



The One, Big, Beautiful Bill

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Sec. 110116. MAGA accounts contribution pilot program.

Current: Not applicable.

Provision: This provision builds off of the previous section and creates a newborn pilot program for MAGA accounts.

For U.S. citizens born between January 1, 2024, and December 31, 2028, the federal government will contribute \$1,000 per child into every eligible account. For newborns, MAGA accounts may be opened by parents or guardians. To be eligible to open an account and receive the \$1,000 contributions, the child must be a U.S. citizen and both parents must provide their Social Security numbers (SSNs). The SSNs provided must be considered work-eligible in order to claim the credit.

If the Secretary of Treasury determines that an eligible individual does not have an account opened for them by the first tax return where the child is claimed as a qualifying child, the Secretary shall establish an account on the child's behalf, taking into account, to the extent possible, the parents preferred custodian and investment fund. Parents will be provided the option to opt out of the account.

Part 3 – Investing in Health of American Families and Workers**Sec. 110201. Treatment of health reimbursement arrangements integrated with individual market coverage.**

Current Law: Under current law, employees with a health reimbursement arrangement (HRA) offered by their employer can use this tax-advantaged arrangement on certain medical expenses. Final regulations from 2019 expanded the use of HRAs, allowing employers to offer “Individual Coverage HRAs” which, in addition to existing medical expenses, can also now be used to purchase qualified health insurance on the individual market without violating group health plan requirements.

Provision: This provision codifies the final 2019 regulations permitting Individual Coverage HRAs and renames the policy as Custom Health Option and Individual Care Expense (CHOICE) arrangements.

Sec. 110202. Participants in CHOICE arrangement eligible for purchase of Exchange insurance under cafeteria plan.

Current Law: Generally, employers cannot reimburse employees for health plan premiums purchased through an Exchange if any of the premium could be paid through salary reduction. This rule makes it impossible for employers to offer an Individual Coverage HRA while also allowing the same employees to use a cafeteria arrangement to pay for the balance of the plan's premium.

Provision: This provision permits employees enrolled in a CHOICE arrangement to use a salary reduction to pay for health plan premiums purchased through an Exchange.

Sec. 110203. Employer credit for CHOICE arrangement.

Current Law: Not applicable.

Provision: This provision creates a two-year tax credit for small businesses with fewer than 50 employees offering coverage through CHOICE arrangements for the first time. The general business credit amount is \$100 per employee, per month in the first year and \$50 per employee, per month in the second year.

Sec. 110204. Individuals entitled to Part A of Medicare by reason of age allowed to contribute to health savings accounts.

Current Law: Individuals entitled to Medicare Part A are ineligible to contribute to a health savings account (HSA) even if they are still enrolled in a private high-deductible health plan (HDHP).

Provision: This provision allows working seniors who are eligible for Medicare Part A, but enrolled in an HDHP, to continue contributing to an HSA. The current guardrails that apply to individuals that are under 65 and are contributing to HSAs would continue to apply to this population, including a penalty on non-qualified medical expenses purchases.

Sec. 110205. Treatment of direct primary care service arrangements.

Current Law: The Internal Revenue Service (IRS) has indicated it views certain direct primary care (DPC) arrangements as a separate and additional form of health insurance coverage, therefore incompatible with HSAs which can only be offered alongside an HDHP.

Provision: This provision allows individuals with HDHPs to also enroll in DPC arrangements (and maintain their HSA) and allows HSA funds to be used to pay for DPC services. HSA distributions for DPC services cannot exceed \$150 per month for individuals or \$300 per month for family arrangements, adjusted annually for inflation.

Sec. 110206. Allowance of bronze and catastrophic plans in connection with health savings accounts.

Current Law: Under current law, some bronze and all catastrophic health insurance plans have maximum out-of-pocket costs that exceed IRS-defined limits for HDHPs disqualifying HSA compatibility.

Provision: This provision allows all bronze and catastrophic health insurance plans on the Exchange to be eligible plans for the purpose of making HSA contributions.

Sec. 110207. On-site employee clinics.

Current Law: Current law does not allow individuals to contribute to an HSA if they utilize certain discounted health services at a health clinic at their worksite because the IRS views such services as a significant medical benefit, therefore incompatible with HSAs.

Provision: This provision allows individuals who utilize discounted health care services at a health clinic at their worksite to contribute to an HSA.

Sec. 110208. Certain amounts paid for physical activity, fitness, and exercise treated as amounts paid for medical care.

Current Law: Sports and fitness expenses, such as fitness facility membership fees, are not treated as HSA qualified medical expenses.

Provision: This provision allows individuals to use their HSA for physical fitness memberships and instructional physical activity up to \$500 per year for an individual and \$1,000 per year for a family with up to one-twelfth of such expenses allowed per month.

Sec. 110209. Allow both spouses to make catch-up contributions to the same health savings account.

Current Law: Under current law, if both spouses are HSA-eligible and age 55 or older, they must open separate HSA accounts to make their respective “catch-up” contributions (an extra \$1,000 annually).

Provision: This provision would allow both spouses to deposit their catch-up contributions into one account.

Sec. 110210. FSA and HRA terminations or conversions to fund HSAs.

Current Law: Under current law, individuals cannot transfer flexible spending arrangement (FSA) or health reimbursement arrangement (HRA) balances into an HSA.

Provision: This section allows employees, at the employer’s discretion, to convert FSA and HRA balances into an HSA contribution upon enrolling in an HDHP-HSA. The conversion amount is capped at the annual FSA contribution limit (\$3,300 in 2025).

Sec. 110211. Special rule for certain medical expenses incurred before establishment of health savings account.

Current Law: Under current law, HSA funds can only be used for the purchase of a qualified medical expense (QME) after the HSA is established.

Provision: This provision would allow medical services incurred within 60 days before the establishment of an account to be eligible QMEs.

Sec. 110212. Contributions permitted if spouse has health flexible spending arrangement.

Current Law: Under current law, individuals are not eligible for an HSA if their spouse is enrolled in a flexible spending arrangement (FSA).

Provision: This provision would allow individuals to be eligible for an HSA even if the individual's spouse is enrolled in an FSA.

Sec. 110213. Increase in health savings account contribution limitation for certain individuals.

Current Law: Under current law, statutory HSA contribution limits are indexed every year for inflation. In 2025, annual HSA contribution limits are \$4,300 for self-only coverage and \$8,550 for family coverage.

Provision: This provision allows individuals who make less than \$75,000 annually (or \$150,000 in the case of families) to contribute an additional \$4,300 (or \$8,550 in the case of families) each year to their HSA, indexed for inflation. Such additional amounts are phased out for individuals making \$100,000 annually (or \$200,000 for families).

Sec. 110214. Regulations.

Current Law: Not applicable.

Provision: This provision allows the Secretaries of the Treasury and Health and Human Services to prescribe rules and guidance as appropriate to enact the policies in this Part.

Subtitle B – Make Rural America and Main Street Grow Again

Part 1 – Extension of Tax Cuts and Jobs Act Reforms for Rural America and Main Street

Sec. 111001. Extension of special depreciation allowance for certain property.

Current Law: Under current law, taxpayers are generally required to deduct the cost of property used in a trade or business over a period of time. However, in the case of certain “qualified property” (including most equipment and machinery), a taxpayer is permitted to deduct a percentage of the cost in the first year that the property is placed in service (“immediate expensing”). For qualified property placed in service in 2025, a taxpayer is generally permitted to immediately expense 40 percent of the cost. For qualified property placed in service in 2026, a taxpayer is generally permitted to immediately expense 20 percent of the cost.

Provision: This provision allows taxpayers to immediately expense 100 percent of the cost of qualified property acquired on or after January 20, 2025, and before January 1, 2030.

Sec. 111002. Deduction of domestic research and experimental expenditures.

Current Law: Under current law, taxpayers are required to deduct research or experimental expenditures over a five-year period. Research or experimental expenditures that are attributable to research conducted outside the U.S. are required to be deducted over a 15-year period.