

7 TAX LAW UPDATES FOR 2025 RETURNS



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Income Taxes and Deductions:

- *Standard Deductions: Single and MFS -\$15,750; MFJ - \$31,500; HOH - \$23,625*
- *Tax Brackets: 10%, 12%, 22%, 24%, 32%, 35%, 37%, have been made permanent*
- *State and Local Income Tax deduction (SALT) raised to \$40,000*

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New Deductions for 2025:

- *Senior Tax Deductions: up to \$6,000*
- *Tips income tax deductions: up to \$25,000*
- *Overtime income tax deductions: up to \$12,500 per person*
- *Auto loan interest deduction of up to \$10,000 for a new vehicle purchase*

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Other Interest Deductions:

- *Investment Interest*
- *Qualified Mortgage Interest (including points if you're in the buyer)*
- *Student Loan Interest*
- *Farm Business Interest*
- *Non-farm Business Interest*
- *Interest Related to Income-producing Activities*

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Retirement and Savings:

- *401(k) and Similar Plans: contribution limit = \$23,500. Also Standard catch-up contribution (ages 50+) remains \$7,500 while “Supersize” catch-up contribution (ages 60-63) of \$11,250 is available as well.*
- *IRA contributions: Limit is still \$7,000 with a \$1,000 catch up for 50+*
- *HSA contributions: Limit is \$4,300 for individuals and \$8,550 for families*
- *RMD rules have stayed the same*

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Families and Dependents:

- *Child Tax Credit: \$2,200 per child, \$500 per other qualified dependent*
- *Up to \$5,000 for the Adoption Credit may be refundable*
- *Option to create a “Trump Account: for a child born between 1/1/25 and 12/31/28*

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Investments and Other Updates:

- *Capital Gains Taxes: 0%, 15% and 20% tax rates remain in place but income thresholds have been adjusted*
- *Estate and Gift Tax Exemption: \$13.99 million for lifetimes and estate tax exemption; Annual gift exclusions is \$19,000 per recipient*
- *Digital Assets Reporting: Brokers are now required to issue Form 1099-DA for cryptocurrency and other digital asset transactions*

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Clean Energy:

- *New & Used Clean Vehicle Credit, will not be allowed for any vehicle acquired after September 30, 2025*
- *The Energy Efficient Home Improvement Credit and Residential Clean Energy Credit will not be allowed for any property placed in service or expenditures made after December 31, 2025*



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