Allied Tax Advisors

2025 TAX PLANNING GUIDE: KEY FINANCIAL DETAILS

This guide summarizes the essential 2025 tax figures, including brackets, deductions, and key retirement and education provisions to help inform your planning.

1. Recent Updates from the 'Beautiful Big Act' (OBBBA)

The "Beautiful Big Act" (OBBBA) introduces several significant and immediate tax deductions for individuals and modifies key permanent tax laws, beginning in the 2025 tax year (TY25).

NEW DEDUCTIONS FOR WORKING AMERICANS (EFFECTIVE 2025–2028)

These deductions are claimed on the new Schedule 1-A (Form 1040) and reduce your taxable income.

PROVISION	MAXIMUM DEDUCTION	MAGI PHASE-OUT BEGINS	KEY REQUIREMENT
No Tax on Tips	Up to **$25,000** for qualified tips	$150,000 (Single/HOH); $300,000 (MFJ)	Must be an occupation that customarily and regularly receives tips.
No Tax on Overtime	Up to **$12,500** per taxpayer for qualified overtime pay.	$150,000 (Single/HOH); $300,000 (MFJ)	Applies to compensation required under the Fair Labor Standards Act (FLSA).
No Tax on Car Loan Interest	Up to **$10,000** for interest paid on qualified passenger vehicle loans.	$100,000 (Single/HOH); $200,000 (MFJ)	Loan must be incurred after 12/31/2024 for a vehicle with final assembly in the U.S.
Enhanced Deduction for Seniors	Up to **$6,000** per eligible taxpayer.	$75,000 (Single/HOH); $150,000 (MFJ)	For individuals aged 65 and over (separate from the existing standard deduction).

KEY BUSINESS AND INVESTMENT UPDATES

PROVISION	NEW LIMIT/RULE	EFFECTIVE DATE
Section 179 Expensing	Expensing limit increased to **$2.5 million** (adjusted for inflation). Phasedown threshold increased to **$4.0 million** (adjusted for inflation).	Tax Years 2025+ (Permanent)
Bonus Depreciation	**100% Expensing** made permanent (referred to as 100% expensing in the bill), replacing the prior phase-down schedule (40% for 2025).	Property placed in service after **Jan. 19, 2025**
R&D Expenditures	Immediate deduction for **domestic** R&D expenditures (no longer amortized). **Small businesses** (Avg. Gross Receipts $\leq \$31M$) may retroactively amend 2022-2024 returns to claim this deduction.	Deductible TY25+; Retroactive Amendment $\leq$ July 6, 2026
QBI Deduction Minimum	Minimum deduction of **$400** (indexed for inflation) added for active qualified businesses with QBI $\geq \$1,000$.	Tax Years 2026+ (Permanent)
Estate and Gift Tax Exemption	The Basic Exclusion Amount (BEA) is permanently increased to **$15 million** (adjusted for inflation).	Tax Years 2026+
Child Tax Credit (CTC)	The maximum credit is permanently increased to **$2,200** per qualifying child (adjusted for inflation).	Tax Years 2025+ (Permanent)
Adoption Credit	Enhanced to include a **refundable portion** up to **$5,000** (adjusted for inflation).	Tax Years 2025+

STATE AND LOCAL TAX (SALT) DEDUCTION

The prior $10,000 State and Local Tax (SALT) deduction cap is modified starting in 2026.

PRIOR RULE UNDER TCJA (TY18 - TY25)	NEW RULE				
SALT deduction capped at $10,000 ($5,000 for MFS) with no phasedown		**2025**	**2026**	**2027-2029**	**2030**
	SALT cap	**$40,000** ($20,000 MFS)	**$40,400** ($20,200 MFS)	Increases by **1%**	$10,000 ($5,000 MFS)
	SALT deduction phasedown threshold	**$500,000** ($250,000 MFS)	**$505,000** ($252,500 MFS)	Increases by **1%**	none
		Phasedown cannot reduce the deduction below **$10,000** ($5,000 for MFS)			

NEW CHILD SAVINGS ACCOUNT (TRUMP ACCOUNTS)

This pilot program provides a new savings vehicle for eligible American children

PROVISION	DETAILS
Eligibility	American children born after January 1, 2025, through December 31, 2028.
Initial Deposit	Federal government makes an initial deposit of **$1,000**.
Parental Deposits	Parents may make additional deposits up to $5,000 per year.
Employer Contributions	Up to **$2,500** of the parental deposit limit can come from an employer and is excluded from the parents' taxable income.
Withdrawals	Funds cannot be withdrawn prior to the beneficiary turning 18 years old. The account is generally treated as a traditional IRA after age 18.

CRUCIAL CHANGES TO INFORMATIONAL REPORTING

These updates impact how small businesses and self-employed individuals receive and report income.

FORM	OLD RULE	NEW THRESHOLD	EFFECTIVE DATE	IMPACT
Form 1099-NEC/MISC	**$600**	Increased to **$2,000**	Payments made after 12/31/2025 (Filing in 2027)	Reduces the number of 1099s businesses must issue.
Form 1099-K (Third-party network/payment apps)	**TY25 $2,500**	**$20,000** and **200 transactions**	Retroactive to 2022	Reinstates the prior, higher threshold, providing relief from the lower $\$600$ reporting requirement.

2. 2025 Income Tax Brackets

The following tables detail the income thresholds for each marginal tax rate for the 2025 tax year.

MARRIED, FILING JOINTLY

PROVISION	RATE (%)
$0 – $23,850	10.0%
$23,851 – $96,950	12.0%
$96,951 – $206,700	22.0%
$206,701 – $394,600	24.0%
$394,601 – $501,050	32.0%
$501,051 – $751,600	35.0%
Over $751,600	37.0%

SINGLE

PROVISION	RATE (%)
$0 – $11,925	10.0%
$11,926 – $48,475	12.0%
$48,476 – $103,350	22.0%
$103,351 – $197,300	24.0%
$197,301 – $250,525	32.0%
$250,526 – $626,350	35.0%
Over $626,350	37.0%

HEAD OF HOUSEHOLD

PROVISION	RATE (%)
$0 – $17,000	10.0%
$17,001 – $64,850	12.0%
$64,851 – $103,350	22.0%
$103,351 – $197,300	24.0%
$197,301 – $250,500	32.0%
$250,501 – $626,350	35.0%
Over $626,350	37.0%

ESTATES AND TRUSTS

PROVISION	RATE (%)
$0 – $3,150	10.0%
$3,151 – $11,450	24.0%
$11,451 – $15,650	35.0%
Over $15,650	37.0%

3. Standard Deduction & Capital Gains

STANDARD DEDUCTION

FILING STATUS	STANDARD DEDUCTION	ADDITIONAL DEDUCTION (BLIND OR OVER 65)
Married, filing jointly	$31,500	$1,600 if married
Single	$15,750	$2,000 if single (not a surviving spouse)
Married, filing separately	$15,750	$1,600 if married
Head of household	$23,625	$2,000 if single (not a surviving spouse)

LONG-TERM CAPITAL GAINS & QUALIFIED DIVIDEND RATES

RATE (%)	APPLICABLE TAXABLE INCOME (UP TO)
0.0%	Married, filing jointly: $96,700
	Single: $48,350
	Head of household: $64,750
15.0%	Married, filing jointly: $600,050
	Single: $533,400
	Head of household: $566,700
20.0%	Applies to taxable income above the 15.0% thresholds
28.0%	Applies to capital gains on collectibles

4. Retirement Contributions and Phaseouts

ITEM	LIMIT/RANGE
IRA and Roth IRA Contributions (Under age 50)	$7,000
IRA and Roth IRA Contributions (Aged 50 and over)	$8,000
Qualified Plan Contributions (401(k), 403(b), etc.)	$23,500
Qualified Plan Catch-up (Aged 50–59, 64+)	$31,000
Qualified Plan Catch-up (Aged 60–63)	$34,750
SEP Contribution Limit (Up to 25% of compensation)	$70,000
Limit on additions to defined contribution plan	$70,000

IRA DEDUCTION PHASEOUT
(for participants in a qualified plan)

FILING STATUS	MAGI RANGE
Married, filing jointly	$126,000 – $146,000
Single or head of household	$79,000 – $89,000

ROTH IRA CONTRIBUTION PHASEOUT

FILING STATUS	MAGI RANGE
Married, filing jointly	$126,000 – $146,000
Single or head of household	$79,000 – $89,000

5. SECURE Act 2.0: Provisions Effective in 2025

The SECURE Act 2.0 introduces enhancements to retirement savings, with these key provisions taking effect in 2025:

• **Mandatory Automatic Enrollment:** Employers offering new 401(k) and 403(b) plans are now required to automatically enroll eligible workers at an initial contribution rate of **3% to 10%** of their pay.
• **Mandatory Auto-Escalation:** These new plans must also automatically increase the employee's contribution by **1% each year**, up to a limit of 10% to 15% of compensation.
• **Increased Catch-up Contributions:** Taxpayers ages **60 to 63** will benefit from a higher catch-up contribution limit. For 2025, this increased limit is **$11,250**.

REQUIRED MINIMUM DISTRIBUTIONS (RMD) AND UNIFORM LIFETIME TABLE

The minimum age at which IRA owners are required to take RMDs rose from 72 to 73 (effective for tax years beginning in 2023). The age increases to 75 beginning January 1, 2033.

The **Uniform Lifetime Table** is used by all IRA owners, unless their sole beneficiary is a spouse more than 10 years younger (in which case the Joint Life Expectancy Table is used).

AGE	DIVISOR	AGE	DIVISOR	AGE	DIVISOR
73	26.5	83	17.7	93	10.1
74	25.5	84	16.8	94	9.5
75	24.6	85	16.0	95	8.9
76	23.7	86	15.2	96	8.4
77	22.9	87	14.4	97	7.8
78	22.0	88	13.7	98	7.3
79	21.1	89	12.9	99	6.8
80	20.2	90	12.2	100	6.4
81	19.4	91	11.5		
82	18.5	92	10.8		

6. Education Tax Items

This table summarizes key education tax limits, phaseouts, and contributions for quick reference.

ITEM	LIMIT / CONTRIBUTION	PHASEOUT RANGE (SINGLE/HOH MAGI)	PHASEOUT RANGE (JOINT MAGI)
529 Plan Annual Gift Exclusion (Per individual)	$19,000	N/A	N/A
529 Plan Accelerated Gifting (5-Year, per individual)	$95,000	N/A	N/A
American Opportunity Tax Credit (AOTC) – Maximum Credit	$2,500	$80,000 – $90,000	$160,000 – $180,000
Lifetime Learning Credit (LLC) – Maximum Credit	$2,000	$80,000 – $90,000	$160,000 – $180,000
Student Loan Interest (Deduction limit)	$2,500	$85,000 – $100,000	$170,000 – $200,000
Coverdell Education Savings Account (Contribution)	$2,000	$95,000 – $110,000	$190,000 – $220,000
Tax-Free Savings Bonds Interest Phaseout	N/A	$99,500 – $114,500	$149,250 – $179,250

7. 2025 Tax Season Deadlines (Filing in 2026)

Keep these important due dates in mind for filing your 2025 tax returns in 2026.

ENTITY TYPE	FILING DEADLINE	EXTENSION DEADLINE
Individual Filers	April 15, 2026 (Wed)	October 15, 2026 (Thu)
Self-Employed	April 15, 2026 (Wed)	October 15, 2026 (Thu)
C Corporation	April 15, 2026 (Wed)	October 15, 2026 (Thu)
Single-Member LLCs	April 15, 2026 (Wed)	October 15, 2026 (Thu)
S Corporation	March 16, 2026 (Mon)	September 15, 2026 (Tue)
Partnerships	March 16, 2026 (Mon)	September 15, 2026 (Tue)
Multi-Member LLCs	March 16, 2026 (Mon)	September 15, 2026 (Tue)
Trusts (Form 1041)	April 15, 2026 (Wed)	September 30, 2026 (Wed)
Non-Profits	May 15, 2026 (Fri)	November 16, 2026 (Mon)

Disclaimer: This material is for general information only and does not constitute tax, legal, or accounting advice. You should consult with an independent professional advisor based on your particular circumstances.

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