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# Looking ahead to the expiration of the Tax Cuts and Jobs Act (TCJA)

**The current tax code has been in place since the TCJA was signed into law in late 2017. Most provisions, including personal income tax rates and brackets, expire at the end of 2025, unless Congress acts. The 21% corporate tax rate and long-term capital gains tax rates do not expire. Here is a comparison of how taxes would differ upon expiration of the TCJA.**

## Current Tax Rates vs. Projections Upon Expiration of the TCJA

Single filers

| Taxable Income | 2025 Tax Rates % | Projected Tax Rates % | Difference % |
|---|---|---|---|
| **$0–$11,925** | 10 | 10 | **0.0** |
| **$11,926–$48,475** | 12 | 15 | ↑ 3.0 |
| **$48,476–$103,350** | 22 | 25 | ↑ 3.0 |
| **$103,351–$117,017** | 24 | 25 | ↑ 1.0 |
| **$117,018–$197,300** | 24 | 28 | ↑ 4.0 |
| **$197,301–$244,222** | 32 | 28 | ↓ 4.0 |
| **$244,223–$250,525** | 32 | 33 | ↑ 1.0 |
| **$250,526–$530,920** | 35 | 33 | ↓ 2.0 |
| **$530,921–$533,090** | 35 | 35 | **0.0** |
| **$533,091–$626,350** | 35 | 39.6 | ↑ 4.6 |
| **Over $626,350** | 37 | 39.6 | ↑ 2.6 |

Married couples filing a joint return

| Taxable Income | 2025 Tax Rates % | Projected Tax Rates % | Difference % |
|---|---|---|---|
| **$0–$23,850** | 10 | 10 | **0.0** |
| **$23,851–$96,950** | 12 | 15 | ↑ 3.0 |
| **$96,951–$195,032** | 22 | 25 | ↑ 3.0 |
| **$195,033–$206,700** | 22 | 28 | ↑ 6.0 |
| **$206,701–$297,308** | 24 | 28 | ↑ 4.0 |
| **$297,309–$394,600** | 24 | 33 | ↑ 9.0 |
| **$394,601–$501,050** | 32 | 33 | ↑ 1.0 |
| **$501,051–$530,920** | 35 | 33 | ↓ 2.0 |
| **$530,921–$599,827** | 35 | 35 | **0.0** |
| **$599,828–$751,600** | 35 | 39.6 | ↑ 4.6 |
| **Over $751,600** | 37 | 39.6 | ↑ 2.6 |

Sources: Internal Revenue Service and Franklin Templeton research. Projected tax rates are estimated, based on analysis of 2017 tax rates prior to passage ofthe TCJA, with tax bracket figures adjusted to account for annual inflation adjustments through 2025. Figures in red indicate an increase in tax rate upon TCJA expiration. Figures in green indicate where tax rates at certain income levels would decrease upon expiration of the TCJA.

## Comparison of Key Tax Provisions

| Provision | 2025 | Post-TCJA Expiration |
|---|---|---|
| **Standard Deduction** | $15,000 for individuals, $30,000 for couples | Reduced roughly in half; prior to TCJA the standard deduction was $6,350 for individuals, $12,700 for couples |
| **State and Local Tax Deduction (SALT)** | Capped at a maximum of $10,000 | No cap applies, deductions phase out at higher income levels due to the Pease limitation (phase-out begins at $261,500 for individuals, $313,800 for couples) |
| **Mortgage Interest Deduction** | Limited to interest on $750,000 of qualified debt | Limited to interest on $1,000,000 of qualified debt and an additional $100,000 of qualified home equity interest debt |
| **Miscellaneous Deductions** | Not available | Applicable once deductions exceed 2% of AGI; examples include investment fees, job search expenses, uniforms, unreimbursed work-related expenses |
| **Personal Exemptions** | Not available | $4,050 per taxpayer and qualified dependents; phase-out at higher income levels begins at $261,500 for individuals, $313,800 for couples |
| **Child Tax Credit** | $2,000 per qualifying child (under age 17), $500 for other dependents, phase-out begins $200,000 for individuals, $400,000 for couples | $1,000 per qualifying child with income phase-outs beginning at $75,000 for individuals, $110,000 for couples |
| **Alternative Minimum Tax (AMT)** | Applies to relatively few taxpayers given high exemption amounts ($88,100 for individuals, $137,000 for couples) and income phase-out amounts ($626,350 for individuals, $1,252,700 for couples) | AMT would apply to significantly more taxpayers due to much lower exemption and income phase-out amounts |
| **Deduction for Qualified Business Income (QBI)** | 20% deduction applicable for pass-through businesses depending on circumstances | Not available |
| **Estate and Gift Tax** | Unified lifetime exclusion amount is $13,990,000 per individual | Unified lifetime exclusion amount reduced roughly by half |

Post-TCJA expiration figures are based on 2017 tax law prior to the TCJA and do not reflect annual inflation adjustments. QBI deduction is subject to income phaseouts (beginning at $197,300 for individuals, $394,600 for couples) if the business is considered a Specified Service Trade or Business (SSTB). Other limitations to the QBI deduction may apply to non-SSTBs.



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