

The U.S. House of Representatives has passed the TCJA Permanency Act (H.R. 976), aiming to make permanent several provisions from the 2017 Tax Cuts and Jobs Act (TCJA) that are set to expire at the end of 2025.

Below is a summary of the major provisions, categorized into individual and business tax changes: The fiscal impact of this proposal s for tax years 2025-2034 is \$ 3.819 trillion. The U.S. Senate will review this tax proposals.

Individual Tax Provisions

Tax Rates and Deductions

- **Permanent Tax Brackets:** The bill makes the current TCJA tax brackets permanent, including the top 37% rate, and adjusts bracket thresholds for inflation.
- **Standard Deduction:** The enhanced standard deduction is made permanent, with additional increases through 2028: \$2,000 for married couples filing jointly, \$1,500 for heads of household, and \$1,000 for other filers.

Credits and Exemptions

- **Child Tax Credit (CTC):** Increased to **\$2,500** per child for tax years 2025–2028, then reverts to \$2,000 with inflation adjustments. The refundable portion remains at \$1,400, adjusted for inflation.
- **Alternative Minimum Tax (AMT):** The higher exemption amounts and phase-out thresholds introduced by the TCJA are made permanent.
- **Estate and Gift Tax:** The exemption is permanently increased to **\$15 million per individual**, indexed for inflation. This is an increase from the current exemption of \$13.99 million in 2025.

Itemized Deductions and Other Changes

- **State and Local Tax (SALT) Deduction:** The \$10,000 cap is replaced with a new limit: a **\$40,000** deduction cap per household (**\$20,000** for MFS) starting in 2025, reduced for taxpayers with modified adjusted gross income over \$400,000, but not below \$10,000.
- **Mortgage Interest Deduction:** The \$750,000 cap on mortgage debt eligible for interest deduction is made permanent.
- **Miscellaneous Itemized Deductions:** Permanently eliminated, including deductions for unreimbursed employee expenses and tax preparation fees.
- **Charitable Contributions:** Reinstates a partial deduction for non-itemizers—up to \$150 for individuals and \$300 for joint filers—for tax years 2025 through 2028.

New Provisions

- **No Tax on Tips and Overtime:** Introduces above-the-line deductions for qualified tips and overtime compensation, subject to specific conditions.
 - **Senior Bonus Deduction:** Provides a temporary \$4,000 deduction for individuals aged 65 and older, phasing out for incomes over \$75,000 (\$150,000 for joint filers), available from 2025 to 2028.
 - **Car Loan Interest Deduction:** Allows a deduction for interest on qualified passenger vehicle loans for **personal use**, up to \$10,000 annually, with income-based phase-outs, applicable from 2025 through 2028.
 - **Education and Savings:** Expands 529 plan eligibility to cover elementary, secondary, and homeschooling expenses, as well as certain postsecondary credentialing costs.
 - **Student Loan Discharge:** Permanently excludes from gross income student loans discharged due to death or total and permanent disability.
 - **Money accounts for growth and advancement** A new tax-preferred account. Eligible beneficiaries would be children under the age 8 when the account is established. Contribution would be limited to \$5,000 per year. Distribution from MAGA would not be permitted until the beneficiary reaches age 18. Treasury will publish detailed rules.
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Business Tax Provisions

Pass-Through Entities

- **Qualified Business Income (QBI) Deduction:** The 20% deduction under Section 199A is made permanent, with an increased deduction rate of 23% for qualified business income. The threshold amounts for the deduction are indexed for inflation after 2025.

Depreciation and Expensing

- **Bonus Depreciation:** Extends 100% bonus depreciation for qualified property acquired and placed in service after January 19, 2025, through 2029 (2030 for certain property).
- **Research and Development (R&D) Expenditures:** Suspends the requirement to capitalize and amortize domestic R&D expenses, allowing immediate expensing for tax years beginning after December 31, 2024, and before January 1, 2030.

Other Business Provisions

- **Employer-Provided Child Care Credit:** Increases the credit rate to 40% (50% for eligible small businesses) of qualified child care expenditures, with the credit limit raised to \$500,000 (\$600,000 for small businesses), adjusted for inflation.
- **Paid Family and Medical Leave Credit:** Makes the employer credit for paid family and medical leave permanent.
- **Information Reporting Thresholds:** Raises the threshold for Form 1099 reporting from \$600 to \$2,000, with annual inflation adjustments starting after 2026