

Income Insights: Big Beautiful Bill's Impact for Individuals

Holly Swan

Head of Wealth Solutions, Global Client Strategy

The One Big Beautiful Bill Act, signed into law on July 4, 2025, enacts sweeping changes to the U.S. Tax Code with a focus on extending and enhancing provisions from the 2017 Tax Cuts and Jobs Act (TCJA). The most significant provisions affecting individual taxpayers are summarized below.

Tax rates and brackets

- The **TCJA tax brackets** (10%, 12%, 22%, 32%, 35%, and 37%) have been made **permanent**.
- An **additional year of inflation adjustment** has been applied to the 10% and 12% brackets starting in 2025.

Standard deduction and personal exemption

- The **enhanced standard deduction** has been made permanent and has increased to:
 - \$31,500 for joint filers
 - \$23,625 for heads of household
 - \$15,750 for single filers

It will be indexed for inflation each year thereafter.

- The **elimination** of the **personal exemption** has been made **permanent**.

Senior deduction (2025–2028)

- A temporary \$6,000 deduction for seniors (per qualifying individual) has been made available to both itemizers and non-itemizers.
- The deduction phases out when modified adjusted gross income (AGI) exceeds \$75,000 (\$150,000 for joint senior filers).

Temporary deductions (2025–2028)

- A **tip income deduction** of up to \$25,000 will be temporarily available for workers in traditionally tipped industries. This deduction phases out when AGI exceeds \$150,000 (\$300,000 for joint filers).
- An **overtime income deduction** of up to \$12,500 (\$25,000 for joint filers) will be temporarily available. This deduction phases out when AGI exceeds \$150,000 (\$300,000 for joint filers).
- An **auto loan interest deduction** of up to \$10,000 for U.S.-assembled new vehicles will be temporarily available. This deduction phases out when AGI exceeds \$100,000 (\$200,000 for joint filers).



Child tax credit

- The TCJA child tax credit has been made **permanent**.
- The maximum credit has been increased to \$2,200 per child in 2026 and will be indexed for inflation thereafter.

Charitable contributions

- There will now be a **0.5% floor** on itemized charitable deductions.
- A **permanent above-the-line charitable deduction** has been added:
 - \$1,000 for individuals
 - \$2,000 for joint filers

Mortgage interest deduction

- The **\$750,000 principal cap** for mortgage interest deduction has been made **permanent**.

SALT deduction cap

- This has temporarily **increased to \$40,000 in 2025** and will rise 1% annually through **2029**.
- It will be **phased out** for incomes **above \$500,000**.
- In **2030**, it will revert to a **\$10,000 cap**.

Itemized deductions

- The **value of itemized deductions** has been capped at **35%** for top-bracket taxpayers.
- The following have been made permanent:
 - Limits on **personal casualty losses**
 - The elimination of **miscellaneous itemized deductions** (except educator expenses)
 - The repeal of the **Pease limitation**
 - Restrictions on **moving expenses** (except for military and intelligence personnel)

Alternative minimum tax (AMT)

- The **AMT exemption increase** has been made permanent.
- **Phaseout thresholds will revert** to 2018 levels (\$500,000 for single filers/\$1 million for joint filers), indexed for inflation.

Repeal of green energy credits

- Several **Inflation Reduction Act** credits for individuals have been repealed (e.g., EV and energy efficiency) after 2025.

Allspring Global Investments does not provide accounting, legal, or tax advice or investment recommendations. Any tax or legal information on this page is merely a summary of our understanding and interpretations of some of the current income tax regulations and is not exhaustive. Investors should consult their tax advisor or legal counsel for advice and information concerning their particular situation.

This material is provided for informational purposes only.

THIS CONTENT AND THE INFORMATION WITHIN DO NOT CONSTITUTE AN OFFER OR SOLICITATION IN ANY JURISDICTION WHERE OR TO ANY PERSON TO WHOM IT WOULD BE UNAUTHORIZED OR UNLAWFUL TO DO SO AND SHOULD NOT BE CONSIDERED INVESTMENT ADVICE, AN INVESTMENT RECOMMENDATION, OR INVESTMENT RESEARCH IN ANY JURISDICTION.



INVESTMENT RISKS: All investments contain risk. Your capital may be at risk. The value, price, or income of investments or financial instruments can fall as well as rise and is not guaranteed. You may not get back the amount originally invested. Past performance is not a guarantee or reliable indicator of future results.

Allspring Global Investments™ (Allspring) is the trade name for the asset management firms of Allspring Global Investments Holdings, LLC, a holding company indirectly owned by certain private funds of GTCR LLC and Reverence Capital Partners, L.P. These firms include but are not limited to Allspring Funds Management, LLC, and Allspring Global Investments, LLC.

Unless otherwise stated, Allspring is the source of all data (which is current or as of the date stated). Content is provided for informational purposes only. Views, opinions, assumptions, or estimates are not necessarily those of Allspring or their affiliates and there is no representation regarding their adequacy, accuracy, or completeness. They should not be relied upon and may be subject to change without notice.

© 2025 Allspring Global Investments Holdings, LLC. All rights reserved.

ALL-07092025-gphlxmsu