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Tax Provision	IRC Section	Prior Law	OBBBA
Individual income tax rates	1(j)	Seven brackets: 10% ($0 - $23,199) 12% ($23,200 - $94,300) 22% ($94,301- $201,050) 24% ($201,051 - $383,900) 32% ($383,901 - $487,450) 35% ($487,451 - $731,200) 37% (More than $731,200) Income thresholds indexed annually to chained CPI. Expires end of 2025. *Income thresholds presented here apply to married joint filers.	Seven brackets: 10% ; 12%; 22%; 24%; 32%; 35%; 37%. Income thresholds indexed annually to chained CPI. Brackets under 24 percent get an additional year of inflation adjustment. Effective Jan. 1, 2026.
Adoption	23	A nonrefundable income tax credit is allowed for the amount of qualified adoption expenses incurred, up to a maximum of $17,280.	Make up to $5,000 of the adoption tax credit refundable, indexed to inflation starting in 2026.
Child tax credit	24(h)	Maximum child credit set at $2,000 per qualifying child, with up to $1,700 per child refundable in 2024. Refundable portion indexed for inflation. $500 non-refundable credit for qualifying non-child dependents. Expires end of 2025.	Permanently increases the nonrefundable credit amount credit to $2,200 per child starting in 2025 and permanently indexes nonrefundable credit for inflation after 2025. Also makes permanent the doubled credit of $2,000 per child and the refundable credit of $1,400, along with increased income phaseout threshold amounts. Taxpayers and qualifying children must have a social security number to claim.
ABLE account and the saver's credit	25B(d)(1)(D)	Allows a designated beneficiary to claim the savers credit for contributions made to the account. Expires end of 2025.	Permanently allows a designated beneficiary to claim the savers credit for contributions made to the account.
Energy-efficient home credits	25C	Provides credit for the use of energy efficient products and improvements.	Repealed for property placed in service after 2025.
Residential Clean Energy Credit	25D	Provides credit for clean energy upgrades through 2034.	Repealed after 2025.

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Tax Provision	IRC Section	Prior Law	OBBBA
Clean vehicle credits	25E, 30D, 45W	Provides credit for the purchase of new and previously owned clean vehicles.	Repealed for vehicles effective after Sept. 30, 2025.
Scholarships	25F	Cash donations to scholarship granting organizations may be tax-deductible. Gift tax may be imposed on some transfers of property to scholarship granting organizations.	Creates a nonrefundable income tax credit of up to $5,000 for donations to scholarship granting organizations.
Alternative fuel vehicle refueling property credits	30C	Provides credit for qualified alternative fuel vehicle refueling property placed in service.	Repealed after June 30, 2026.
Earned income credits	32	Low and moderate income taxpayers may be eligible, depending on number of children, income, and other factors.	Creates a new tax credit certification program after 2027.
Premium tax credits	36B	Refundable credits are provided for individuals with incomes up to 400 percent of the federal poverty level to help pay for coverage through the Affordable Care Act.	Limits eligibility for some undocumented immigrants.
Low-income housing credit	42	A taxpayer may claim the credit annually over a 10-year period.	Permanently increases the state allocation ceiling by 12 percent and lowers the bond-financing threshold to 25 percent for projects starting in 2026.
Employer-provided child care credit	45F	Provides for a credit equal to 25 percent of expenses, up to a maximum of $150,000 per year.	Increases the employer-provided credit to 40 percent (50 percent for eligible small businesses) and increases the credit limit to $500,000 ($600,000 for small businesses).

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Tax Provision	IRC Section	Prior Law	OBBBA
Restrictions on carbon oxide sequestration credits	45Q	Provides credit for the capture and sequestration of qualified carbon oxide.	Restricts access to the credit for prohibited foreign entities.
Employer credit for paid family and medical leave	45S	Provides for a 12.5 percent business credit on the amount of eligible wages paid to qualifying employees while they are on family and medical leave. Expires end of 2025.	Makes the credit permanent and increases the value of the credit to as much as 25 percent. Removes outreach to increase awareness of credit.
Zero-emission nuclear power credit	45U	Provides credit for the production of nuclear power produced by a taxpayer at a qualified nuclear power facility and then sold to an unrelated person.	Restricts access to the credit for prohibited foreign entities.
Clean hydrogen power credit	45V	Provides credit for qualified clean hydrogen produced by a qualified clean hydrogen facility.	Terminates the credit for facilities beginning construction after December 31, 2027; terminates the treatment of hydrogen production facilities as energy properties.
Advanced manufacturing production credit	45X	Provides credit for solar, wind, battery, or mineral components. Phases out in 2030 to 2032 except for critical minerals.	Phases out the credit for producing critical minerals by 2034 and phases out the credit for wind components by end of 2027. Strikes a rule regarding components that have been integrated into another eligible component.
Clean electricity production credits	45Y	Provides credit for the production of clean electricity produced by a taxpayer at a qualified facility and then sold to an unrelated person.	Terminates credit for any wind or solar facility placed in service after 2027. Includes safe harbor for projects that begin construction within one year of the bill's enactment.
Clean fuel	45Z	Provides a credit to incentivize the domestic production of clean transportation fuels sold from 2025 through 2027.	Extends the credit through 2029; prohibits its used on fuels produced from feedstocks outside of the U.S., Canada, or Mexico.

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Tax Provision	IRC Section	Prior Law	OBBBA
Advanced energy project credit	48C	Provides a credit, allocated on a competitive basis, equal to 30 percent of the taxpayer's qualified investment in an advanced energy project for the taxable year.	Denies any returned credit allocation from being reissued.
Advanced manufacturing investment credit	48D	Provides for a credit of 25 percent of the amount invested in a qualified advanced manufacturing facility.	Increases the credit to 35 percent for property placed in service after 2025.
Clean electricity investment credits	48E	Provides credit for investment in qualified facilities that produce clean electricity.	Terminates after 2027.
Alternative minimum tax (AMT) exemption and phaseouts	55	Exemption amounts increased to $133,300 for joint filers and $85,700 for individuals. Phase-out thresholds increased to $1,218,700 million for joint filers and $609,350 for individuals. Figures adjusted for inflation using chained CPI. Expires end of 2025.	Repeals expiration of P.L. No. 115-97 increase in AMT exemptions and phase-out thresholds, effective Jan. 1, 2026. Reverts the inflation adjustment phase-outs to 2018 levels of $500,000 ($1 million for joint filers) and indexes them to inflation.
Anti-base erosion provisions	59A(b)	Imposes a 10.1 percent minimum tax on base erosion payments to foreign parent companies.	Makes several changes, including adjusting the tax rate to be 10.5 percent of modified taxable income over adjusted regular tax liability and treating certain capitalized interest expenses as a base erosion payment.
Standard deduction	63(c)(7)	$29,200, married joint filers. $21,900, head of household. $14,600, single filers. No personal exemptions. Expires end of 2025.	Permanently allows $31,500, married joint filers; $23,625, head of household; $15,750, single filers. Inflation adjusted. Effective Jan. 1, 2025. No personal exemptions.
Enhanced deduction for seniors	63(f)	No provision.	Creates an above-the-line deduction of $6,000 for individuals older than 65. Phases out for married taxpayers with income in excess of $150,000 or $75,000 for all other taxpayers. Expires end of 2028.

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Tax Provision	IRC Section	Prior Law	OBBBA
Itemized deduction for miscellaneous expenses	67(g)	No deductions for miscellaneous expenses. Deduction allowed for educator expenses. Expires end of 2025.	No deductions for miscellaneous expenses.
Overall limitation on itemized deductions	68(f)	No limitation on overall itemized deductions. Expires end of 2025.	Overall itemized deductions will be capped at $0.35 to the dollar for individuals in the top tax bracket. Effective after December 31, 2025.
Student loans	108(f)(5)	Income from the discharge of student debt on account of death or disability of the student is excluded from taxable income. Also, an employer may exclude from wages for employment tax purposes up to $5,250 annually of educational assistance provided to the employee. Both provisions expire after Dec. 31, 2025.	Makes permanent the exclusion from gross income any debt discharged because of death or disability. Under section 127, makes permanent that employer payments toward student loans count as educational assistance. Indexed to inflation.
Bicycle commuter reimbursement	132(f)(8)	None until 2026.	Eliminated.
Moving reimbursement exclusion	132(g)(2)	None until 2026.	Eliminated except for members of the armed forces.
Third-party litigation funding	139	No provision.	No provision (Removed from Senate bill before passage. Proceeds from litigation would have been taxed at 31.8%).
Personal exemptions	151(d)(5)	None until 2026.	Eliminated.
Executive compensation	162	The otherwise allowable deduction for compensation with respect to a covered employee of a publicly held corporation is limited to no more than $1 million per year.	Adds an entity aggregation rule for purposes of the deduction disallowance.

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Tax Provision	IRC Section	Prior Law	OBBBA
No deduction for car loan interest	163(h)	Nondeductible for individuals.	Creates a deduction of up to $10,000 per year for interest paid on qualified car loans. Requires vehicles to be for personal use and on cars that were assembled in the United States. Excludes campers and motorhomes. Phases out for married couples with income in excess of $200,000 or $100,000 for individual taxpayers. Expires end of 2028.
Mortgage interest deduction	163(h)(3)(F)	Principal limit of $750,000 on new mortgages and no home equity loan interest deduction. Expires end of 2025.	Principal limit of $750,000 on new mortgages is permanent and no home equity loan interest deduction. Some mortgage insurance premiums on acquisition indebtedness treated as qualified residence interest.
Business interest expenses	163(j)	Net Interest expenses are limited to 30 percent of adjusted taxable income.	Permanently reinstates the EBITDA cap on the deductibility of business interest expenses for taxable years beginning after December 31, 2024. Modifies the definition of motor vehicles and the ordering rules for capitalization. Excludes subpart F and GILTI from taxable income for 163(j) purposes.

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Tax Provision	IRC Section	Prior Law	OBBBA
State and local tax (SALT) deduction	164(b)(6)	Limits deductibility of state and local income, sales, and property taxes to the applicable limitation amount. Expires end of 2025.	Raises the SALT cap to $40,000 through 2029 and phases out the deduction for individuals earning more than $500,000 per year ($250,000 for individuals married filing jointly).
Modification of rules relating to computation of wagering losses	165(d)	Clarifies that losses from wagering transactions shall be deducted only to the extent of the gains from such transactions. Expires end of 2025.	Makes permanent that losses from wagering transactions shall be deducted only to the extent of the gains from such transactions. Limits the term “losses from wagering transactions” to 90 percent of the amount of such losses.
Personal casualty and theft loss deduction	165(h)(5)	None until 2026.	Makes permanent that personal casualty losses from federally and state-declared disaster areas are offset by any individual personal casualty gains.
Depreciation of production property	168	Calls for most real property to be depreciated over 39 years.	Allows for an elective 100 percent depreciation allowance for newly built qualified production property. Effective for property where construction began after Jan. 19, 2025, and before 2029. Placed in service date must be before 2033.
Expensing	168(k)	Provides bonus depreciation for certain property acquired after Sept. 27, 2017. Expires end of 2026.	Permanently allows for 100 percent bonus depreciation for property acquired and placed in service on or after Jan. 19, 2025.
Charitable contribution deduction for corporations	170	Allows a deduction for any charitable contribution payment, generally limited to 10 percent of taxable income.	Allows a deduction for aggregate contributions in excess of 1 percent of taxable income up to a maximum of 10 percent of taxable income.
Charitable contribution deduction for individuals	170(b)(1)(G)	Cash contributions deduction limit of 60% AGI for donations to qualifying charities. Expires end of 2025.	Creates a permanent deduction for non-itemizers to claim up to $1,000 for single filers ($2,000 for married filing jointly). Effective after 2025.

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Tax Provision	IRC Section	Prior Law	OBBBA
Research and development expensing	174	Taxpayers must capitalize and amortize most specified R&D expenditures over a five-year period, effective after 2021.	Permanently allows taxpayers to immediately deduct domestic research or experimental expenditures paid or incurred in taxable years beginning after Dec. 31, 2024. Small business taxpayers with annual gross revenues of $31 million or less are permitted to apply the change retroactively to 2022. Foreign R&D expenditures must still be capitalized over 15 years.
Depreciation of business assets	179(b)	Up to $1 million of cost of qualifying property placed in service may be expensed.	Increases the maximum amount a taxpayer may expense to $2.5 million, reduced by the amount by which the cost of qualifying property exceeds $4 million. The $2.5 million and $4 million amounts are adjusted for inflation for taxable years beginning after 2025. Applies to property placed in service in taxable years beginning after December 31, 2024.
Energy-efficient commercial buildings	179D	Taxpayers may deduct certain energy efficient commercial building property expenditures, specifically those installed as part of interior lighting systems, HVAC and hot water systems, or the building envelope.	Deduction expires for property that begins construction after June 30, 2026.
Expensing of certain qualified film, television, and live theater productions	181	Allows deduction of up to $15 million of production costs and requires costs to be capitalized over time.	Expands special expensing rules to include sound recording costs up to $150,000 per year and qualifies sound recordings for bonus depreciation. Expires end of 2028.
Limitation on sports franchises	197	Allows intangible items related to business values to be amortized on a straight-line basis over 15 years.	No provision.
Qualified business income deduction	199A	Allows individual taxpayers to deduct 20 percent of qualified business income with respect to a partnership, S corporation, or sole	Permanently extends the deduction for qualified business income at 20 percent. Expands the deduction limit phase-in range by increasing

Tax Provision	IRC Section	Prior Law	OBBBA
		proprietorship, as well as 20 percent of aggregate qualified REIT dividends, qualified cooperative dividends, and qualified publicly traded partnership income. Expires end of 2025.	the $50,000 (non-joint returns) and $100,000 (joint returns) amounts to $75,000 and $150,000, respectively.
Moving expense deduction	217(k)	None until 2026.	Permanently repealed except for active-duty members of the armed forces and intelligence community.
Health Savings Accounts	223	Provides rules for contributions to health savings accounts for individuals covered by high-deductible health plans; prohibits contributions for taxpayers who are age 65 or older and on Medicare.	No provision.
No tax on tips	224	Taxable as ordinary income.	Provides deduction up to $25,000 for qualified tips received by itemizers and non-itemizers. Phases out for incomes over $150,000. Allowed from 2025 to 2028.
No tax on overtime	225	Taxable as ordinary income.	Deduction up to $12,500 for qualified overtime compensation for itemizers and non-itemizers. Phases out for incomes over $150,000. Allowed from 2025 to 2028.
Taxable Income limitation on deductions for GILTI and FDII	250(a)	Allows corporations a deduction equal to 37.5 percent of their global intangible low-taxed income and 21.875 percent for foreign-derived intangible income.	Cuts deduction percentage for taxable years after December 31, 2025 to 33.35 percent for FDII and 40 percent for GILTI, resulting in effective tax rate of 14 percent for both.
Expensing of certain costs of replanting citrus	263A(d)(2)(C)(ii)	Expanded special rule for costs incurred by a third party in connection with replanting an edible crop for human	Permanently extended.

Tax Provision	IRC Section	Prior Law	OBBBA
plants lost by reason of casualty		consumption after a casualty loss. Expires end of 2027.	
Employer-provided meals	274	Meals that meet the requirements for de minimis fringe benefits are limited to a 50 percent deduction. No deduction is allowed after 2025.	Disallows deductions for employer-provided meals, but includes some exceptions for businesses that also sell food. Adds commercial vessels and fishing boats to the exception.
Accounting for manufacturers	448(c)	Taxpayers may use the cash method of accounting if gross receipts average $25 million or less.	No provision (prior law continues).
Excess business losses	461	An excess business loss not allowed is treated as a net operating loss that is carried over to subsequent years under applicable carryover rules.	Makes permanent the limitation on excess business losses and increases the value of allowable loss carryovers or carrybacks.
Limitation on excess business losses of noncorporate taxpayers	461(l)	Noncorporate taxpayers are not allowed to claim excess business losses, but may use them as part of a future net operating loss carryforward. Expires end of 2028.	Makes excess business loss limitation permanent and provides that losses disallowed after 2024 are taken into account in determining excess business losses in subsequent years.
Savings	511	No provision.	Allows $5,000 per year to be deposited into a tax-exempt "Trump" account. A one-time $1,000 credit will be provided for each qualifying child on the account for children born after 2024 and before 2029.
Unrelated business income tax	512	Employer deductions for qualified transportation fringe benefits are allowed against unrelated business taxable income.	No provision (prior law continues).

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Tax Provision	IRC Section	Prior Law	OBBBA
Education	529	Allows tax-free accrual of interest in savings accounts used for certain education expenses.	Expands the types of expenses that qualify for use in the accounts.
529 to ABLE account rollover	529(c)(3)	Allows for amounts from qualified tuition programs to be rolled over to an ABLE account without penalty. Expires end of 2025.	Permanently allows for amounts from qualified tuition programs to be rolled over to an ABLE account without penalty.
ABLE account contribution limit	529A(b)(2)(B)	Increases the contribution limitation for beneficiaries to ABLE accounts to a maximum of the federal poverty line for a one-person household. Expires end of 2025.	Permanently increases the contribution limitation for beneficiaries to ABLE accounts to a maximum of the federal poverty line for a one-person household.
Treatment of payments from partnerships to partners for property or services	707	Treasury regulations address how to treat certain payments from a partnership to a partner for property or services.	Provides Treasury flexibility in determining whether a transaction should be treated as made in the capacity as a partner, in the context of arrangements to allow partnerships not to capitalize property, with the costs deducted over time.
REIT subsidiary asset test	856(c)(4)(B)	Requires that no more than 20 percent of the value of total assets are represented by securities of one or more taxable REIT subsidiaries.	Increases the percentage for the asset test to 25 percent.
Retaliatory tax	899	No provision.	No provision.

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Foreign tax credit	904	Deductions for interest expense, stewardship expenses, research and experimental expenses, and other deductions are apportioned based on certain ratios.	Income from the sale of U.S.-produced inventory is treated as foreign source on up to 50 percent of the taxable income from the sale.
Controlled foreign corporations	954	The CFC look-thru rule applies to taxable years of foreign corporations beginning before January 1, 2026, and to taxable years of U.S. shareholders with or within which such taxable years of foreign corporations end. The rule excludes from foreign personal holding company income dividends, interest, rents and royalties received or accrued by one CFC from a related CFC to the extent allocable to income. of the payor which is neither subpart F income nor income treated as effectively connected with the conduct of a trade or business in States (ECI).	Permanently extends the CFC look-thru rule, creates a one-month deferral election for determining a CFC's tax year, and reinstates section 958(b)(4) to preclude downward attribution from a foreign person to a U.S. person in determining CFC status.
Qualified Small Business Stock	1202	Taxpayers required to hold qualified small business stock ("**QSBS**") for a period of at least five years before the exclusion of gain on the disposition of QSBS is available. The exclusion amount is limited to the greater of (i) $10 million or (ii) 10 times the shareholder's basis in the stock. At the time the stock is issued, the corporation's "aggregate adjusted assets" (determined by the adjusted basis of the company's assets) may not exceed $50 million.	For QSBS acquired after July 4, 2024, the holding period and exclusion ratios are revised: for QSBS held at least three years, 50% of taxable gain, held at least four years, 75% of taxable gain, and held for at least 5 years, 100% of taxable gain. Additionally, the OBBBA increases the exclusion amount to $15 million, with an annual inflation-based adjustment (rounded to the nearest $10,000), and increases the $50 million "aggregate gross assets" limitation to $75 million, with an annual inflation-based adjustment.
Qualified opportunity zones	1400Z-1	Allows taxpayers to make an election for deferral, adjustments to basis, or exclusions on capital gains. Expires end of 2026.	Establishes permanent OZ policy that keeps designation process from TCJA and modifies eligibility requirements.

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Tax Provision	IRC Section	Prior Law	OBBBA
Estate and gift tax	2010(c)(3)(C)	Exclusion for decedents is $13.61 million in 2024. Expires end of 2025.	Exclusion for decedents is $15 million beginning in 2026. Indexed for inflation.
Private foundations	4940	Tax-exempt private foundations are subject to an excise tax of 1.39 percent on their net investment income. Foundations are also subject to tax on excess business holdings.	No provision.
Tax-exempt organizations executive compensation	4960	An excise tax is imposed on tax-exempt organizations paying employees in excess of $1 million.	Expands the excise tax to include former employees.
Colleges and universities	4968	Imposes excise tax on certain private institutions equal to 1.4 percent of their net investment income.	Replaces existing excise tax with a new rate structure ranging from 1.4 percent to 8 percent. Applies only to schools with more than 3,000 students.
Third-party information reporting	6050W	Requires reports from third-party payors when income for a seller exceeds $600 for a calendar year.	Reinstates pre-2021 thresholds requiring reporting when transactions exceed $20,000 or the number of transactions surpasses 200.
Transferability of clean fuel credits	6418	Allows for the transfer of the qualified clean fuel credit from one taxpayer to another.	Prohibits transfers of credits to specified foreign entities.
Publicly traded partnerships	7704	Qualifying income for preferential tax treatment is defined as coming from interest, dividends, and gains from the disposition of a capital asset; rents from real property, gains from the sale or other disposition of real property; and income and gains from the exploration, development, mining or production, processing, refining, or transportation.	Expands the definition of qualifying income for publicly traded partnerships to include: several sustainable fuels and battery systems, effective 2026.

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Tax Provision	IRC Section	Prior Law	OBBBA
Combat zone tax benefits for members of the armed forces in the Sinai Peninsula	Various	Provides for tax exemptions for certain military members and spouses. Expires end of 2025.	Makes permanent tax exemptions for certain military members and spouses and expands the definition of hazardous duty area to include Kenya, Mali, Burkina Faso, and Chad.
Excise tax on firearms silencers	Various	Imposes an excise tax of $200 on each firearm that is transferred.	Eliminates transfer tax on most firearms. Imposes a $200 tax on machineguns or other destructive devices.
Immigration	Various	Provides for electronic money transfers from one country to another; provides American opportunity tax credit and lifelong learning credit for students with taxpayer identification numbers.	Establishes a 1 percent excise tax on any money transfer, to be paid by the sender; requires work eligible Social Security number to obtain refunds.

Nelson Mullins Side By Side Comparison of Prior Law and OBBBA prepared by Wells Hall, Seth Proctor, and Maurice Holloway. July 14, 2025