



Ben Franklin Tax Services®

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Dear Friends:

We wish you good health, safety, and an enthusiastic start to the new year.

For your 2025 tax return, the **One, Big, Beautiful Bill Act (OBBA)** will bring substantial changes and below are some key points to note:

- (1) **Child Tax Credit:** The amount per child has been raised to **\$2,200**, with up to \$1,700 of that being refundable.
- (2) **State and Local Taxes (SALT):** For tax years 2025 through 2029, the itemized deduction cap for SALT increases from \$10,000 to **\$40,000**, though higher-income taxpayers will see gradual phaseouts.
- (3) **Auto Loan Interest:** In addition to the standard deduction, taxpayers can deduct **up to \$10,000** in interest paid on loans for new, U.S.-assembled personal vehicles (first use by taxpayer, under 14,000 pounds). The loan must be taken out after December 31, 2024, used only for purchasing a personal-use vehicle, and secured by the vehicle.
- (4) **Tips and Overtime Deduction:** Qualified taxpayers are permitted to claim an annual above-the-line deduction of up to \$25,000, in addition to the standard deduction, subject to regulatory limitations and requirements established by relevant tax authorities.
- (5) **100% Qualified Business Vehicle Bonus Depreciation:** Businesses may deduct up to 100% of the cost of eligible new or used vehicles over 6,000 lbs GVWR, placed in service after January 19, 2025, if used for business more than 50% of the time. Keep mileage logs to verify business use.

Disclaimer: The IRS is still finalizing new rules for OBBA.

Looking forward to hearing from you soon,

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