



One Big Beautiful Bill Act: House vs. Senate Comparison

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On Monday, June 16, 2025, the Senate Finance Committee released their version of House Bill H.R.1, commonly known as the One Big Beautiful Bill Act. The Senate version of the bill includes similar provisions, including making certain parts of the 2017 Tax Cuts and Jobs Act (TCJA) permanent and following through on President Trump’s campaign promises for no tax on tips and overtime.

Although the bills are similar, there are significant differences that will impact taxpayers, including changes to the state and local tax (SALT) deduction, as well as immediate expensing for R&D expenditures. Below is a more detailed explanation of the differences, as the bill is currently drafted. Additional information can be found in the [Journal of Accountancy](#).

State and Local Tax (SALT) Deductions Cap

State and local tax deduction cap changes.

House: Raises cap to \$40,000 in 2025, phased out at high incomes.	Senate: Keeps the cap at \$10,000.
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Estate Tax

Changes to the estate tax exemption threshold.

House: Raises exemption to \$15 million permanently.	Senate: Raises exemption to \$15 million permanently.
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Bonus Depreciation

Treatment of bonus depreciation for businesses.

House: 100% bonus depreciation through 2029.	Senate: 100% bonus depreciation permanently.
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R&D Expenses

Reinstatement of immediate deductibility of research and development expenses.

House: Immediately deductible through 2029.	Senate: Immediately deductible permanently, retroactive for small businesses.
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Qualified Business Income (QBI) Deduction

Changes to the QBI deduction rate.

House: QBI rate increased to 23%.	Senate: QBI rate remains at 20%.
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New Deductions

Deductions for tips, overtime, and auto loan interest.

House: Auto loan interest deductible up to \$10,000 as an itemized deduction (2025-2028).**Senate:** Tips deductible up to \$25,000, overtime up to \$12,500, as itemized deductions; both phased out at high incomes.**Tax Cuts & Jobs Act (TCJA) Extensions**

Permanency of individual tax provisions from the 2017 TCJA.

House: Makes TCJA individual provisions permanent.**Senate:** Makes TCJA individual provisions permanent.**Child Tax Credit**

Adjustments to the child tax credit amount and refundability.

House: \$2,500 (2025-2028), then inflation adjusted.**Senate:** \$2,200, inflation adjusted, no cap on refundable portion.**Trump Accounts**

Newborn savings accounts seeded by the government.

House: \$1,000 seeded accounts for newborns, similar to ABLE accounts.**Senate:** \$1,000 seeded accounts for newborns, similar to ABLE accounts.**International Tax**

Adjustments to FDII, GILTI, and base erosion tax.

House: FDII and GILTI rates increase accordingly.**Senate:** Similar increases, but higher base erosion tax.**Green Energy Credits**

Termination of green energy tax credits.

House: Most credits end after 2025 or 2026.**Senate:** End some credits as early as 90 days post-enactment.**IRS Procedural Changes**

Changes to IRS programs and enforcement.

House: Terminates Direct File; mandates AI use; ERC fraud penalties up to \$200,000 (later struck).**Senate:** Terminates Direct File; ERC fraud penalties \$1,000 per failure, no cap.

While these bills continue to develop, please [contact](#) your tax professional at Kernutt Stokes if you have questions or want to discuss more.