



Top Ten OBBBA Provisions for Individual Taxpayers

Topic	Provision
Personal exemption deduction for seniors	Allows for a personal exemption deduction of up to \$6,000 for seniors (age 65 and up) for 2025 through 2028 tax years that begins to phase out when the taxpayer's modified AGI exceeds \$75,000 (\$150,000 MFJ).
AMT exemption amounts and phaseouts	The TCJA's increased exemption and phaseout amounts are generally made permanent, but, beginning with the 2026 tax year, the exemption phaseout amount for MFJ and surviving spouse filers reverts back to the 2018 \$1 million threshold and the rate at which the exemption is phased out is doubled from 25% to 50%.
SALT limitation	Increases the SALT deduction to \$40,000 for the 2025 tax year and increases it by 1% through the 2029 tax year. Reverts back to \$10,000 after 2029. No changes to passthrough entity tax treatment.
Disaster relief	Retroactively extends the enhanced personal casualty loss deductions available for federal disasters declared prior to September 2, 2025, if the disaster incident period ends by August 3, 2025. This means non-itemizers can claim a qualified disaster loss and the 10% AGI threshold is waived. In addition, personal casualty losses can be claimed for state-declared disasters beginning with the 2026 taxable year.
Charitable contributions deduction	<ul style="list-style-type: none"> Allows non-itemizers to claim charitable deductions of up to \$1,000 (\$2,000 MFJ) beginning with the 2026 tax year Imposes a 0.5% floor for individuals who itemize beginning with the 2026 tax year
Child Tax Credit (CTC) and Other Dependent Credit	Increases the CTC to \$2,200 beginning with the 2025 tax year and provides for inflation adjustments thereafter. Social Security number required for child(ren) and one parent for purposes of CTC. (TCJA increased the credit to \$2,000 and enacted a nonrefundable \$500 credit for dependents who are not qualifying children; required Social Security number for qualifying child and increased phase-out levels).



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No tax on tips	Provides a deduction of up to \$25,000 for cash tips provided voluntarily to taxpayers in an “occupation that traditionally and customarily receive tips” (as determined by Treasury Secretary) for the 2025 through 2028 tax years and that are reported to the IRS on a W-2 or 1099. Deduction begins to phase out for taxpayers with modified AGI of \$150,000 (\$300,000 MFJ).
No tax on overtime	Allows a deduction for overtime pay of up to \$12,500 (\$25,000 MFJ) that begins to phase out for taxpayers with modified AGI above \$150,000 (\$300,000 MFJ).
No tax on qualified car loan interest	Allows a deduction of up to \$10,000 for qualified passenger vehicle interest paid during the 2025 through 2028 tax years on loans incurred (including refinancing) after 2024. Deduction phases out for taxpayers with modified AGI above \$100,000 (\$200,000 MFJ).
Student loan interest	Permanently extends COD exclusion for student loans forgiven due to student’s death or disability. American Rescue Plan Act full exclusion of student loan forgiveness sunsets at end of 2025 tax year.