

2025 TAX CHEAT SHEET SUPPLEMENT (9-30-25) 8:30 am ET

[Selected changes - Use at own risk]

- [1] The federal income tax taxation of Social Security benefits has **NOT** changed. (K0731-2)

- [2] The Social Security annual wage base is 176,100 for 2025. The nanny tax threshold is 2,800 for 2025. (K0731-2)

- [3] The 2025 contribution cap for IRA (aka Traditional IRA) and Roth (aka Roth IRA) remains 7,000, plus 1,000 as an additional catch-up contribution for individuals age 50 and older. Go Roth! (K0102-3)

- [4] Roth contributions phase out at AGIs of 236K to 246K for couples and 150K to 165K for singles. (K0102-3)

- [5] The maximum 401(k) contribution for 2025 is 23,500. People 60-63 can stash up to 11,250 more. It's 7,500 for folks born before 1976. (K0102-3)

- [6] The 2025 basic standard deduction is 31,500 for joint filers, 15,750 for singles and 23,625 for heads of household. Filers 65 and older get 1,600 more per spouse on joint returns and 2,000 more on single and HH returns. (K0717-1)

- [7] The Child Tax Credit (CTC) rises to 2,200 per qualifying child. Up to 1,700 of this CTC is refundable for lower income taxpayers. (K0717-1)

- [8] The Child Care Credit still allows up to 3,000 for expenses for one qualifying child and up to 6,000 for two or more qualifying children. The 2025 maximum credit remains 1,050 for one dependent and 2,100 if two or more dependents. Beginning in 2026, the maximum credit increases to 1,500 (one) and 3,000 (two or more). (K0717-1)

- [9] The maximum Earned Income Credit (EIC) for qualifying children has increased.

- [10] The standard mileage rate for business driving is 70.0 cents a mile. The standard mileage rate for medical and military driving remains 21 cents a mile. The charitable mileage rate remains at 14 cents a mile by law. (K0102-3)

- [11] Tax rates on long-term capital gains and qualified dividends do not change but the income threshold changes. The 0% rate in 2025 applies to taxable income up to 96,700 for joint filers, 64,750 for household heads and 48,350 for singles. The 15% rate now applies until the 20% threshold is reached at a high taxable income. (K0102-2)

- [12] The IRA qualified charitable distribution (QCD) cap is 108,000. People who are 70-1/2 or older can transfer up to 108,000 from their traditional IRAs directly to charity. QCDs can count as part of your required minimum distribution, but they are not taxable and they are not included in your adjusted gross income. (K0102-3)

- [13] The annual cap on deductible payins to HSAs rises to 4,300 for account owners with self-only coverage and 8,550 for family coverage. (K0102-4)

- [14] 529 college savings accounts are expanded in three important ways. One of the upgrades is that more K-12 expenses are covered. (K0717-3)

[15] There are four brand-new tax deductions starting in 2025 and ending after 2028. These deductions are available for those that itemize on Schedule A or take the standard deduction.

- a. Senior tax deduction of 6,000 per filer (12,000 if filing married) age 65 or older. The deduction begins to phase out for taxpayers with modified AGI over 150K on joint returns and 75K on single and head-of-household returns.
- b. Up to 25K in taxable tips is deductible. The write-off begins to phase out at modified AGIs over 300K on joint returns ... 150K on others. There are a lot of rules and complexities, and IRS guidance will be needed.
- c. Up to 12,500 of overtime pay is deductible. This write-off begins to phase out at modified AGIs over 300K on joint returns ... 150K on others. And there are many rules, guardrails and knotty technicalities.
- d. Individuals with auto loans can deduct up to 10K of interest that they pay to buy a new car, mini van, SUV, pickup truck or motorcycle after 2024. Final assembly of the vehicle must take place in the U.S. The write-off begins to phase out at modified AGI over 200K for joint filers ... 100K for others. (K0717-2)

[16] The 20% Qualified Business Income (QBI) phases out with taxable incomes of more than 394,600 for joint filers and 197,300 for all others. (K0102-4)

[17] First-year bonus depreciation allows \$2.5M of Section 179 assets to be expensed in 2025. The limit phases out dollar-for-dollar once more than \$4M of assets are placed in service in 2025. The first year bonus depreciation maximum is 100% (not 40%) of cost of new and used qualifying business assets with lives of 20 years or less. (K0717-4)

[18] Tax credits for energy-efficient home improvements end after 2025. The residential clean-energy credit is for an energy source such as solar, wind or geothermal (think solar panels). The credit equals 30% of the cost of materials and installation to your residence. The energy-efficient home improvement credit is for A/C systems, exterior doors and windows, heat pumps, water heaters, boilers, insulation and more. (K0717-3)

[19] The up-to-7,500 tax credit for buying an electric vehicle expired after Sept. 30, 2025. (K0717-3)

[20] AMT exemptions rise for 2025 to 137,000 for joint filers and 88,100 for single filers. The exemption phaseout zones begin at 1,252,700 for joint filers and 626,350 for singles. The 28% AMT rate kicks in above 239,100. (K0102-2)

[21] The annual gift tax exclusion increases to 19,000 per donee. You can gift up to 19K (38K if your spouse agrees) to each child, grandchild, or any person in 2025 without having to file a gift tax return or tap your lifetime estate and gift tax exemption. (K0102-3)

[22] The lifetime estate and gift tax exemption is 13,990,000. The related unified credit is 5,389,800xxx. The portability election still exists for the surviving spouse. The top estate tax rate stays at 40%. The exemption increases to 15,000,000 in 2026. (K0717-1)

[23] Starting in 2026, there will be a new tax-advantaged savings account for young children. Up to \$5,000 can be contributed each year. The federal government would put in \$1,000 for each child born after 2024 and before 2029 (four years). Contributions aren't deductible. Income tax on the earnings is deferred until the account owner takes distributions. (K0717-4)