OBBBA Fact Sheet for Individuals

2025 Income Tax Brackets

- Reduced Individual tax rates from TCJA becomes permanent.

Rate	Single	HOH	MFJ
10%	\$0 -11,925	\$0 - \$17,000	\$0 - \$23,850
12%	\$11,925 - \$48,475	\$17,000 - \$64,850	\$23,850 - \$96,950
22%	\$48,475 - \$103,350	\$64,850 - \$103,350	\$96,950 - \$206,700
24%	\$103,350 - \$197,300	\$103,350 - \$197,300	\$206,700 - \$394,600
32%	\$197,300 - \$250,525	\$197,300 - \$250,500	\$394,600 - \$501,050
35%	\$250,525 - \$626,350	\$250,500 - \$626,350	\$501,050 - \$751,600
37%	\$626,350+	\$626,350+	\$751,600+

Standard Deduction

- TCJA enhanced standard deduction becomes permanent.

Filing Status	2025 TCJA	2025 OBBBA
Single	\$15,000	\$15,750
HOH	\$22,500	\$23,625
MFJ	\$30,000	\$31,500

- If over 65 or blind, add \$1,600 to the standard deduction and \$2,000 for unmarried tax payers.

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SALT Cap

- SALT Cap increased from \$10,000 to \$40,000 from 2025 through 2029.
- With 1% increase each year.
- Income phase-out starting at \$500,000 MFJ/S and MFS \$250,000.

Tax Year	SALT Cap	Income Threshold at Which SALT Cap Begins Phase-Out
2025	\$40,000	\$500,000
2026	\$40,400	\$500,500
2027	\$40,804	\$510,050
2028	\$41,212	\$515,151
2029	\$41,624	\$520,302
2030 and beyond	\$10,000	N/A

Child Tax Credit

- Permanent change - increased the child tax credit from \$2,000 to \$2,200 for each child under 17.
- Starting tax year 2025 and will be adjusted for inflation after 2025.
- Subject to income phase-out.

Filing Status	Income Phase-Out
Single	\$200,000 - \$240,000
MFJ	\$400,000 - \$440,000

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Qualified Opportunity Zones

- Extended indefinitely - original program was scheduled to expire for new investments on December 31, 2026.
- Defer tax on eligible gain if invested timely and eligible for basic adjustment depending on holding period.

Senior Deduction

- Individuals 65 and older receive a temporary \$6,000 deduction per person starting 2025 through 2028.
- Income phase-out \$150,000 MFJ and \$75,000 S.
- Married couples must file jointly to receive deduction.

Auto Loan Interest Deduction

- Tax years 2025 through 2028 interest paid on auto loans may be deductible up to \$10,000 of interest per tax year.
- Loan must have start after December 31st, 2024 for new automobiles.
- Income phase-out \$200,000 MFJ and \$100,000 S.
- Vehicle must have been assembled in the United States.

No Tax on Tips

- Tips must be reported on IRS-approved form and are capped at \$25,000 per tax year.
- From tax years 2025 through 2028, employees and self-employed can deduct cash tips from taxable income.
- Income phase-out \$300,000 MFJ and \$150,000 S.

No Tax on Overtime

- Overtime deduction is dollar capped at \$25,000 MFJ or \$12,500 S.
- From tax year 2025 through 2028 employees can deduct overtime compensation calculated from income rate above individual's regular hourly pay.
- Income phase-out \$300,000 MFJ and \$150,000 S.

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No Tax on Overtime: Example*

Example: Maria is a restaurant shift supervisor earning \$20/hour. In 2026, she works 250 hours of overtime at time-and-a-half.

- Regular rate: \$20/hour
- Overtime pay: \$30/hour
 - $\$30 - \$20/\text{hr} = \$10/\text{hour} \times 250 \text{ hours} = \$2,500$
- Maria's AGI is \$90,000
- Maria includes all relevant info on her tax return, including her SSN

Maria can deduct \$2,500 from her taxable income under this section.

Charitable Deduction for Non-Itemizers

- Permanent deduction starting tax year 2026.
- Deduction limit \$2,000 MFJ and \$1,000 S for cash donations to qualified 501(c)(3) charities.

Trump Accounts

- New account to promote savings for education, asset accumulation and retirement for dependents under 18.
- Annual \$5,000 contribution cap per beneficiary. Contributions will be indexed for inflation.
- Investment earnings will grow tax-deferred, IRS clarification on tax-treatment of distributions to come. Distributions are prohibited until beneficiary turns 18.
- From 2025 through 2028, to encourage use of Trump accounts, a one-time \$1,000 deposit will be made into accounts opened for qualifying children born during those tax years.
- Employers, charitable, and government entities can make non-taxable contributions.