One Big Beautiful Bill Act: Key Tax Changes That May Impact Your Estate Plan



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The One Big Beautiful Bill Act ("**OBBBA**") extends certain provisions of the Tax Cuts and Jobs Act ("**TCJA**") (2017) set to expire at the end of 2025 and introduces several new tax measures. The following are a few of the key provisions which may affect you as an individual, family, and/or business owner below. **Please contact us to discuss any of these provisions (or others) in further detail.**

Estate and Gift Tax Basic Exclusion Amount: Effective January 1, 2026, OBBBA raises the federal estate, gift, and generation-skipping transfer tax exclusion amount from the current $13.99 million to $15 million, indexed for inflation, with no sunset provision.

Income Tax Rates and Standard Deduction: OBBBA permanently extends TCJA tax brackets (top rate 37%) and maintains the higher standard deduction ($15,750 for single filers, $31,500 for married couples filing jointly, and $23,625 for heads of households, all indexed for inflation).

State and Local Tax (SALT) Deduction Limit: The SALT deduction cap will be temporarily raised from $10,000 to $40,000 (indexed for inflation at 1% annually) for tax years 2025 through 2029. However, there is a phase out for taxpayers starting at $250,000 ($500,000 for married couples filing jointly.).

Limits Charitable Deductions: Beginning in 2026, for taxpayers who itemize, only contributions exceeding 0.5% of the individual's adjusted gross income will qualify as a charitable deductible. For taxpayers claiming the standard deduction, OBBBA

limits charitable deductions to $1,000 ($2,000 for married couples filing jointly). Starting after December 31, 2025, corporations can only deduct contributions exceeding 1% of taxable income, capped at 10%.

Child Tax Credit: OBBBA makes permanent the TCJA's enhancements to the Child Tax Credit, increasing the nonrefundable credit amount to $2,200 per qualifying child indexed for inflation and increasing the refundable portion to $1,400.

529 Accounts: OBBBA expands the scope of tax-exempt distributions from a 529 plan. Under the new provisions, 529 plan funds can now be used for a broader range of educational expenses for K-12 education and secondary education such as tuition, books or other instructional materials, tutoring educational therapies and other expenses, with certain limitations.

Qualified Small Business Stock (QSBS): Exclusions for gains on QSBS under Section 1202 is expanded under OBBBA in order to incentivize investment in startups and small businesses. Section 1202's 100% gain exclusion was previously available for QSBS issued after 2010 if a taxpayer's holding period exceeded five years. Now, taxpayers with QSBS issued after July 4, 2025, can take advantage of a tiered exclusion based on the applicable holding period. *(New Jersey will be in conformity with IRC 1202 for tax years beginning on or after January 1, 2026 pursuant to the signing of Bill A4455)*

Temporary Deductions for Tips and Overtime Pay (2025–2028): OBBBA creates a deduction allowing taxpayers who receive tips to deduct up to $25,000 in qualified tips, and creates an additional deduction of $12,500 for qualified overtime income (excluding tips) ($25,000 for married couples filing jointly).

For more information or assistance, please contact:

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