By: Shahrad Tadayon
www.taxhelping.com

Prepare for TCJA Provisions of 2017 to Expire December 31, 2025

Discover which TCJA provisions expiring on December 31,2025 and how to adjust your tax strategy before rates and deductions shift.

The Tax Cuts and Job Act of 2017 (**TCJA**) passed during President Donald Trump's term, was one of largest overhauls of the tax code of US in decades.

Highlight of changes of TCJA On January 1, 2026:

1. **Standard deductions** will return to personal exemptions for qualifying dependents**.** The 2024 standard deduction is $14,600 for single filers and those married filing separately, $29,200 for those married filing jointly, and $21,900 for heads of household. The personal-exemption rules will return in 2026 once the provision sunsets. The personal exemption will be $2,000 per taxpayer and qualified dependents, adjusted for inflation.
2. **Marginal tax rates** will change from 10%, 12%, 22%, 24%, 32%, and 37% to 10%, 15%, 28%, 33%, 35%, and 39.6% on January 1, 2026.
3. **Itemized Deductions**: a) state, local, property, income taxes (SALT) deductions for taxpayers who itemized their deductions can deduct up to $10,000 in state, local, and property taxes; b) home acquisition mortgage interest after TCJA $750,000 married filing joint, single, and head f household, $375,000 married filing separately. After January 1, 2026, will revert to pre TCJA $1,000,000 acquisition loan and $100,000 home equity loan; c) Miscellaneous expenses eliminated deductions under TCJA for unimbued employee expenses, tax preparation fees, and others.
4. **Child tax credit** will be reduced from $2,000 per qualified child to $1,000 or adjusted to inflation.
5. **Business provision deduction QBI under Sec. 199A** for pass through business income Sec. 199A deduction, owners of sole proprietorship, partnership, S corporation, trust, and estate can deduct up to 20% from income from qualified trade or business income on individual income (QBI) tax with some limitations for income levels and some professions such as health, law, accounting, actuarial, performing arts, financial services, and investment managements (SSTBs). Expiring this Sec 199-A provision will hurt small businesses.
6. **Lifetime Estate & Gift Exemption under** TCJA for year 2024 per person $13.61 million for married couple $27.22 million, for year 2025 increase to $14.16 million per person and $28.32 million for couple. If no changes in tax laws until December 31,2025 they will revert back to 2017 levels to approximately $5.6 million per individual and $12.2 million per couple if adjusted to inflation it might be somewhere in $6-7 million per person and $12.14 million per couple. This will result in a significant increase in federal estate tax. Note that many states have their own estate or inheritance tax. California after January 1, 2005, no

requirements to file a California estate tax but for residences are still subject to the federal tax. Make proper estate and gift decisions before it revert pre TCJA.