



WOLFGANG CAPITAL®

KEY TAX CHANGES FROM OBBS
LEGISLATION | AUGUST 6TH, 2025



TAX BRACKETS REMAIN FAVORABLE

The current tax brackets will continue largely unchanged. Without this legislation, we would have reverted to the less favorable 2017 tax brackets, making this a significant win for taxpayers.

NEW SENIOR DEDUCTION (EFFECTIVE 2025)

A brand new benefit for seniors:

- Single filers over 65: Additional \$6,000 deduction (income must be under \$75,000)
- Married filing jointly over 65: Additional \$12,000 deduction (income must be under \$150,000)
- Tax savings: Approximately \$2,000 for married couples who qualify
- This phases out as income increases beyond the limits

ESTATE TAX EXEMPTION PRESERVED

The current generous estate tax exemptions remain in place:

- Individual: \$14 million lifetime exemption
- Married couples: \$28 million combined exemption
- Without this bill, exemptions would have dropped to less than half these amounts

SALT DEDUCTION INCREASED

State and Local Tax (SALT) deductions increased significantly:

- Previous limit: \$10,000
- New limit: \$40,000
- Includes California income taxes, property taxes, and DMV registration fees
- Important: Phases out for income over \$5.5 million
- Particularly beneficial for California residents due to our high state taxes

CHARITABLE GIVING CHANGES

New benefit:

- You can now deduct up to \$1,000 in charitable contributions even when taking the standard deduction (single filers)

New limitation:

- Charitable contributions now have a 0.5% floor (you must exceed 0.5% of income before deductions begin)

ESSENTIAL TAKEAWAYS

- Most changes benefit taxpayers compared to what would have happened without this legislation
- The preservation of current tax brackets and estate exemptions prevents significant tax increases
- New senior deductions provide additional relief for retirees
- Business owners maintain valuable depreciation and income deduction benefits



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Travis Cramer CPA, MST *Tax Strategist*

With over a decade of experience in public accounting, Travis brings a wealth of knowledge and expertise to Wolfgang Capital. Travis' academic background includes a double major in Business Administration and Accounting from Central Washington University, followed by a master's in taxation from Golden Gate University.

Travis is dedicated to providing innovative tax solutions that help our clients protect and grow their wealth. His ability to translate complex tax concepts into actionable strategies makes him an invaluable asset to our team and clients alike.

NO TAX ON TIPS & OVERTIME

Tips: No federal income tax on up to \$25,000 of reported tips

- Still subject to payroll taxes and state taxes
- Limited to specific qualifying industries

Overtime: No federal income tax on the overtime premium portion only

- If you make \$10/hour regular and \$15/hour overtime, only the \$5 difference is tax-free
- Still subject to payroll and state taxes

VEHICLE PURCHASE INCENTIVE

New deduction for purchasing American-manufactured vehicles:

- Up to \$10,000 in interest deduction
- Vehicle must be manufactured in the United States
- Phases out at higher income levels

BUSINESS OWNER BENEFITS

TQBI Deduction Extended

The 20% qualified business income deduction for pass-through entities (partnerships, S-Corps, LLCs) remains in place.

100% Bonus Depreciation Restored

- Businesses can now write off 100% of qualified equipment purchases in the first year
- Previously scheduled to drop to 20% in 2025, then zero
- No income limitation (unlike Section 179 depreciation)
- Also applies to qualified improvement property in real estate

QUESTIONS?

These changes may create new planning opportunities for your specific situation. For personalized advice regarding how these updates might affect your tax strategy, please consult with a qualified tax professional.

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