

Five Key Personal Income Tax Takeaways from the One Big Beautiful Bill Act

How the new tax law may affect your personal income tax planning



On July 4, 2025, President Trump signed the One Big Beautiful Bill Act (OBBBA) into law, enacting significant updates to the U.S. tax code. The legislation addresses many of the individual tax provisions originally set to expire under the Tax Cuts and Jobs Act of 2017 and aims to address several of President Trump's reelection campaign promises.

The OBBBA provides long-awaited clarity on the future of many of the tax laws impacting individuals, families, and businesses starting this year. With this new law in place, you should begin evaluating how these changes may impact your individual and business taxes as well as impacts to estate and gift taxes.

Below are our five key individual income tax planning takeaways for you to consider:

1. Tax rates stay the same—but planning still matters

While tax rates remain unchanged, including at the top rate of 37%, it's still a good time to revisit strategies such as Roth IRA conversions. Even though rates remain unchanged for taxpayers, future changes in Washington could shift the landscape—so proactive planning is key.

2. State & Local Tax (SALT) deduction gets a boost

The SALT deduction cap has increased to \$40,000 (up from \$10,000), which is welcome news for many taxpayers. It's important to note that the increased cap is not permanent and will revert back to \$10,000 starting in 2030, and that phaseout rules will apply to taxpayers with adjusted gross income over \$500,000 (which will effectively reduce the cap back to \$10,000). For those in high-tax states, strategies such as using a Delaware Incomplete Non-Grantor (DING Trust), may help reduce state income taxes and maximize this deduction. However, this type of trust planning may not be available in every state (like CA, NY, or CT), so it's important to consider available strategies based on your state's laws and to speak with your advisors.

3. More opportunities in Opportunity Zones

Recent updates to the Qualified Opportunity Zone rules may offer new ways to defer capital gains taxes. If you're selling appreciated assets, this could be a smart way to reinvest and potentially reduce your tax bill.

4. 529 plans further develop

The expanded uses of 529 account funds for post-secondary credentialing expenses, for example, may make these accounts even more valuable for families saving for education. Whether it's for a child or grandchild, these accounts continue to offer tax-advantaged growth and more options for how the funds can be used.

5. Introducing "Trump Accounts" for kids

A new type of tax-deferred account—officially called a "Trump Account"—is now available for children under 18. Trump Accounts will be treated as IRAs under the new tax law which will permit tax deferred growth on the account while its invested. They could be a compelling alternative to traditional custodial accounts designed to benefit minors such as Uniform Gifts to Minors Act (UGMA) and Uniform Transfers to Minors Act (UTMA) accounts for gifting to children or grandchildren. Children born between the years 2025 and 2028 may be eligible to have a Trump Account funded with \$1,000. Specific rules will apply for opening a Trump Account and claiming the \$1,000.

The OBBBA brings meaningful changes to how individuals will be taxed starting this year. While some provisions offer immediate benefits, others may require thoughtful adjustments to your overall planning. To ensure you're making the most of these updates and staying ahead of potential changes, reach out to your Wilmington Trust advisor to review your personal tax plan.

Source: [H.R.1 - 119th Congress \(2025-2026\): One Big Beautiful Bill Act](#) | Congress.gov | Library of Congress

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