

## TAX WINS FOR HARDWORKING AMERICANS AND MAIN STREET

With One Big Beautiful Bill, Republicans are preventing the largest tax hike in history and providing groundbreaking new tax relief for middle-class workers and families.

This legislation permanently extends the Trump tax cuts, which proportionally benefited the middle class the most. If these tax cuts were allowed to expire, taxpayers in all income groups would face massive tax hikes, and the majority of the burden—**\$2.6 trillion**—would fall on taxpayers making less than \$400,000 per year.

The bill also provides more than **\$600 billion** of new tax relief specifically targeted to benefit low- and middle-income families and workers. Despite critics' rhetoric about tax cuts for "billionaires and corporations," the reality is this legislation prevents massive tax hikes across the board and overwhelmingly benefits middle-class households and job creators.

The [Joint Committee on Taxation](#) says the One Big Beautiful Bill provides:

- **\$73 billion** in inflation tax relief targeted at income brackets below \$100,000 per year.
- **\$205 billion** in tax relief to the 90 percent of taxpayers who claim the standard deduction.
- **\$93 billion** in additional tax relief for seniors through a new \$6,000 bonus exemption.
- **\$124 billion investment** in children of low- and middle-income families, in addition to the permanent, doubled child tax credit.

The legislation provides significant tax relief to hardworking families, including:

- **Permanent lower tax rates**, with an additional year of inflation adjustment to the 10 percent and 12 percent brackets, letting Americans keep more of their hard-earned money.
- **Permanent increased and enhanced standard deduction**. Beginning in 2025, the standard deduction, claimed by 90 percent of taxpayers, increases by \$1,500 for married couples, \$1,125 for a head of household and \$750 for individuals.
- **Permanent increased and enhanced child tax credit for tens of millions of families**. Increases the child tax credit to from \$2,000 to \$2,200 per child beginning in 2025.
- **Tax relief for seniors**. Provides a \$6,000 bonus exemption to millions of low- and middle-income seniors, slashing their tax burden.
- **No tax on tips for millions of tipped workers**. Creates a deduction of up to \$25,000 for qualified tips for millions of tipped workers like waitresses, barbers, hairstylists, and taxi drivers.
- **No tax on overtime for millions of America's hourly workers**. Creates an above-the-line income deduction for overtime premium payments of up to \$12,500 for hourly workers who work overtime and keep America running.
- **No tax on auto loan interest of up to \$10,000 for new cars made in the U.S.**, allowing hardworking families to fully deduct auto loan interest on American-made cars.

- **Enhances 529 education savings accounts**, making education expenses more affordable and accessible for families.
- **Establishes savings accounts for newborns and children up to age 18**, building financial security for the next generation.
- **Extends paid family and medical leave credit** to all 50 states and lowers minimum employee work requirement to six months from one year.
- **Enhances the child and dependent care credit and the dependent care assistance program**, making child care more accessible and affordable for working families.
- **Repeals the Democrats' onerous IRS reporting requirements on gig workers** who rely on third-party payment processors like Venmo and PayPal for transactions.
- **Increases the 1099-MISC threshold**, reducing the paperwork burden for small businesses and workers.
- **Expands health savings accounts**, allowing taxpayers to save and invest more of their own money tax-free to use for health care expenses.
- **Permanent deduction on charitable contributions for non-itemizers**. Establishes a permanent deduction of up to \$1,000 for single filers and \$2,000 for joint filers who do not itemize deductions.

**For small businesses that spur investment and economic activity, the bill:**

- **Makes the 20 percent small business deduction permanent** and includes a new, inflation-adjusted, minimum deduction of \$400 for taxpayers who have at least \$1,000 of qualified business income (QBI). Ensures small business owners with a certain QBI level are entitled to an enhanced baseline deduction, enabling job creation and spurring local economic activity.
- **Restores and makes permanent full expensing for domestic R&D to encourage domestic innovation**. Permanently allows taxpayers the flexibility to immediately deduct or capitalize and amortize domestic research or experimental expenditures paid or incurred in taxable years beginning after December 31, 2024. Without the restoration of full expensing, businesses were required to capitalize and amortize expenditures over a five-year period.
- **Restores and makes permanent full expensing for new capital investments**. Permanently allows businesses to immediately expense 100 percent of the cost of qualified property acquired on or after January 19, 2025. Without restoration of immediate 100 percent expensing, businesses can only immediately expense 40 percent of the cost for 2025, and this percentage would fall to 20 percent in 2026. It also increases the maximum amount a taxpayer may expense under Section 179 to \$2.5 million. Permanent expensing for investments in machinery and equipment will boost domestic production.
- **Restores and makes permanent interest deductibility**. Permanently restores the ability of businesses deducting net interest payments to include depreciation and amortization costs for taxable years beginning after December 31, 2024. Since 2017, the amount of interest deductions that businesses can take became limited to only using earnings before interest and taxes, representing a significant tax increase on firms. Restoring and making the deduction permanent at a globally competitive standard will help finance critical domestic investments.
- **Includes full expensing for new factories and factory improvements to accelerate domestic manufacturing**. Under current law, businesses must deduct the cost of nonresidential real property over a 39-year period.
- **Permanently renews and enhances the Opportunity Zone program**, driving \$100+ billion of investment to rural and distressed communities.