

Tracking 2025 Tax Legislation

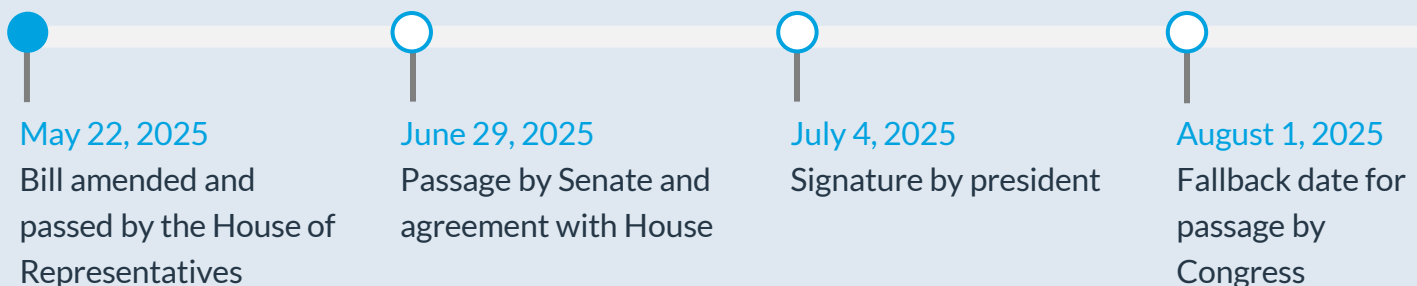


REFRESHER: TAX CUTS AND JOBS ACT (TCJA) OF 2017

- TCJA was passed via budget reconciliation and signed into law in December 2017
- Many changes to tax code that impacted
 - Income tax rates, deductions, and exemptions; gift and estate taxes; business taxes; and much more
- Most of its provisions went into effect on January 1, 2018, and are scheduled to expire on January 1, 2026

POTENTIAL 2025 LEGISLATION: “ONE BIG BEAUTIFUL” BILL

Current and Projected Legislative Timeline:



House Tax Bill Key Individual Tax Proposals:

- Extends individual income tax rates and brackets (certain exceptions for the 37% bracket)
- Increases limit for state and local tax (SALT) deduction to \$40,000 (subject to MAGI phasedown)
- Increases estate, gift, and generation-skipping transfer (GST) exemptions to \$15 million
- Increases qualified business income deduction to 23%
- Renews the qualified opportunity zone program

SUBTITLE A: INDIVIDUAL TAX POLICY (PROPOSED HOUSE TAX BILL)

Permanent Extensions: The following provisions of TCJA would be made permanent by the proposed bill and include some additional changes.

Provision	Current TCJA Law			Additional Changes	
Income Tax Rates & Brackets <i>Subtitle A, Sec. 110001</i>	Tax Rate	Single	Married	Extra inflation adjustment to the bottom 6 brackets (<i>excludes the 37% bracket</i>)	
	37%	\$626,350 +	\$751,600 +		
	35%	\$626,350–\$250,525	\$751,600–\$501,050		
	32%	\$250,525–\$197,300	\$501,050–\$394,600		
	24%	\$197,300–\$103,350	\$394,600–\$206,700		
	22%	\$103,350–\$48,475	\$206,700–\$96,950		
	12%	\$48,475–\$11,925	\$96,950–\$23,850		
	10%	\$11,925–\$0	\$23,850–\$0		
Standard Deduction <i>Subtitle A, Sec. 110002</i>	Filing Status	Standard Deduction		Extra inflation adjustment (applicable for tax years 2025 to 2028) <ul style="list-style-type: none">\$1,000 for Single\$2,000 for Married	
	Single	\$15,000			
	Married	\$30,000			
Personal Exemptions <i>Subtitle A, Sec. 110003</i>	Repealed			N/A	
Miscellaneous Itemized Deductions <i>Subtitle A, Sec. 110010</i>	Repealed			N/A	
Mortgage Interest Deduction <i>Subtitle A, Sec. 110008</i>	Limited to \$750,000 of indebtedness			N/A	
State and Local Tax Deduction <i>Subtitle C, Sec. 112018</i>	Limited to \$10,000			Increases limit to \$40,000 (“New Limit”) with phasedown to \$10,000 <ul style="list-style-type: none">New Limit is reduced by 30% of a taxpayer’s modified adjusted gross income (“MAGI”) in excess of \$250,000 (single) / \$500,000 (married), but not below \$10,000New Limit & MAGI thresholds will increase by 1% per year from 2026 to 2033	
Qualified Business Income (QBI) Deduction <i>Subtitle A, Sec. 110005</i>	Taxpayers may deduct 20% of qualified business income from a partnership, S-Corporation, or sole proprietorship			Increases deduction to 23% of qualified business income	
Limit on Itemized Deductions <i>Subtitle A, Sec. 110011</i>	Repealed “Pease” limitation			New limitation that reduces value of the following itemized deductions for taxpayers in the 37% bracket	
				Deduction	Percentage Reduced
				State and Local Taxes	5%
Alternative Minimum Tax (AMT) <i>Subtitle A, Sec. 110007</i>	Filing Status	AMT Exemption	AMT Phaseout	Resets base year for indexing from 2017 to 2025	
	Single	\$88,100	\$626,350		
	Married	\$137,000	\$1,252,700		

SUBTITLE A: INDIVIDUAL TAX POLICY (PROPOSED HOUSE TAX BILL)

Permanent Extensions (continued): The following provisions of TCJA would be made permanent by the proposed bill and include some additional changes.

Provision	Current TCJA Law	Additional Changes												
Gift and Estate Tax Exemptions <i>Subtitle A, Sec. 110006</i>	Exemption amounts as of January 1, 2025 <table><tr><th>Filing Status</th><th>Gift & Estate Tax Exemption</th></tr><tr><td>Single</td><td>\$13,990,000</td></tr><tr><td>Married</td><td>\$27,980,000</td></tr></table>	Filing Status	Gift & Estate Tax Exemption	Single	\$13,990,000	Married	\$27,980,000	Increases exemption amount beginning January 1, 2026 <table><tr><th>Filing Status</th><th>Gift & Estate Tax Exemption</th></tr><tr><td>Single</td><td>\$15,000,000</td></tr><tr><td>Married</td><td>\$30,000,000</td></tr></table>	Filing Status	Gift & Estate Tax Exemption	Single	\$15,000,000	Married	\$30,000,000
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Married	\$30,000,000													
Qualified Opportunity Zones (QOZ) <i>Subtitle B, Sec. 111102</i>	Taxpayers may reinvest any capital gain into a QOZ <ul style="list-style-type: none">Deferral of tax liability until tax year 2026Basis step-up of 10% if held for at least 5 yearsAdditional basis step-up of 5% if held for at least 7 years Appreciation on QOZ investment is excluded from taxable income if held for at least 10 years <i>*note Current TCJA Law was not extended. TCJA's current QOZ period will end early, on December 31, 2026*</i>	Applicable for tax years 2027 to 2033 Allows states to designate new QOZ areas <ul style="list-style-type: none">Establishes new QOZ period beginning January 1, 2027, through December 31, 2033Basis step-up of 10% if held for at least 5 yearsBasis step-up increased to 30% if QOZ is in a “rural area” Taxpayers may reinvest up to \$10,000 of post-tax ordinary income Appreciation on QOZ investment is excluded from taxable income if held for at least 10 years												

New Provisions: The following are new provisions contained in the proposed House tax bill.

Provision	Current TCJA Law
No Tax on Tips <i>Subtitle A, Sec. 110101</i>	Applicable only for tax years 2025 to 2028 <ul style="list-style-type: none"> Creates an above-the-line deduction for "qualified tips" — defined as "an occupation which traditionally and customarily receives tips during a given taxable year" No limit Taxpayers do not need to itemize deductions to qualify Phased out for employees with compensation greater than \$160,000 per year (indexed annually for inflation)
No Tax on Overtime <i>Subtitle A, Sec. 110102</i>	Applicable only for tax years 2025 to 2028 <ul style="list-style-type: none"> Creates an above-the-line deduction for "qualified overtime compensation" — defined as "compensation paid to an individual in excess of the regular rate" Taxpayers do not need to itemize deductions to qualify Phased out for employees with compensation greater than \$160,000 per year (indexed annually for inflation)
No Tax on Auto Loan Interest <i>Subtitle A, Sec. 110104</i>	Applicable only for tax years 2025 to 2028 <ul style="list-style-type: none"> Creates an above-the-line deduction for "qualified passenger vehicle loan interest" — defined as a passenger vehicle (1) which is manufactured primarily for use on public streets, roads, and highways; (2) which has at least two wheels; (3) which is a car, minivan, van, sport utility vehicle, pickup truck, or motorcycle; and (4) the final assembly of which occurs in the U.S. Limited to \$10,000 overall Taxpayers do not need to itemize deductions to qualify Phased out at modified adjusted gross income (MAGI) of \$100,000 (single) / \$200,000 (married)
Various Tax Credits <i>Subtitle A, Part 2</i>	Expands or extends various other tax credits such as: <ul style="list-style-type: none"> Credit for Employer-Provided Child Care Credit for Employer-Provided Paid Family & Medical Leave; Adoption Credit
Other <i>Subtitle A, Part 2</i>	Creates additional deductions and credits for: <ul style="list-style-type: none"> Increased Standard Deduction for Seniors Charitable contributions to education providers; charitable deductions for non-itemizers Expands list of disasters for which taxpayers may claim a personal casualty loss deduction Creates new tax-advantaged savings accounts for children under age 8 Changes to Health Reimbursement Arrangements and Health Savings Accounts

SUBTITLE B: BUSINESS TAX POLICY (PROPOSED HOUSE TAX BILL)

TCJA Extensions: The following provisions of TCJA would be extended by the proposed bill and include some additional changes.

Provision	Current TCJA Law	Additional Changes		
Bonus Depreciation <i>Subtitle B, Sec. 11101</i>	Bonus depreciation for business investment in machinery, equipment, and other short-lived assets is scheduled to reduce to 0% by January 2027	Year	Current Law	Proposed Law
		2025	40%	100% (beginning Jan. 19, 2025)
		2026	20%	100%
		2027	0%	100%
		2028	0%	100%
		2029	0%	100%
		2030 Onward	0%	0%
Business Interest Deductions <i>Subtitle B, Sec. 11103</i>	Business interest expense deduction for a taxable year is generally limited to the sum of (1) the taxpayer's business interest income for the taxable year, (2) 30 percent of the taxpayer's "adjusted taxable income" for the taxable year, and (3) The taxpayer's "floor plan financing interest" for the taxable year. "Adjusted taxable income" is calculated as earnings before interest and taxes (EBIT)	Applicable for tax years 2025 to 2029 Restores interest deduction limit that was previously in place under TCJA (from 2018 to 2021) Interest deduction limit is based on earnings before interest, taxes, depreciation, and amortization (EBITDA)		
Other <i>Subtitle B, Part 1</i>	Other provisions include: • R&D Expensing • International Tax Rates • Business Meals	N/A		

New Provisions: The following are new provisions contained in the proposed House tax bill.

Provision	Current TCJA Law
Partial Expensing for Structures <i>Subtitle B, Section 111101</i>	Temporary 100% depreciation for non-residential structures placed into service in the U.S. before January 1, 2033 • Construction must begin between January 19, 2025, and January 1, 2029 • Must be used for "qualified production activity" — manufacturing, refining, agricultural, or chemical production • Offices, lodging, parking, and other types of properties are not eligible
Expensing for Small Businesses <i>Subtitle B, Section 111103</i>	Increases Section 179 expensing allowance from maximum of \$1.25M in 2025 to a maximum of \$2.50M in 2025 Increases allowance threshold from \$3.13M to \$4M in 2025 • Both amounts will be indexed for inflation after 2025
Other <i>Subtitle B, Part 2</i>	Other provisions include: • Information reporting • Additional tax cuts • Low-income housing tax credit • Clean fuel production

SUBTITLE C: PAY-FORS (PROPOSED HOUSE TAX BILL)

Subtitle C contains provisions for Revenue Raisers (Part 1), Tax Credit Eligibility (Part 2), and Improper Payments and Recapture of Excess Premium Tax Credits (Part 3) — some key provisions are below:

- Changes to clean energy tax provisions (Part 1, Sections 112001 to 112016)
- Changes to tax rules for foundations, colleges, universities, and other tax-exempt organizations (Part 1, Sections 112020–112025)
- Net operating losses for pass-throughs (Part 1, Section 112026)
- Employee retention tax credit (Part 3, Section 112205)
- Earned income tax credit (Part 3, Section 112206)

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To learn more, contact your Financial Advisor. You can also visit us at www.cnr.com, or email us at citynationalrochdale@cnr.com.

Sources:

[United States House Committee on Ways & Means, Pulled June 1, 2025](#)

[Congress.gov, H.R.1 - One Big Beautiful Bill Act 119th Congress \(2025-2026\), Pulled June 1, 2025](#)

[Amendment to Rules Committee Print 119-3 Offered by Mr. Arrington of Texas, Pulled June 1, 2025](#)

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