



EXTENSION



One Big Beautiful Bill

Individual and Business Tax Provisions

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Modified Individual Tax Items

Tax Rates

- Permanently extends rates from the Tax Cuts and Jobs Act (TCJA)
- Broader 10% and 12% Brackets

Tax Rates

- | | |
|------------------|----------------------------------|
| • 2025 & future | 10, 12, 22, 24, 32, 35, and 37 % |
| • 2017 (old law) | 10, 15, 25, 28, 33, 35, and 39 % |

Modified Individual Tax Items

Standard Deduction

- Permanently extends the larger amounts
- Deduction amount was also increased for 2025
 - 2025: \$15,750 single \$31,500 married filing joint

Personal Exemption

- Permanently repealed (gone forever)

Modified Individual Tax Items

Deduction for seniors (65 years of age or older)

- 2025 through 2028: \$6,000 for qualifying individual
- Subject to a 6% phaseout if Modified Adjusted Gross Income exceeds \$75,000 for single filers and \$150,000 for married filing joint

Modified Individual Tax Items

Child Tax Credit was enhanced

- For 2025, amount is \$2,200 (was \$2,000)
- Indexed for inflation beginning in 2026

Modified Individual Tax Items

20% Qualified Business Income Deduction

- Made permanent
- Enhancements will go into effect beginning in 2026
 - 2026 minimum deduction is \$400 if at least \$1,000 in active qualified business income
 - Indexed for inflation for future years

Modified Individual Tax Items

Casualty Loss Deduction

- Permanent limitation of casualty and theft losses for personal use property
- Prior law required an area to have a federal disaster declaration for a personal property casualty loss to be deductible
- Now an area can receive a federal disaster declaration or a state disaster declaration which allows for a deductible casualty loss

Modified Individual Tax Items

Miscellaneous Itemized Deductions

- Permanent suspension of the miscellaneous itemized deductions
- Other items such as investment interest expense and gambling losses remain deductible subject to limitations
- Refer to IRS Publication 529, Miscellaneous Deductions for additional information

Modified Individual Tax Items

Estate and Gift Tax Exemption

- Permanent retention of the higher exemption from TCJA
- Individual Exemption is \$13.99 million for 2025
- Individual Exemption is \$15.00 million for 2026
- The deceased spouse unused exemption carryforward has been retained for use by the surviving spouse
- Exemption amount is to be indexed annually for inflation

Business Tax Items

Additional First Year (Bonus) Depreciation

- Made permanent 100% bonus depreciation (no phase-out)
- Qualified property acquired and placed in service after January 19, 2025 (40% for prop. placed in service prior to Jan 20th)
- Includes trees and vines planted or grafted after January 19, 2025
- Applies to business property as well as investment property and can offset other taxable income

Business Tax Items

Section 179 Expensing Election

- 2025 deduction limit was increased to \$2,500,000 from \$1,250,000
- 2025 phase-out threshold was raised to \$4,000,000 from \$3,300,000
- Indexed annually for inflation beginning in 2026
- Can only reduce business income (Schedule F or Schedule C) but not below zero (cannot create a loss)

Business Tax Items

1099-MISC and 1099-NEC Requirements

- Payment threshold for reporting increased from \$600 to \$2,000 beginning with payments made in 2026
- The form must be provided when the payment is \$2,000 or more
- Reduces the number of Forms 1099-MiSC and 1099-NEC that must be filed

Business Tax Items

Gain on sale or exchange of farmland (qualified farmers)

Seller Requirements

- Election made when selling farmland to a qualified farmer
- Seller can pay tax on the gain over 4 equal installments
- Seller must have farmed or leased the property to a qualified farmer for 10 years prior to the sale

Business Tax Items

Gain on sale or exchange of farmland (qualified farmers)

Buyer Requirements

- Purchaser must agree to a covenant requiring the property be used only for farming purposes for 10 years after the sale
- A copy of the covenant must be filed with the buyer's tax return for the year of sale
- Allowed for sales occurring after July 4, 2025

Survey

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Questions and Comments

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