

What Firms Need To Know About 2025 Federal Tax Changes

TIPS & OVERTIME DEDUCTIONS

Tips: Up to \$25,000 deduction

Overtime: Up to \$12,500 deduction (\$25K joint filers)

TO DO ➡ Update payroll tracking

STANDARD DEDUCTION

Single: \$15,750 (up from \$15,000)

Joint: \$31,500 (up from \$30,000)

Head of Household: \$23,625 (up from \$22,500)

TO DO ➡ Advise clients on itemizing vs. taking standard deduction

SALT CAP INCREASE

New cap: \$40,000 (\$20,000 if married filing separately)

TO DO ➡ Advise clients on itemizing vs. taking standard deduction

SENIOR DEDUCTION

New cap: Extra \$6,000 per person

TO DO ➡ Flag all 65+ clients to claim deduction and advise of phaseout

CHILD TAX CREDIT

Increased from \$2,000 to \$2,200 per qualifying child

Indexed to inflation starting in 2026

TO DO ➡ Communicate revised credit, stricter SSN requirements, and phaseouts

ESTATE TAX CHANGES

Indiv. exemption: \$15M (up from \$13.6M)

Joint exemption: \$30M (up from \$27.2M)

TO DO ➡ Advise estate clients of implications and gifting strategies

CAR LOAN INTEREST

Up to \$10K annual deduction for qualified auto loans

Must be for U.S.-assembled vehicles

TO DO ➡ Implement a checklist to verify client vehicle meets eligibility

GREEN CREDITS PHASE-OUT

EV credits: End Sept 2025

Residential clean energy: End Dec 2025

Commercial clean energy: End Dec 2027

TO DO ➡ Alert clients with pending energy projects about acceleration deadlines

TAX BRACKETS

TCJA individual rates are now permanent:

- **Rates:** 10%, 12%, 22%, 24%, 32%, 35%, 37%
- **Annual inflation** adjustments continue

TO DO ➡ Communicate changes to long-term planning clients

CLIENT OPPORTUNITY CHECKLIST

- ✓ **SALT planning** for high-tax state clients
- ✓ **Senior deduction strategies** for 65+ clients
- ✓ **Tips & overtime documentation** for service workers
- ✓ **Estate planning acceleration** with higher exemptions
- ✓ **Multi-year planning** for temporary provisions



IMPLEMENTATION TIMELINE

-  **Retroactive to 2025:** Tips/overtime deductions, SALT increase
-  **Effective 2025:** Most other provisions
-  **Sunset 2028:** Tips, overtime, senior deduction, car loan interest
-  **Permanent:** Tax brackets, standard deduction, estate exemptions

More changes mean more complexity. We've got you covered.

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Individual client situations may vary. Phase-out calculations and qualification requirements apply to most provisions.