



The "One Big Beautiful Bill Act" (OBBA) Impact

Major changes are coming for the 2026 tax filing season (covering tax year 2025), focusing on individual relief and reporting adjustments. Many of these changes will help low to moderate income earners over the next few years.

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New & Increased Deductions

Standard Deduction Increases

Spark Financial Services					
Current & Historical Standard Deductions					
Filing Status	Tax Year				
	2023	2024	2025	2025 OB3	2026
Single / Married Filing Separately	\$13,850	\$14,600	\$15,000	\$15,750	\$16,100
Head of Household	\$20,800	\$21,900	\$22,500	\$23,625	\$24,150
Married Filing Jointly	\$27,700	\$29,200	\$30,000	\$31,500	\$32,200

👉 Senior Tax Deduction: A new temporary deduction (2025–2028) of **\$6,000** for individuals over age 65 (phased out if MAGI > \$75k)

👉 Car Loan Interest: You can now deduct interest on qualified passenger vehicle loans incurred after Dec 31, 2024, for personal use

👉 No Tax on Tips: A deduction of up to **\$25,000** for qualified tips in specific occupations

👉 No Tax on Overtime: A deduction of up to **\$12,500** (\$25k for joint filers) for qualified overtime compensation

👉 Deduction for EDUCATORS: **\$300** for non-itemizers; eligibility expanded to include coaches - **no limit** if you itemize 🎓

👉 Charitable Contributions: NEW **\$1000** deduction for non-itemizers; permanent floor of 0.5% of AGI for those that itemize

👉 Mortgage Interest: Cap of **\$750k** is permanent, PMI included as mortgage interest

👉 State and local taxes: Cap is increased to **\$40k through 2029** (state/sales tax, real estate property taxes, etc.) **THIS IS HUGE!!!!!!**

Important Reminders

Electronic Payments: Executive Order 14247 mandates automatic debits for tax payments; paper checks for federal disbursements will end after Sept 30, 2025. Will delay receipt of refunds if you don't provide direct deposit info on your tax return.



Reporting Changes

1099-K Threshold Reset: The reporting threshold for third-party networks is reinstated to **\$20,000 and 200 transactions** (reversing the \$600 rule)



Popular Tax Credit Changes

Child Tax Credit: Up to **\$2,200** per child

Earned Income Tax Credit: **NEW Precertification requirement** coming in 2028.

Credits going Away

👉 Residential clean energy credit will go away as of June 30 2026 (i.e. rooftop solar)

👉 Tax credits for energy efficient home improvements

👉 Tax credits for the purchase of new electric vehicles

👉 Expiration of enhanced ACA Premium Tax Credits for policies purchased through the marketplace

Miscellaneous Updates

👉 [Click here](#) to view the IRS return preparer directory to check if your tax pro is legit!

Trump Accounts

- tax-advantaged savings and investment accounts with tax free growth for children under 18
- \$5,000 per child/year; locked until they turn 18; \$1,000 seed money from the government for children born Jan 2025 - Dec 2028

Minimize taxes by

- Maxing out retirement accounts
- Contributing to a traditional IRA
- Utilizing an HSA plan
- OWNING A BUSINESS

👉 [Schedule a tax strategy session](#) with me for a small fee!

👉 Follow me on IG - @mothemoneypro to keep up with "Tax Tip Tuesdays"