



One, Big, Beautiful Bill provisions – Individuals and workers

The [One, Big, Beautiful Bill Act](#) [↗](#) significantly affects federal taxes, credits and deductions. It was signed into law on July 4, 2025, as Public Law 119-21.

The following sections outline tax provisions for individuals and workers under the One, Big, Beautiful Bill, including available resources.

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[⊖](#) **Tax inflation adjustments (Sections 70101, 70102, 70106, 70107, and 70401)**

Standard deduction increases

Tax year 2026

- \$32,200 for married couples filing jointly
- \$16,100 for single filers and married individuals filing separately
- \$24,150 for heads of household

Tax year 2025

- \$31,500 for married couples filing jointly
- \$15,750 for single filers and married individuals filing separately
- \$23,625 for heads of household

Marginal rates for tax year 2026

- **37%** for income **over \$640,600** (single) **or \$768,700** (married filing jointly)
- **35%** for income **over \$256,225** (single) **or \$512,450** (married filing jointly)
- **32%** for income **over \$201,775** (single) **or \$403,550** (married filing jointly)
- **24%** for income **over \$105,700** (single) **or \$211,400** (married filing jointly)
- **22%** for income **over \$50,400** (single) **or \$100,800** (married filing jointly)
- **12%** for income **over \$12,400** (single) **or \$24,800** (married filing jointly)
- **10%** for income **up to \$12,400** (single) **or \$24,800** (married filing jointly)

Alternative minimum tax exemption amounts for tax year 2026

- \$90,100 for single filers (phased out at \$500,000)
- \$140,200 for married couples filing jointly (phases out at \$1,000,000)

Estate tax exclusion for tax year 2026

- Basic exclusion amount is \$15,000,000
- Up from \$13,990,000 for 2025 decedents

Adoption credit limits for tax year 2026

- Maximum adoption credit is \$17,670, which is higher than the \$17,280 limit for 2025.
- Up to \$5,120 of this credit may be refundable.

Employer-provided childcare credit expansion for tax year 2026

- Maximum amount increases from \$150,000 to \$500,000
- Maximum increase to \$600,000 if employer is an eligible small business

Related resources

- [Schedule 1-A, Additional Deductions: What to know about the new form \(FS-2026-04\)](#)
- [Tax Withholding Estimator now reflects changes under the One, Big, Beautiful Bill \(Ready-to-use-article\)](#)
- [Updated Tax Withholding Estimator lets millions of taxpayers take One, Big, Beautiful Bill changes into account when calculating their withholding \(IR-2026-35\)](#)
- [Taxpayers could see a change in their 2025 tax bill or refund \(Tax Tip 2026-20\)](#)
- [New and enhanced deductions for individuals \(Tax Tip 2026-12\)](#)
- [2026 tax inflation adjustments \(IR 2025-103\)](#)

Deduction for seniors (Section 70103)

Overview of the deduction

- Effective 2025 through 2028, individuals age 65 and older may claim an additional \$6,000 deduction
- This is in addition to the standard deduction for seniors available under existing law
- Applies per eligible individual (or \$12,000 for a married couple if both spouses qualify)
- Phases out for taxpayers with modified adjusted gross income over \$75,000 (\$150,000 for joint filers)

Who qualifies

- You must be age 65 on or before the last day of the tax year
- Available for eligible taxpayers (both itemizing and non-itemizing)

How to claim the deduction

- Include your Social Security number on the return
- File jointly, if you're married

Related resources

- [Check your eligibility for the new enhanced deduction for seniors \(Ready-to-use article, Feb. 27, 2026\)](#)
- [2026 filing season updates and resources for seniors \(Tax Tip 2026-14\)](#)
- [Tax deductions for workers and seniors \(FS-2025-03\)](#)

⊖ No tax on tips (Section 70201)

Overview of the deduction

- Effective 2025 through 2028, employees and self-employed individuals may deduct qualified tips they received in occupations the IRS identified as “customarily and regularly receiving tips” on or before Dec. 31, 2024, and are reported on a Form W-2, Form 1099, another statement furnished to the individual, or on [Form 4137](#) if the individual directly reports the tips
- “Qualified tips” include voluntary cash or charged tips received from customers, including shared tips
- Maximum annual deduction is \$25,000
- For self-employed individuals, deduction cannot exceed net income (before this deduction) from the trade or business where tips were earned
- Phases out for taxpayers with modified adjusted gross income over \$150,000 (\$300,000 for joint filers)

Who qualifies

Individuals who:

- Have a Social Security number (SSN)
- Claim itemized or non-itemized deductions

Who doesn't qualify

Individuals who are:

- Self-employed in a Specified Service Trade or Business (SSTB) under Section 199A
- Employees of an employer in an SSTB


How to claim the deduction

- Include your Social Security number on the return
- File jointly if you're married

Reporting requirements

- Employers and other payors must report certain cash tips and the occupation of the tip recipient on IRS (or SSA) information returns
- Treasury and IRS will provide penalty relief for tax year 2025

Related resources

- [How to take advantage of no tax on tips and overtime \(IRS Tax Tip 2026-05\)](#)
- [Individuals who received tips or overtime during tax year 2025 \(IR-2025-114\)](#)
- [Penalty relief for 2025 tip and overtime reporting \(IR-2025-110\)](#)
- [Proposed regulations for tipped occupations and qualified tips](#) 

No tax on overtime (Section 70202)

Overview of the deduction

- Effective 2025 through 2028, individuals may deduct the portion of qualified overtime pay that exceeds their regular rate of pay (for example, the “half” portion of “time-and-a-half”)
- Overtime must be reported on Form W-2, Form 1099, another statement furnished to the individual, or directly by the individual
- Maximum annual deduction is \$12,500 (\$25,000 for joint filers)
- Phases out for taxpayers with modified adjusted gross income over \$150,000 (\$300,000 for joint filers)

Who qualifies

Taxpayer who:

- Have a Social Security number (SSN)
- Claim itemized or non-itemized deductions

How to claim the deduction

- Include your Social Security number on the return
- File jointly if you're married

Reporting requirements

- Employers and other payors must report qualified overtime compensation on IRS (or SSA) information returns
- Treasury and the IRS will provide transition relief for tax year 2025

Related resources

- [How to take advantage of no tax on tips and overtime \(IRS Tax Tip 2026-05\)](#)
- [FAQs issued to address the new deduction for qualified overtime compensation \(IR-2026-10\)](#)
- [FAQs about the new deduction for qualified overtime compensation \(FS-2026-01\)](#)
- [Individuals who received tips or overtime during tax year 2025 \(IR-2025-114\)](#)
- [Penalty relief for 2025 tip and overtime reporting \(IR-2025-110\)](#)

No tax on car loan interest (Section 70203)

Overview of the new deduction

- Effective 2025 through 2028, individuals may deduct interest paid on a loan used to purchase a qualified vehicle for personal use that meets other eligibility criteria. Lease payments do not qualify
- Maximum annual deduction is \$10,000
- Phases out for taxpayers with modified adjusted gross income over \$100,000 (\$200,000 for joint filers)

What counts as qualified interest

Interest must be paid on a loan that:

- Originated after Dec. 31, 2024
- Was used to purchase a vehicle originally used by the taxpayer
- Was secured by a lien on the vehicle
- Was for a personal-use (nonbusiness) vehicle


If a qualifying vehicle loan is later refinanced, interest paid on the refinanced amount is generally eligible for the deduction.

What counts as a qualified vehicle

A qualified vehicle is a car, minivan, van, SUV, pickup truck or motorcycle that:

- Has a gross vehicle weight rating of less than 14,000 pounds
- Underwent final assembly in the United States

To verify final assembly, check one of these:

- The vehicle label at the dealership
- The vehicle identification number (VIN)
- The National Highway Traffic Safety Administration, [NHTSA VIN Decoder \(verify vehicle assembly location\)](#) 

Who qualifies

- Available to both itemizing and non-itemizing taxpayers
- You must include the VIN on your return for any year you claim the deduction

Reporting requirements

- Lenders or other recipients of qualified interest must file information returns with the IRS and provide statements to taxpayers showing the total amount of interest received during the taxable year

Related resources

- [Guidance on the new deduction for car loan interest under the One, Big, Beautiful Bill \(IR-2025-129\)](#)
- [Notice 2025-57, Transitional Guidance Regarding Returns Relating to Certain Interest on Specified Passenger Vehicle Loans Received in a Trade or Business](#) 