

# TCJA — What is Changing 12/31/2025

**The Tax Cuts and Jobs Act of 2017 (TCJA) made sweeping changes to the Internal Revenue Code that affected individuals, businesses, estates and trusts.**

Most of these provisions will expire on 12/31/2025, and your clients should act now to prepare and mitigate any negative impact of the looming sunset. Here is a summary of what is changing.

Individuals	Current TCJA	After Sunset
Income Tax Rates	Lowered rates and widened bracket ranges.	Higher rates. Rates should revert to prior law per the below, with indexing for inflation.

  

Tax Cuts and Jobs Act					Prior Law				
Taxable Income (\$)					Taxable Income (\$)				
Single Filers		Married Couples Filing Jointly		Tax Rate percent)	Single Filers		Married Couples Filing Jointly		Tax Rate percent)
Over	But not over	Over	But not over		Over	But not over	Over	But not over	
0	9,525	0	19,050	10	0	9,525	0	19,050	10
9,525	38,700	19,050	77,400	12	9,525	38,700	19,050	77,400	15
38,700	82,500	77,400	165,000	22	38,700	93,700	77,400	156,150	25
82,500	157,500	165,000	315,000	24	93,700	195,450	156,150	237,950	28
157,500	200,000	315,000	400,000	32	195,450	424,950	237,950	424,950	33
200,000	500,000	400,000	600,000	35	424,950	426,700	424,950	480,050	35
500,000	and over	600,000	and over	37	426,700	and over	480,050	and over	39.6

  

Standard Deduction	\$29,200 in 2024 for joint filers.	Will revert to pre-TCJA level (\$12,700 for joint filers), adjusted for inflation.
Personal Exemption	None.	Will revert to pre-TCJA level (\$4,050 per person) indexed for inflation.

<b>Individuals</b>	<b>Current TCJA</b>	<b>After Sunset</b>
State and Local Tax Deduction	Capped at \$10,000.	Unlimited.
Mortgage Interest Deduction	Capped maximum loan at \$750,000 and no deduction for home equity loans.	Capped maximum loan at \$1 million and allowable deduction for home equity loans.
Child and Dependent Credits	\$2,000, of which \$1,700 is refundable. \$500 for non-child dependent.	\$1,000, all of which is refundable. Nothing for non-child dependent.
AMT	2024 exemption for joint filers is \$133,300 with no phaseout until \$1,156,300.	Exemption will drop to \$54,300 for joint filers with phaseout beginning at \$160,900 for joint filers, both indexed for inflation.
Pease Limitation	N/A — itemized deductions are unlimited.	Limitation returns when joint filers have AGI of \$313,800 indexed for inflation. Limitation as high as 80% reduction in deductions allowed.
Personal Casualty Loss	No deduction allowed.	Allowed as itemized deduction.
Gambling Losses	Limited to gambling winnings.	Full loss allowed as itemized deduction.
Moving Expenses	Available only to military and family.	Available to everyone.
Miscellaneous Deductions (Tax/Legal/Investment, Unreimbursed Job, and Hobby Expenses)	Not allowed.	Allowable subject to exceeding 2% of AGI.
Charitable Contributions	Cash to public charities limited to 60%.	Reduced to 50%.
ABLE Accounts	Allows rollover from 529 and increased contribution amount.	Eliminates additional contribution and disallows rollover from 529.

<b>Estates and Trusts</b>	<b>Current TCJA</b>	<b>After Sunset</b>
Estate and Gift Tax Exemption Amount	\$13,610,000 per person in 2024.	Reduced by 50% indexed for inflation (expected to be about \$7 million per person).

<b>Business Taxes</b>	<b>Current TCJA</b>	<b>After Sunset</b>
199A Deduction for Pass-Through Entities	QBI deduction of 20%.	Eliminates the 20% QBI deduction completely.
Depreciation	100% bonus allowed on property acquired and placed in service through 1/1/23. Declining scale on property placed through 2026 (20%).	Bonus depreciation will be eliminated on property placed in service after 2026.
Business Losses	Losses limited to \$500,000 with excess carried forward.	No limitation.
Corporate Income Tax Rate	21% permanently.	Nothing changes at sunset.
Corporate AMT	Permanently repealed. Note the Inflation Reduction Act created a new Corporate Alternative Minimum Tax (CAMT) with a 15% minimum tax on corporations exceeding \$1 billion.	Nothing changes at sunset.
Affordable Health Care Act	Permanently repealed the penalty for failing to comply.	Penalty remains repealed.

We will be highlighting planning ideas and solutions for you to consider implementing over the next few months.

**If you have any questions, please contact your PartnersFinancial Advanced Sales team.**

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