

Description of the “Tax Cuts for Working Families Act”

June 8, 2023

Sec. 2. Standard deduction renamed guaranteed deduction.

Each use of the term “standard deduction” is replaced by “guaranteed deduction,” to reflect the guaranteed amount that all taxpayers are eligible to claim as a deduction against their adjusted gross income.

Sec. 3. Bonus guaranteed deduction for 2024 and 2025.

For tax years 2024 and 2025, the amount of the guaranteed deduction is increased by a bonus guaranteed deduction amount:

	Bonus Guaranteed Deduction (tax years 2024-2025)
Joint Return & Surviving Spouses	\$4,000
Head of Household	\$3,000
Any Other Case	\$2,000

The bonus guaranteed deduction will be adjusted for inflation and limited based on modified adjusted gross income, starting at a threshold amount of \$400,000 in the case of a joint return or a surviving spouse, \$300,000 in the case of a head of household, and \$200,000 in the case of any other taxpayer.