IndependentWomen®

One Year of the Working Families Tax Cuts

In 60 Seconds

Wins in the First Year

On July 4, 2025, the One Big Beautiful Bill Act (also called the Working Families Tax Cuts) was signed into law. This legislation permanently extended many expiring provisions of the 2017 Tax Cuts and Jobs Act and added several new tax-saving benefits for hard-working Americans.

- Over 53 million taxpayers claimed at least one of the new tax cuts in 2026
- No tax on tips claimed by over 6 million taxpayers
- No tax on overtime pay claimed by 25 million taxpayers
- No tax on seniors claimed by 30 million seniors
- 5 million Trump Accounts have been opened, and 1.2 million of them are eligible for the $1,000 seed grant.

This tax season was one of the best for Americans.

- 11% increase in the average tax refund due to withholding schedules playing catch-up on the lower taxes for paycheck earners.
- Tipped workers saved an average of $7,100 of their tips from taxes.
- Overtime workers kept an average of $3,100 of earnings in their pockets.
- Seniors saved an average of $7,500 of their income from taxes.

Continuing Progress

The Working Families Tax Cuts will:

- Give American children a head start on their futures
- Boost small business growth
- Accelerate the U.S. economy

Children who were signed up and eligible for the matching contribution to the Trump Accounts will receive the $1,000 funds as early as July 4, 2026. This gives children born between January 1, 2025, and December 31, 2028, a major head start on retirement savings. If nothing is ever contributed beyond the initial $1,000, these accounts could grow to $243,000 by age 55.

The Working Families Tax Cuts uniquely benefit small businesses. By making the critical small business deduction permanent and renewing full expensing for capital investments and research and development, the economy is projected to add over 1 million new small business jobs and **$750 billion** in economic growth.

The Working Families Tax Cuts will grow the economy just as the 2017 Tax Cuts and Jobs Act did, boosting the real gross domestic product (GDP) by 4.6-4.9% in the next four years. *To learn more, visit independentwomen.com/taxcuts.*

Addressing Misperceptions

MISPERCEPTIONS	FACTS
The Working Families Tax Cuts are anti-growth	The Working Families Tax Cuts include provisions that make small business and corporate savings permanent. With pass-through deductions for small businesses, immediate research and development expensing, and 100% bonus depreciation, businesses are encouraged to invest in capital and find the best ways to expand. These are permanent changes to the tax code that are pro-growth and allow businesses more breathing room as they grow. By renewing the Opportunity Zone program, over $100 billion in new investment is projected for distressed areas over the coming decade. The overall economy is projected to grow by 4.6-4.9% in the next four years, and some 7.2 million jobs will be secured for American workers.
These tax cuts only benefit the rich.	Between no tax on tips, no tax on overtime pay, increased Child Tax Credits, and making tax cuts permanent that pushed median household incomes to all-time highs, the Working Families Tax Cuts benefit people across the board. Billionaires are not working for tips or overtime; over 50 million taxpayers are benefiting from increased tax deductions. Allowing deductions for tipped workers and overtime increases financial stability and allows working-class Americans to start getting ahead. These tax cuts work for working families.
The tax cuts don't help seniors.	The Working Families Tax Cuts are not only for working families and growing businesses, but they are also uniquely benefiting seniors. Allowing seniors to deduct $6,000 for individuals or $12,000 for couples in federal income taxes wipes out taxes on Social Security benefits. The Working Tax Cuts saved seniors aged 65 and older $63 billion.

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