The OBBBA changed Schedule A primarily by changing which itemized deductions remain available, adding a new overall limitation on itemized deductions, and temporarily expanding the SALT deduction cap for 2025 through 2029. Because Schedule A is only relevant if the taxpayer elects to itemize under IRC §63(e), these changes matter only to taxpayers whose itemized deductions exceed the standard deduction or who otherwise choose to itemize. IRC §63 defines taxable income for non-itemizers as adjusted gross income reduced by the standard deduction and certain specified deductions, and defines "itemized deductions" as deductions other than above-the-line deductions and the deductions specifically listed in §63(b) [1].

The main Schedule A changes are these:

1. SALT deduction cap increased temporarily

- OBBBA amended IRC §164(b)(6)–(7) to increase the state and local tax deduction cap from $10,000 ($5,000 for married filing separately) to $40,000 ($20,000 for married filing separately) beginning in 2025, with inflation adjustments and a phase-down for higher-income taxpayers. The cap then reverts to $10,000 after 2029 [3].
- Practically, this is one of the most visible Schedule A changes because state and local income, real property, and certain personal property taxes are claimed on Schedule A subject to the §164 limitation [3].

2. New overall limitation on itemized deductions

- OBBBA reinstated an overall limitation on itemized deductions through a new IRC §68 formula, but not the old Pease limitation. Under §68(a), itemized deductions otherwise allowable are reduced by 2/37 of the lesser of:
    1. the amount of itemized deductions, or
    2. the amount by which taxable income, computed without regard to §68 and increased by the itemized deductions, exceeds the dollar amount at which the 37% bracket begins for the taxpayer [2].
- Section 68(b) provides that this limitation applies after any other limitation on a deduction [2].
- OBBBA made this change effective for taxable years beginning after December 31, 2025, so it affects 2026 and later returns, not 2025 returns [3].
- Functionally, this means high-income taxpayers itemizing on Schedule A may not receive the full tax benefit of their otherwise allowable itemized deductions even after applying the specific deduction-level limits.

3. Mortgage insurance premiums treated as qualified residence interest

- OBBBA amended IRC §163(h)(3)(F) to make the $750,000 cap on qualified residence interest permanent and to treat mortgage insurance premiums as interest [3].
- Because home mortgage interest is claimed on Schedule A, this change affects the Schedule A home mortgage interest line items beginning in taxable years after December 31, 2025 [3].

4. Casualty loss deduction remains limited, but expanded to state-declared disasters

UPSTATE TAX

- OBBBA made permanent the rule limiting personal casualty losses to disaster-related losses, and expanded the rule to include state-declared disasters, not just federally declared disasters [3].
- Since personal casualty and theft losses are claimed as itemized deductions on Schedule A, this broadens the category of deductible disaster losses somewhat, while still preserving the general restriction against deducting ordinary personal casualty losses [3].
- This applies for taxable years beginning after December 31, 2025 [3].

5. Miscellaneous itemized deductions remain suspended

- OBBBA made permanent the suspension of miscellaneous itemized deductions under IRC §67(g), except that educator expenses remain deductible and were expanded in scope [3].
- For Schedule A purposes, this means the suspended 2%-floor miscellaneous deductions do not come back after 2025; taxpayers generally still cannot claim unreimbursed employee expenses, tax prep fees, investment expenses, and similar items as miscellaneous itemized deductions [3].
- This applies for taxable years beginning after December 31, 2025 [3].

6. Charitable contribution deductions tightened for itemizers beginning in 2026

- OBBBA added a 0.5% floor on charitable contribution deductions for individuals who itemize. Under the summary, only contributions exceeding 0.5% of AGI are deductible, with carryforward rules preserved [3].
- This is a direct Schedule A change because charitable contributions are claimed there by itemizers.
- The change applies to taxable years beginning after December 31, 2025 [3].
- At the same time, OBBBA permanently expanded the above-the-line charitable deduction for non-itemizers under IRC §170(p) to $1,000 ($2,000 joint), which matters under IRC §63(b) because that deduction is taken into account in computing taxable income for non-itemizers rather than on Schedule A [1] [3]. So OBBBA split charitable benefits between itemizers and non-itemizers, but itemizers now face a floor.

7. Standard deduction increase indirectly reduces Schedule A usage

- Although not itself a Schedule A amendment, OBBBA permanently increased the standard deduction under IRC §63(c)(7), including $23,625 for heads of household and $15,750 for single filers, effective for taxable years beginning after December 31, 2024, with inflation adjustments after 2025 [1] [3].
- Because taxpayers itemize only if they elect to do so under §63(e), a larger standard deduction means fewer taxpayers will benefit from filing Schedule A at all [1].

Timing matters

- For 2025 Schedule A returns, the most important OBBBA change is the temporary SALT cap increase to $40,000/$20,000 [3].
- For 2026 and later Schedule A returns, additional changes begin to apply, including:
  - the new §68 overall limitation on itemized deductions [2] [3];
  - permanent suspension of miscellaneous itemized deductions [3];

- mortgage insurance premiums treated as interest [3];
- casualty loss expansion to state-declared disasters [3];
- and the 0.5% AGI floor on charitable deductions for itemizers [3].

In short, OBBBA did not simply "expand Schedule A." It temporarily increased one major deduction category (SALT), but for 2026 forward it also imposed a new overall haircut on itemized deductions, kept miscellaneous itemized deductions disallowed, narrowed the effective charitable deduction for itemizers through a floor, and modified specific Schedule A categories such as mortgage interest and casualty losses [3] [2].

If you want, I can also break this down by Schedule A line item for 2025 versus 2026.

Cited sources:

[1] Sec. 63 Taxable income defined: https://app.askbluej.com/source/272d6b9e-7ae5-5952-8a3b-f0f16033f8b2

[2] Sec. 68 Overall limitation on itemized deductions: https://app.askbluej.com/source/dfb0e7ec-caec-5488-8911-706034ad91f5

[3] Blue J Resource: P.L. 119-21 (H.R. 1, One Big Beautiful Bill Act, OBBBA) Summary: https://app.askbluej.com/source/c2ccb522-d0ee-5718-a114-e924e9e5172e

Additional relevant sources:

IRS News Releases IR-2025-4: https://app.askbluej.com/source/7255e906-3681-5124-a4c1-ea5ae23d40af

News Stories: IRS Unveils New Draft Schedule for OBBBA Deductions: https://www.taxnotes.com/lr/resolve/7t0lz?src=abj1

Viewpoint: Adjusting an Estate Plan Following the One Big Beautiful Bill Act: https://www.taxnotes.com/lr/resolve/7sxcj?src=abj1

Special Reports: One Big Beautiful Bill Act Takes Center Stage Among Rule Changes: https://www.taxnotes.com/lr/resolve/7ss19?src=abj1