CHANDLER & KNOWLES
CPAs, PLLC

OBBBA Client Timeline (Simplified Summary)

Effective September 30, 2025

- **Energy Credits & Incentives**
  • Previously Owned Clean Vehicle Credit repealed (25E)
  • Clean Vehicle Credit repealed (30D)
  • Qualified Commercial Clean Vehicle Credit repealed (45W)
  Vehicles must be *acquired* (binding contract + payment) by this date to qualify.

Beginning with 2025 Tax Year

Individual Provisions

- **Standard Deduction Increase**

- **Senior Deduction**: Extra $6,000 per spouse age 65+ (2025–2028 only).

- **SALT Deduction Cap**: Raised to $40,000 (MFJ), increases 1% annually through 2029, then reverts to $10,000 in 2030.

- **Itemized Deductions**: Several changes, including disaster loss rules extended.

- **New Deductions**:
  • "No tax on tips" (up to $25k).
  • "No tax on overtime" (up to $12.5k / $25k MFJ).
  • Interest on passenger vehicle loans (2025–2028).

Credits & Exclusions

- **Child Tax Credit**: Increases from $2,000 to $2,200.

- **Adoption Credit**: Partially refundable; expanded definition of "special needs child."

- **529 Plans**: Expanded for K-12 and credentialing expenses.

- **Small Business Stock Exclusion (QSBS)**: Higher gain limits ($15M cap, $75M asset test).

Business Provisions

- **Bonus Depreciation**: 100% bonus made permanent (option for 40% in year 1).
- **§179 Expensing**: Limit increased to $2.5M, phaseout at $4M.
- **Research & Development**: Full expensing of domestic R&D costs reinstated.
- **Sound Recording & Production**: Qualified production property gets bonus depreciation.
- **ERC (Employee Retention Credit)**: No claims allowed after July 4, 2025.

Effective December 31, 2025

- **Residential Energy Credits End**
  • Energy Efficient Home Improvements (25C).
  • Residential Clean Energy (25D).
- **Premium Tax Credit**: Enhanced subsidies expire → higher health insurance costs likely.

Effective June 30, 2026

- **Repeals**:
  • Alternative Fuel Refueling Credit (30C).
  • Energy Efficient Commercial Buildings Deduction (179D).
  • New Energy Efficient Home Credit (45L).

Beginning with 2026 Tax Year

- **AMT Reset**: Exemption reverts to $1M MFJ; phaseout rate increases.
- **Charitable Deduction Floor**: 0.5% AGI for itemizers; new $1,000 ($2,000 MFJ) above-the-line charitable deduction.
- **Child & Dependent Care Credit**: Raised to 50% of expenses, with AGI phaseout.
- **Trump Accounts**: New IRA-like accounts for minors, seeded with $1,000. Employer contributions excluded up to $2,500.
- **Education Credits**: Stricter reporting requirements (SSNs, school EIN).
- **SALT & Itemized Deductions**: Modified limitations, gambling losses capped, etc.

- **Business Provisions**: Meals deduction tightened, expanded employer credits for child care, New Markets Credit made permanent, LIHTC expanded.

Beginning with 2027 Tax Year

- **QSBS**: $15M gain cap & $75M gross asset test adjusted for inflation.
- **529 Plans**: Higher limits for K–12 withdrawals.
- **Charitable Contribution Credit**: Up to $1,700 nonrefundable credit for scholarship donations.
- **Qualified Opportunity Zones**: Expanded incentives, longer deferral periods.
- **Premium Tax Credit**: Limited to "eligible aliens."

Beginning with 2028 Tax Year

- **Trump Accounts**: Contribution limits indexed for inflation.
- **Premium Tax Credits**: New verification rules for Advanced Premium Credits.

Client Takeaway (Practical Guidance)

1. **Act fast (Sept 2025)** if planning to buy a clean vehicle.
2. **Homeowners**: Complete energy projects before **Dec 2025**.
3. **Builders/Developers**: Finish projects before **June 2026** to lock in credits.
4. **Families**: Plan around new deductions/credits (tips, overtime, SALT, child credits).
5. **Business Owners**: Take advantage of permanent bonus depreciation, §179, R&D expensing, and expanded credits.
6. **Health Insurance**: Expect subsidy changes after 2025.
7. **Forward Planning**: Trump Accounts, Opportunity Zones, and QSBS changes may create new planning opportunities.