PFP Section

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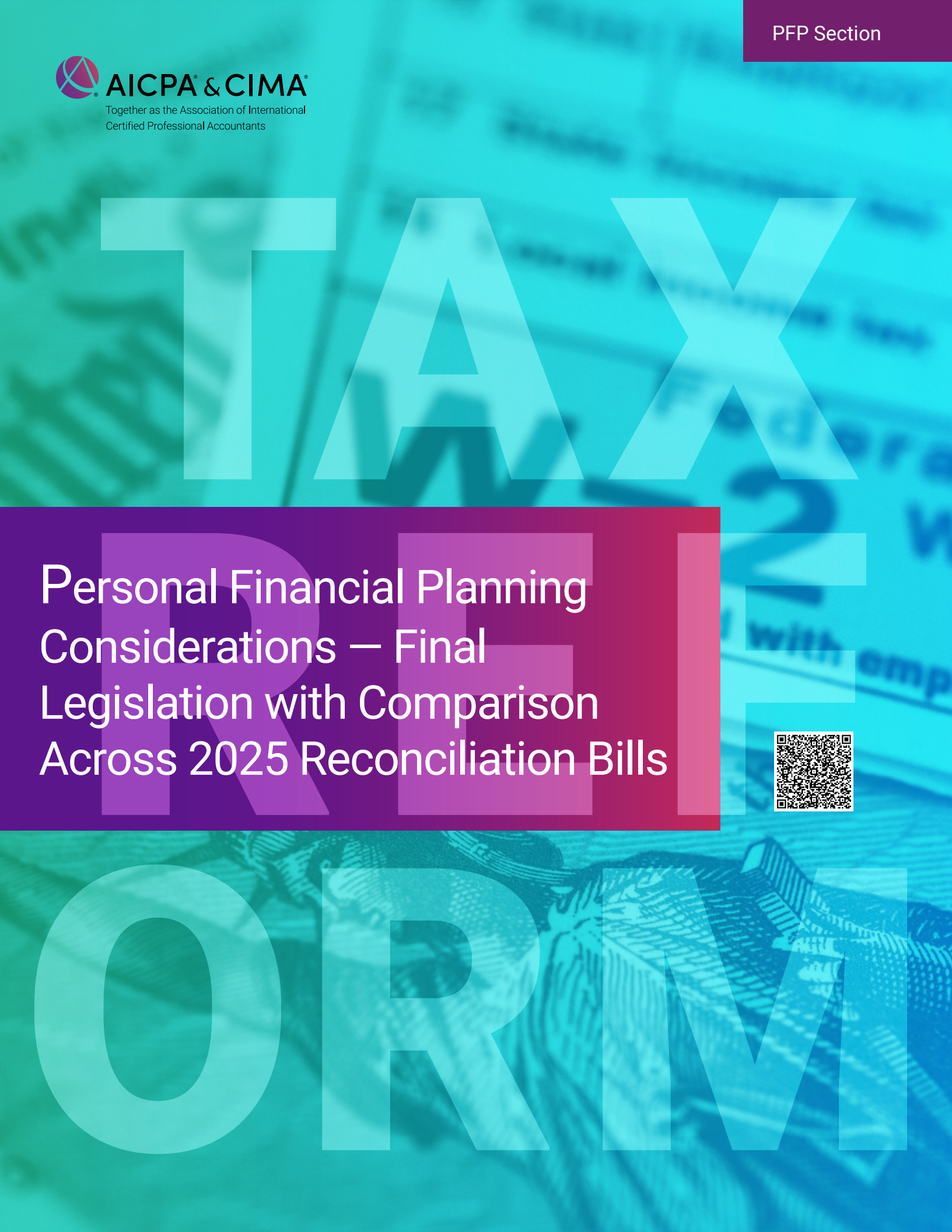
Personal Financial Planning Considerations — Final Legislation with Comparison Across 2025 Reconciliation Bills



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Below is a chart, organized by personal financial planning (PFP) topic areas comparing key tax provisions and their PFP implications under current law with proposed changes with the H.R. 1, One Big Beautiful Bill Act, passed by the House of Representatives on May 22, 2025 and the Senate bill passed on July 1, 2025, after the Senate incorporated the Senate manager's amendment to H.R. 1. On July 3, 2025, the House passed the Senate bill sending it to the President's desk for signature to enact into final law.

Client conversations while the legislative process is played out during 2025:

- **Client education and questions: Reinforce** your role as their trusted advisor on all things financial by keeping them informed on the provisions of the legislation.
- **Prioritize clients: Review** clients' financial plans to identify those likely to be most impacted by the legislation as it evolves so you can start planning conversations with them.
- **Review state tax and planning impacts:** If you have clients in multiple states, stay current on how states are reacting or changing based on federal legislation.
- **Income tax planning: Bracket** management will continue to be important and is an important part of cashflow and Roth conversion discussions.

Income tax planning

Tax provision	Current law	House bill	Senate bill (approved by house)
Individual income tax rates	Tax Cuts and Jobs Act (TCJA) rates (lowered rates) expire after 2025; rates revert to pre-TCJA levels. Seven tax brackets: 10%, 12%, 22%, 24%, 32%, 35% and 37%. Bracket thresholds are adjusted annually for inflation.	Makes TCJA rates permanent; inflation adjustment continues. Permanently extends the current seven-bracket structure: 10%, 12%, 22%, 24%, 32%, 35% and 37% for tax years after 2025. Bracket thresholds continue to be adjusted for inflation, with a technical change to the inflation adjustment for the 35% and 37% brackets after 2025.	Makes TCJA rates permanent. All brackets continue to be indexed for inflation after 2025. Also adds an additional year of inflation adjustment to the end of the 10% and 12% brackets (where the 22% bracket begins)..

Personal Financial Planning Considerations:

- Provides more certainty around future rates for tax bracket management and planning
- Beneficial for high-income earners and those considering Roth conversions or income acceleration strategies
- Generally focus on strategies that reduce above the line income to minimize the impact of AGI-based income phaseouts of various deductions
- Continue to take advantage of 0% capital gains rates for individuals in the lower tax brackets

Income tax planning *(con't)*

Tax provision	Current law	House bill	Senate bill (approved by house)
State and local tax (SALT) cap	$10,000 cap.	Cap increased to $40,000 (except for MFS who are entitled to $20,000). Phaseout starts for MAGI greater than $500,000, down to $10,000.	The SALT provision retroactively increases the individual limit from $10,000 to $40,000 for 2025 and $40,400 for 2026, followed by 1% increases for 2027, 2028, and 2029. Beginning in 2030, the cap would revert to $10,000. Such deduction would also be subject to a phaseout for MAGI greater than $500,000 in 2025, $505,000 in 2026, and similar 1% increases thereafter, but the deduction would not be reduced below $10,000. Additionally, there would be no SALT limitation for pass-through entities.

Personal Financial Planning Considerations:

- This is an area to closely watch for any clients who live in high tax states
- High-income taxpayers in high-tax states may see limited benefit
- Consider bunching deductions or timing payments
- For existing non-grantor trusts consider passing out less income to beneficiaries to capture the SALT deduction in the trust
- Consideration (carefully) if grantor status should be turned off to take advantage of this deduction

Standard deduction	Increased standard deduction (TCJA) expires after 2025; reverts to lower pre-TCJA levels.	Permanently increases the standard deduction. Effective as of Jan 1, 2025: Single & MFS: $16,000 HoH: $24,000 MFJ: $32,000	Permanently increases the standard deduction. Effective as of Jan. 1, 2025: Single & MFS: $15,750 (indexed) HoH: $23,625 (indexed) MFJ: $31,500 (indexed)
Pease limitation (itemized deductions phaseouts)	Suspended 2018-2025 (TCJA); Reinstated in 2026.	Effective for tax years starting after Dec. 31, 2025, H.R. 1 proposes to permanently remove the prior Pease limitation, which cut itemized deductions for high earners. Starting after Dec. 31, 2025, a new rule is introduced for taxpayers in the top 37% bracket: SALT deductions are limited to a $0.32 tax benefit per $1 deducted. Other itemized deductions are limited to a $0.35 tax benefit per $1 deducted.	Permanently repeals the Pease limitation phase-out, effective for tax years beginning after Dec. 31, 2025. The proposal replaces the Pease limitation with a simpler, uniform cap: All itemized deductions (SALT or otherwise) yield a $0.35 tax benefit per $1 deducted for top-bracket taxpayers, and Explicitly excludes the Sec. 199A pass-through deduction from this limitation. Note: H.R. 1 pairs a general 2% reduction on every deduction with an extra 5% SALT reduction, whereas the bill applies a flat 2% reduction across the board and leaves the QBI deduction untouched.

Income tax planning *(con't)*

Tax provision	Current law	House bill	Senate bill (approved by house)

Personal exemptions	Suspended for 2018–2025; allowed in 2026.	Permanently terminates deduction for personal exemptions.	Aligned with House bill

Personal Financial Planning Considerations:

- Reduces taxable income for many, diminishing the need to itemize deductions
- High-income taxpayers will be subject to a calculated cap based on itemized deduction amount instead of AGI-based calculation
- Taxpayers in the top tax bracket will need to consider timing deductions to minimize the impact of this cap

Cash Flow planning

Tax provision	Current law	House bill	Senate bill (approved by house)
No tax on car loan interest	Personal interest on car loans is not deductible.	Allows deduction for up to $10,000 of interest on new car loans (2025–2028); must be US-assembled passenger vehicles with the vehicle serving as security for the loan.	Aligned with House bill

Personal Financial Planning Considerations:

- Opportunity for buyers of new vehicles; consider timing purchases
- Not an itemized deduction, but available regardless of itemizing
- As an above-the-line reduction, it can play into decisions on reducing AGI and, indirectly
- Impact other AGI-based income phaseout deduction decisions

Mortgage interest deduction	$750,000 acquisition indebtedness limit (TCJA) expires after 2025.	Makes $750,000 limit permanent.	Aligned with House bill, however the bill also includes mortgage insurance premiums.
Home equity debt	Interest on home equity debt is not deductible (if the loan proceeds were used to buy, build or substantially improve the taxpayer's home that secures the loan it is acquisition debt, not home equity debt). This disallowance applies through 2025.	The disallowance of home equity debt interest expense is made permanent.	Aligned with House bill

Personal Financial Planning Considerations:

- Consider alternative ways to finance items that are not related to home improvement.

Estate planning

Tax provision	Current law	House bill	Senate bill (approved by house)
Estate and gift tax exemption	$13.61 million (2024, inflation-adjusted); reverts to ~$5 million (indexed) after 2025.	Increases exemption to $15 million (indexed from 2026); makes higher exemption permanent.	Aligned with House bill

Personal Financial Planning Considerations:

- Facilitates wealth transfer planning
- High-net-worth and ultra-high-net-worth individuals may need to reassess estate and gifting plans to optimize tax benefits
- Portability appears to remain untouched in any proposals.
- Review state estate tax exemption levels and impacts if they are tied to federal exemption level or not
- Lifetime gifting may be appropriate for coordinated state & federal planning
- Maximizing gifts using discounting tools remains important

Charitable planning

Tax provision	Current law	House bill	Senate bill (approved by house)
Standard deduction	Increased standard deduction (TCJA) expires after 2025; reverts to lower pre-TCJA levels.	Permanently increases the standard deduction. Effective as of Jan 1, 2025: Single & MFS: $16,000 HoH: $24,000 MFJ: $32,000	Permanently increases the standard deduction. Effective as of Jan. 1, 2025: Single & MFS: $15,750 (indexed) HoH: $23,625 (indexed) MFJ: $31,500 (indexed)
Pease limitation (itemized deductions phaseouts)	Suspended 2018-2025 (TCJA); Reinstated in 2026.	Effective for tax years starting after Dec. 31, 2025, H.R. 1 proposes to permanently remove the prior Pease limitation, which cut itemized deductions for high earners. Starting after Dec. 31, 2025, a new rule is introduced for taxpayers in the top 37% bracket: SALT deductions are limited to a $0.32 tax benefit per $1 deducted. Other itemized deductions are limited to a $0.35 tax benefit per $1 deducted.	Permanently repeals the Pease limitation phase-out, effective for tax years beginning after Dec. 31, 2025. The proposal replaces the Pease limitation with a simpler, uniform cap: All itemized deductions (SALT or otherwise) yield a $0.35 tax benefit per $1 deducted for top-bracket taxpayers, and Explicitly excludes the Sec. 199A pass-through deduction from this limitation. Note: H.R. 1 pairs a general 2% reduction on every deduction with an extra 5% SALT reduction, whereas the bill applies a flat 2% reduction across the board and leaves the QBI deduction untouched.
Charitable deduction for individuals who itemize (Cash deductions only)	Taxpayers who itemize can deduct a portion of their qualified charitable contributions, subject to a specified limitation based on the type of contribution.	Not addressed.	The bill would limit the charitable deduction for taxpayers who itemize by providing a deduction only for charitable contributions to the extent that they exceed 0.5% of the taxpayer's contribution base.

Personal Financial Planning Considerations:

- Consider front-loading charitable gifts before the new itemized deduction limitations kick back in
- Impacts decisions on charitable contributions and mortgage interest deductions, if not in excess of higher standard deduction
- Donor Advised Funds are an option to facilitate "bunching" deductions to park accelerated gifts
- Qualified charitable contributions (QCDs) continue to be a key planning opportunity for non-itemizers who are over age 70½

Charitable planning *(con't)*

Tax provision	Current law	House bill	Senate bill (approved by house)
Charitable deduction for non-itemizers	Not available after 2021.	Reinstates partial deduction: $150 ($300 joint) for 2025–2028.	The bill creates a charitable contribution deduction of $1,000 for single filers or $2,000 for MFJ for certain charitable contributions. The deduction is permanent; however it starts after 2025.

Personal Financial Planning Considerations:

- Non-itemizers can deduct some charitable gifts
- It will be important to make sure all clients currently using DAFs or QCDs for charitable to do at least a small amount of cash contributions too

Retirement planning

Tax provision	Current law	House bill	Senate bill (approved by house)
Enhanced deduction for seniors	Additional standard deduction for age 65+	Adds $4,000 bonus deduction for seniors (2025–2028); phased out at higher incomes.	The proposal adds $6,000 bonus deduction for seniors (2025–2028); phased out at higher incomes.

Personal Financial Planning Considerations:

- This could impact Social Security claiming strategies
- Consider opportunities to accelerate or delay income to meet deduction thresholds
- First-time required minimum distribution (RMD) clients may consider deferring the first year RMD if doing so allows them to get the additional deduction in one of the years

Health Savings Account (HSA) extended contribution period	Medicare Part A entitled individuals cannot contribute to an HSA	Extends the same pre-age 65 HSA rules to individuals aged 65 and older who only enrolled in Medicare Part A and who are also enrolled in an HSA-eligible high-deductible health plan	Not addressed

Personal Financial Planning Considerations:

- Offers flexibility and a potential incentive for clients to work past the age of 65 and opt for company-provided health insurance in lieu of Medicare Part B
- Allows them to continue to save tax-advantaged funds for future (or reimbursement of current) medical expenses
- Increased complexity in the rules coordinating transitioning to Medicare while continuing to work

Retirement planning *(con't)*

Tax provision	Current law	House bill	Senate bill (approved by house)
Increased HSA contribution amounts	2025 contribution limits are $4,300 for singles, and $8,550 for MFJ. Individuals aged 55+ can make an extra $1,000 catch-up contribution.	Provides for a doubling of the contribution limit for those under $75K (single) or $150K (married), with a phased reduction between incomes of $75-$150K and $150-$200K respectively. Married couples age 55+ can both make the $1,000 catch-up contribution into a single HSA. In addition, certain rollovers to HSAs from FSAs/HRAs could be allowed.	Not addressed
Expanded HSA availability	HSAs available when enrolled in an HSA-eligible high-deductible health plan	Bronze-level and catastrophic marketplace plans would count as high-deductible health plans (HDHPs) On-site employer-sponsored health care clinics will not disqualify HSA availability Spouse can hold a general-purpose FSA, and individual can still contribute to HSA.	Not addressed
Expanded HSA eligible uses	HSAs can be used for qualified unreimbursed medical expenses including costs associated with doctor visits, prescriptions, dental and vision care, and even some over-the-counter medications.	Expanded approved usages include direct primary care fees (up to $150/month), fitness and gym expenses up to $500 single or $1,000 joint. Certain expenses up to 60 days before and HSA establishment could be allowed	Not addressed

Personal Financial Planning Considerations:

- These enhancements would all continue to make Health Savings Accounts (HSAs) an attractive retirement planning vehicle for triple tax-free savings (pre-tax contributions, tax free growth, tax free distributions for qualified medical expenses), plus FICA tax free if deducted from your paycheck instead of directly contributed
- This is another area to closely watch given the misalignment between House and Senate

Elder and special needs planning

Tax provision	Current law	House bill	Senate bill (approved by house)
ABLE accounts	ABLE accounts were enhanced with TCJA with - increased contribution limits, - Savers Credit eligibility, and - allowed for 529 plan to ABLE plan rollovers. All three provisions are set to expire after 2025.	All 3 of these provisions are made permanent continuing to allow individuals with disabilities to save and invest without jeopardizing their eligibility for federal benefits	Aligned
Personal Financial Planning Considerations: • Review planning for disabled children or adults for more savings opportunities that will not jeopardize governmental benefits received.			
Enhanced deduction for seniors	Additional standard deduction for age 65+	Adds $4,000 bonus deduction for seniors (2025–2028); phased out at higher incomes.	The proposal adds $6,000 bonus deduction for seniors (2025–2028); phased out at higher incomes.
Personal Financial Planning Considerations: • This could impact Social Security claiming strategies • Consider opportunities to accelerate or delay income to meet deduction thresholds • First-time required minimum distribution (RMD) clients may consider deferring the first year RMD if doing so allows them to get the additional deduction in one of the years			

Education planning

Tax provision	Current law	House bill	Senate bill (approved by house)
Child Tax Credit (CTC)	$2,000 per child (TCJA), reverts to $1,000 after 2025	Temporary increase of $2,500 per child for 2025–2028, $2,000 thereafter; inflation adjustments. Requirements for Social Security numbers (SSNs) are expanded to also be required for the child and the person claiming the CTC and, if married, that person's spouse must have a SSN.	Permanent increase of $2,200 per child, with $1,700 refundable with inflation adjustments. SSN requirements are similar to H.R.1. However, if the taxpayer is married, only one spouse needs to report their SSN.
Personal Financial Planning Considerations: • Review planning for disabled children or adults for more savings opportunities that will not jeopardize governmental benefits received			

Education planning *(con't)*

Tax provision	Current law	House bill	Senate bill (approved by house)
"Trump Accounts"	N/A — did not exist.	The bill would create a new Sec. 530A, to establish a new type of tax-preferred account. These accounts would be set up for the exclusive benefit of an individual and designated at the time of establishment as such (under rules Treasury will promulgate). The accounts would be exempt from tax. Includes a pilot program where the federal government pays a one-time $1,000 credit to an account of each qualifying child (born after 2024 and before 2029).	Aligned with House bill; however the bill states that "further refinements to the text included in the House-passed H.R. 1 with respect to the Trump accounts program continue to be developed and finalized in coordination with the Trump Administration."
Personal Financial Planning Considerations: • Provides a foundation for young adults' financial planning • Families may consider integrating these accounts into broader education or homeownership savings plans			
529 plan qualified expenses	Limited to higher education and $10,000 K-12 tuition	Expands to include more K-12 and homeschool expenses, and postsecondary credentialing expenses. In particular, CPA credentialling would also be allowed (including exam expenses).	Aligned with House bill
Personal Financial Planning Considerations: • Review education planning with more diverse learning paths included • Consider impact on professional credentials preparation • When combined with existing flexibility, there are tremendous planning opportunities for grandparents and parents to make a multi-generational impact on their families			
Sec. 127, Employer payments of student loans under educational assistance programs	$5,250 maximum exclusion includes employer payment of qualified student loan payments. Set to expire after 2025.	Assistance programs made permanent and adjusted for inflation.	Aligned with House bill

Investment planning

Tax provision	Current law	House bill	Senate bill (approved by house)
Opportunity Zones (OZs)	OZs designated under TCJA remain in effect through Dec. 31, 2028, allowing investors to defer and potentially exclude capital gains by investing in Qualified Opportunity Funds (QOFs) that support development in low-income communities.	Ends current OZ designations two years early (Dec. 31, 2026) and authorizes a new round of designations for 2027–2033 with stricter eligibility criteria, a 33% rural zone requirement, and enhanced reporting obligations for funds and investors.	The bill would establish a permanent OZ policy, creating a rolling 10-year OZ designation beginning in 2027. This varies from H.R. 1, which creates a second OZ opportunity that would run from 2027 through 2033. The bill also maintains the OZ designation process and strengthens eligibility requirements.

Business owner planning

(Maximizing the impact and minimizing the risk of the business on their personal financial situation)

Tax provision	Current law	House bill	Senate bill (approved by house)
Sec. 462(l), Excess business loss (EBL) limitation	Limits pass-through business losses through 2028. Disallowed losses become NOLs and can be used in subsequent years, subject only to NOL rules.	Makes the Sec. 461(l) EBL limitation, currently set to expire at the end of 2028, permanent. It would also modify the limitation, subjecting previously disallowed excess business losses to re-testing in the subsequent year.	Makes the Sec. 461(l) EBL limitation permanent and retains the existing treatment of EBL carryforwards.
Qualified Business Income (QBI) deduction (Sec. 199A)	20% deduction for pass-through income, expires after 2025. Deduction subject to phaseout for specified service trades or businesses (SSTBs). Deduction limitations based on taxable income, wages paid and the presence of SSTBs.	Increase in deduction to 23%, deduction made permanent. Modified phase-out rules for SSTBs.	Deduction remains at 20% and made permanent. Phase-out amounts are increased (expands the deduction limit phase-in range by increasing the $100,000 (MFJ) and $50,000 (single filers) amounts to $150,000 and $75,000, respectively), and a new minimum $400 deduction is added for taxpayers with at least $1,000 of QBI.

Personal Financial Planning Considerations:

- Greater benefit for pass-through owners with the House bill language, monitor closely for applicable clients
- More service businesses may qualify
- Review entity structure; review compensation structures and bonus payouts to maximize QBI
- Continued use of strategies to minimize income above the line will improve opportunities to take advantage of this deduction

Business owner planning *(con't)*

(Maximizing the impact and minimizing the risk of the business on their personal financial situation)

Tax provision	Current law	House bill	Senate bill (approved by house)
Pass-through entity tax (PTET) SALT deduction	Individual SALT deduction was capped at $10,000. 36 states and 1 locality implemented a PTET SALT deduction that is allowed under approved IRS Notice 2020-75.	Individual SALT deduction is $40,000 for most filers. PTET SALT deduction tied to the Sec. 199A deduction. Eliminates PTET deduction for SSTBs. SSTBs subject to individual SALT deduction limits.	Individual SALT deduction is $40,000 for most filers. Additionally, there would be no SALT limitation for pass-through entities.
Personal Financial Planning Considerations: • Identify if your clients are part of the SSTB list and impacted by this SALT deduction exception • Watch the interaction between the QBI rules and SALT phase-outs and impact on marginal tax rates			
Charitable deduction for corporations	10% of taxable income	Adds 1% floor: only contributions above 1% of taxable income are deductible, up to 10% limit	Aligned with House bill
Personal Financial Planning Considerations: • Business owners who currently make charitable contributions through their corporation will have to reconsider the most tax advantageous way to make those contributions under the new law			

Other individual provisions with less impact on PFP discussions

Tax provision	Current law	House bill	Senate bill (approved by house)
Earned Income Tax Credit (EITC)	Taxpayers may claim the EITC for qualifying children without formal verification. Form 8867, *Paid Preparer's Due Diligence Checklist*, is required for paid preparers to claim EITC and other credits.	Starting in 2028 the IRS will create an EITC certificate program that requires a certificate in advance to claim a child for EITC purposes.	Not addressed.
Other Dependent Credit	Provides non-refundable credit of $500 per qualifying dependent who does not qualify for the CTC (e.g. older children, elderly parents), set to expire after 2025.	$500 credit is made permanent and the requirement that the dependent be a resident of the US continues: no inflation adjustment.	Aligned with House bill

Other individual provisions with less impact on PFP discussions *(con't)*

Tax provision	Current law	House bill	Senate bill (approved by house)
Earned Income Tax Credit (EITC)	Taxpayers may claim the EITC for qualifying children without formal verification. Form 8867, *Paid Preparer's Due Diligence Checklist*, is required for paid preparers to claim EITC and other credits.	Starting in 2028 the IRS will create an EITC certificate program that requires a certificate in advance to claim a child for EITC purposes.	Not addressed in the bill.
Other Dependent Credit	Provides non-refundable credit of $500 per qualifying dependent who does not qualify for the CTC (e.g. older children, elderly parents), set to expire after 2025.	$500 credit is made permanent and the requirement that the dependent be a resident of the US continues: no inflation adjustment.	Aligned
Alternative Minimum Tax (AMT) exemption	Higher exemption and phase-out thresholds (TCJA) expire after 2025.	Makes higher exemption and phase-out thresholds permanent.	Similar, however, the Senate bill includes modifications to the phaseout amount of the extended individual alternative minimum tax. The bill preserves TCJA's AMT exemption amounts but increases the phase-out rate to 50% (vs. 25% under current law), steepening the claw-back for upper-income filers.
Personal Financial Planning Considerations: • May provide opportunities to exercise more Incentive stock options to fill the higher exemption for AMT			
Casualty loss deduction	Limited to federally declared disasters (TCJA) through 2025.	Makes limitation permanent. The date for federally declared disasters to be recognized as qualified disasters is changed to the enactment date of H.R. 1.	Aligned with House bill; however, the bill expands the provision to include certain state-declared disasters. The date for federally declared disasters to be recognized as qualified disasters is changed to the enactment date of the bill.
Miscellaneous itemized deductions	Suspended 2018–2025 (TCJA); Reinstated in 2026.	Permanently terminates deduction.	Aligned with House bill; however, the bill removes unreimbursed employee expenses for eligible educators from the list of miscellaneous itemized deductions.
Moving expenses deduction	Suspended 2018–2025 (TCJA) (except for Armed Forces); reinstated in 2026.	Permanently terminates deduction (except for Armed Forces).	Aligned with House bill
Wagering losses	Limited to itemized deduction based on the amount of winnings through 2025 (TCJA).	Makes limitation permanent.	The provision further limits losses from wagering transactions to 90% of the amount of such losses, only to the extent of winnings.

Other individual provisions with less impact on PFP discussions *(con't)*

Tax provision	Current law	House bill	Senate bill (approved by house)
Excise tax on remittance transfers	There is no federal excise tax imposed on remittance transfers from individuals to foreign recipient.	Introduces a new 5% excise tax on remittance transfers made by individuals to foreign recipients, effective Jan. 1, 2026. The tax is collected by remittance transfer providers (RTPs), with exemptions for U.S. citizens and nationals who may claim a credit. The bill also imposes new reporting requirements and penalties for noncompliance.	Introduces a 1% excise tax on remittance transfers by individuals to foreign recipients (vs. 3.5% in H.R. 1), effective Jan 1, 2026. Collectible by RTPs, with the same Bank Secrecy Act/card-funded transfer exception and parallel reporting/penalty regime.
No tax on tips	Tips are taxable income.	Allows deduction for qualified tips (excludes highly compensated employees, which is $160,000 for 2025 under Sec. 414 and Rev. Proc. 2024-40) received in certain occupations (as defined by Treasury); deduction ends after 2028; SSN required.	The bill is similar to H.R. 1; however, it limits the benefit to $25,000 per taxpayer. The bill would also begin to phase out the deduction when the taxpayer's modified adjusted gross income exceeds $150,000 ($300,000 for MFJ) and would expire in 2028.
No tax on overtime	Overtime pay is taxable income.	Allows deduction for qualified overtime compensation (excludes highly compensated employees and tips); deduction ends after 2028; SSN required.	The bill is similar to H.R. 1; however, it limits the benefit to $12,500 per taxpayer, subject to an income limitation.
Sec. 108(e)	Sec. 108(e)(5) allows a reduction in purchase-money debt to be treated as a purchase price adjustment rather than cancellation of debt (COD) income, but this treatment is limited and does not apply to student loan discharges due to death or disability after 2025.	Makes permanent the Sec. 108(e)(5) exclusion for discharge of student loan on account of death or disability that expires after 2025 and adds a requirement for taxpayer to have SSN.	Aligned with House bill
Adoption credit	Nonrefundable.	Makes $5,000 of the credit refundable; inflation adjusted.	Aligned with House bill
Penalties for unauthorized disclosure	$5,000 fine, up to 5 years in prison.	Increases to $250,000 fine, up to 10 years prison.	Not addressed
Contingent fees	Treasury regulations under Circular 230 generally prohibit tax practitioners from charging contingent fees for preparing original tax returns or refund claims, except in limited circumstances (e.g. amended returns or judicial proceedings).	All contingent fees are allowed. The bill contains language under which Treasury "may not regulate, prohibit, or restrict the use of a contingent fee in connection with tax returns, claims for refund, or documents in connection with tax returns or claims for refund prepared on behalf of a taxpayer. The AICPA had asked that that language be stricken.	Not addressed

Note: Medicaid and Premium Tax Credit (PTC)-eligibility interactions are outside the scope of this core-tax chart

Other individual provisions with less impact on PFP discussions *(con't)*

Tax provision	Current law	House bill	Senate bill (approved by house)
Direct File Program	IRS Direct File pilot in place.	Terminates Direct File Program; creates task force for public-private free file partnership.	The revised bill drops the requirement that the Direct File program is terminated within 30 days of enactment but includes a special appropriation of $15 million for a report on enhancing and establishing public-private partnerships to provide for free tax filing for up to 70% of taxpayers.

Business key provisions impacting PFP situations for employees

Tax provision	Current law	House bill	Senate bill (approved by house)
Employer-Provided Childcare Credit	25% of qualified expenses, up to $150,000.	Increases to 40% (50% for small businesses); max credit $500,000 ($600,000 for small businesses); inflation adjusted.	Aligned with House bill
Tip credit	Applies to the food and beverage industry only; provides a credit for the FICA paid by the employer on tips.	Expanded to include beauty service industry starting in 2025.	Aligned with House bill
Paid Family and Medical Leave Credit	Temporary; expires after 2025.	Extends and enhances credit; allows for insurance premiums; modifies aggregation and eligibility rules.	Aligned with House bill
Certain fringe benefits as UBIT	The TCJA added Sec. 274(a)(4) disallowing a deduction for an employer's costs of providing qualified transportation fringe benefits (Sec. 132(f)).	Expenses incurred by a tax-exempt organization for qualified transportation fringe benefits will be treated as UBTI. Exception for church organizations. Effective for amounts paid or incurred after Dec. 31, 2025.	Not addressed

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