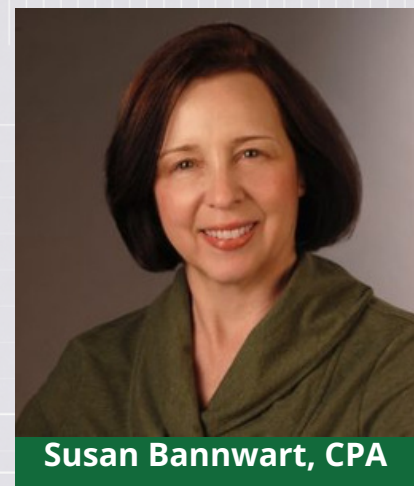


The One Big Beautiful Bill

WHAT YOU NEED TO KNOW

The One Big Beautiful Bill, passed on July 4, 2025, brings some important changes to tax laws.

Here's a quick look at what's new and how it may affect you.



Susan Bannwart, CPA

No Tax on Overtime (Effective 2025–2028)

- Some overtime pay is now exempt from federal income tax. Only the extra amount you earn for overtime (the premium) qualifies.
- For example: If you earn \$10/hour and \$15/hour in overtime, only the extra \$5/hour is tax-free.
- You can deduct up to \$12,500 in overtime premiums each year (\$25,000 for joint filers).
- This deduction only applies to federal income tax. You'll still pay Social Security, Medicare, and (if applicable) state taxes.
- Married couples must file jointly to qualify for the deduction.
- The deduction phases out for higher incomes (\$150,000 for singles/head of household, \$300,000 for joint filers).
- Applies to non-professional hourly workers or individuals earning a salary less than \$35,568 per year.

State and Local Tax (SALT) Deduction Changes (Effective 2025–2029)

- The SALT deduction cap rises to \$40,000 for most taxpayers in 2025, with small annual increases until 2029, then drops back to \$10,000 in 2030.
- Taxpayers with income below \$500,000 (or \$250,000 if married filing separately) can deduct up to the full limit.
- Above those income levels, the deduction gradually shrinks but never drops below \$10,000.

Pass-through Entity Tax (PTET) Savings

- Owners of partnerships and S corporations in many states can elect to have their businesses pay state taxes directly.
- This reduces the owner's federal taxable income and avoids the SALT deduction cap on their personal return.
- Example: If a business pays \$49,500 in Illinois state tax, the owner's federal taxable income is reduced by that amount, resulting in significant federal tax savings.
- Owners can still deduct up to \$10,000 of other SALT such as real estate taxes, personal property tax and state income tax on other income if they itemize.

Have Questions? Schedule a No-obligation Free Consultation

These changes can affect your tax situation in important ways. If you have questions or want to discuss your options, we're here to help. Contact us today to review your tax situation.



You Build. We'll handle the numbers.