

OBBB: 2026 federal highlights

Federal highlights from the One Big Beautiful Bill Act. A deduction reduces taxable income; it is not a dollar-for-dollar tax credit. Eligibility, filing status and state treatment matter.

MAGI means modified adjusted gross income. Each benefit has its own calculation. Ranges below show the reduction of the maximum deduction; smaller deductions can disappear sooner.

Qualified tips

2025-2028

Up to \$25,000 per return

MAGI: \$150,000-\$400,000; joint filers \$300,000-\$550,000.

Eligible occupations and voluntary reported tips only; married taxpayers must file jointly. Payroll and self-employment taxes still apply.

Reduce the deduction by \$100 for each full \$1,000 above the starting threshold.

IRS source:

<https://www.irs.gov/newsroom/working-families-tax-cuts-tax-deductions-for-working-americans-and-seniors>

Qualified overtime

2025-2028

Up to \$12,500; \$25,000 joint

MAGI: \$150,000-\$275,000; joint filers \$300,000-\$550,000.

Only the qualifying FLSA-required premium, such as the extra half of time-and-a-half; not all overtime wages. Married taxpayers must file jointly.

Reduce by \$100 for each full \$1,000 above the starting threshold.

IRS source:

<https://www.irs.gov/newsroom/working-families-tax-cuts-tax-deductions-for-working-americans-and-seniors>

Additional deduction for age 65+

2025-2028

Up to \$6,000 per eligible person; \$12,000 if both spouses qualify

MAGI: \$75,000-\$175,000; joint filers \$150,000-\$250,000.

Available whether itemizing or taking the standard deduction. Married taxpayers must file jointly. This does not make all Social Security benefits tax-free.

Each person's \$6,000 is reduced by 6% of MAGI above the threshold; both spouses lose the deduction at \$250,000 joint MAGI.

IRS source:

<https://www.irs.gov/newsroom/working-families-tax-cuts-tax-deductions-for-working-americans-and-seniors>

Qualifying vehicle loan interest

2025–2028

Up to \$10,000 per return

MAGI: \$100,000–\$150,000; joint filers \$200,000–\$250,000.

New qualifying personal-use vehicles, U.S. final assembly and qualifying loans originated after 2024. Used vehicles and leases do not qualify; VIN required.

Reduce by \$200 for each \$1,000 or fraction thereof above the starting threshold.

IRS source: <https://www.irs.gov/newsroom/treasury-irs-provide-guidance-on-the-new-deduction-for-car-loan-interest-under-the-one-big-beautiful-bill>

State and local tax deduction

Higher cap applies 2025–2029; scheduled \$10,000 cap in 2030

2026: \$40,400; \$20,200 married filing separately

Cap reduction starts above \$505,000 MAGI; \$252,500 married filing separately. The cap cannot fall below \$10,000, or \$5,000 separately.

For itemizers. The cap falls by 30% of MAGI above the threshold. The 2025 cap was \$40,000 (\$20,000 separately), with reduction starting above \$500,000 (\$250,000 separately).

IRS source: <https://www.irs.gov/forms-pubs/correction-to-state-and-local-income-tax-deduction-amount-in-the-2026-form-1040-es>

Child Tax Credit

2025 onward; indexed after 2025

2026: up to \$2,200 per qualifying child under 17; up to \$1,700 may be refundable

Begins above \$200,000 MAGI, or \$400,000 joint. Reduced by \$50 for each \$1,000 or fraction above the threshold; the endpoint depends on total credits.

Eligibility and Social Security number requirements apply. The refundable portion depends on earned income and other limits; it is not an automatic \$1,700 refund.

IRS source: <https://www.irs.gov/instructions/i1040s8>

Qualified business income deduction

Made permanent; wider limitation ranges begin in 2026

Potential deduction up to 20% of eligible QBI

2026 taxable-income limitation phase-in: joint \$403,500–\$553,500; married separately \$201,775–\$276,775; other returns \$201,750–\$276,750.

These are taxable-income thresholds before the QBI deduction, not MAGI. Specified-service businesses can lose eligibility above the range; other businesses may retain a deduction subject to wage/property limits. A \$400 minimum may apply with at least \$1,000 qualifying active-business QBI.

IRS source: https://www.irs.gov/irb/2025-45_IRB

Business equipment expensing

100% bonus restored permanently for qualifying acquisitions after January 19, 2025

2026 Section 179 maximum \$2,560,000

Section 179 is reduced dollar-for-dollar when qualifying property placed in service exceeds \$4,090,000; income and vehicle limits also apply.

100% bonus depreciation and Section 179 have different rules. An asset must qualify and be placed in service. The 2025 Section 179 limits were \$2,500,000 and \$4,000,000. Discuss a purchase before assuming the full cost is deductible.

IRS source: <https://www.irs.gov/publications/p946>

Charitable giving changes

2026 onward

Non-itemizers: up to \$1,000; \$2,000 joint, for qualifying cash gifts

No separate income phaseout for this deduction; contribution and recipient rules apply. Itemizers face a new 0.5%-of-AGI floor.

Not every recipient or gift qualifies. Noncash gifts do not qualify for the new non-itemizer deduction. Keep donation records and confirm treatment before filing.

IRS source: <https://www.irs.gov/publications/p505>

Energy and clean-vehicle credit deadlines

Major deadlines fell in 2025

New and used clean-vehicle credits generally ended for vehicles acquired after September 30, 2025

The home efficiency credit generally ended for property placed in service after December 31, 2025; residential clean-energy credit ended for expenditures after December 31, 2025.

Do not assume a new 2026 purchase qualifies. Certain vehicles acquired by the deadline but delivered later may qualify under special acquisition rules. Installation/completion timing matters for home projects.

IRS source: <https://www.irs.gov/newsroom/faqs-for-modification-of-sections-25c-25d-25e-30c-30d-45l-45w-and-179d-under-public-law-119-21-139-stat-72-july-4-2025-commonly-known-as-the-one-big-beautiful-bill-obbb>

1099 reporting thresholds

General 1099-NEC/MISC change begins with payments made in 2026

Many business-payment reporting thresholds rise from \$600 to \$2,000

Third-party network 1099-K threshold: more than \$20,000 AND more than 200 transactions; exceptions and state rules may differ.

These thresholds concern information forms, not whether income is taxable. Card-payment reporting, royalties and backup withholding have separate rules. Keep records even if no form arrives.

IRS source: <https://www.irs.gov/businesses/small-businesses-self-employed/a-guide-to-information-returns>

Gambling loss deduction

2026 onward under current enacted law

Deduction limited to the smaller of 90% of wagering losses or gambling winnings

No income phaseout; recreational gamblers must itemize.

Breaking even can still leave taxable gambling income. Keep separate winnings and loss records. Proposals to change this rule are not enacted law; recheck before filing.

IRS source: <https://www.irs.gov/publications/p505>