

## 2025 NEW TAX LAWS – CHANGES

1. The Standard deduction has increased based on the cost-of-living increases.
2. The additional Deduction for Seniors age 65 and older is \$6000. This is for singles whose adjusted gross income is less than \$75,000 for married filing jointly whose adjusted gross income is less than \$150,000.
3. In 2026, the estate and gift tax lifetime exclusion is \$15,000,000.
4. Regarding Student Loan Discharges, the new law allows for exclusion from income on account of death or total and permanent disability of the student.
5. Effective for years after 2024 and before 2029 a deduction is allowed equal to the qualified tips received during the tax year that are included on statements furnished to the taxpayer by the employer. The amount is limited to \$25,000 per year. The new law included tips received from barbering and hair care, nail care, esthetics, and body and spa treatments.
6. Effective for years after 2024 and before 2029 a deduction is allowed equal to the qualified overtime compensation received during the years that is included on statements furnished to the taxpayer by the employer. The deduction is limited to \$12,500 (single) or \$25,000 (Married filing jointly).
7. Effective for years after 2024 and before 2029 a deduction is allowed for qualified passenger vehicle loan interest. The deduction is limited to \$10,000 for a qualified vehicle. The vehicle must have been purchased after 2024, must be a new vehicle, and used for personal use only. The new vehicle must be a car, minivan, sport utility vehicle, pickup truck, or a motorcycle (gross weight limit is 14,000 pounds). The vehicle is a vehicle in which the final assembly occurs within the United States.
8. Disaster related personal casualty losses are deductible for losses that include all federally declared disaster for losses that occur between January 1, 2018 and ending on July 4, 2025.
9. In prior years, deductions for state and local taxes were limited to \$10,000 per year, however this has been changed to \$40,000 in 2025.
10. Effective for years beginning after 2025, the deduction for gambling losses is limited to 90% of such losses incurred during the year.
11. In 2025 the Child Tax Credit increased to \$2,200 per qualifying child under the age of 17.
12. Effective for sales or exchanges in tax years beginning after July 4, 2025 a taxpayer can elect to report the net income tax on gam from the sale or exchange of qualified

farmland property sold to a qualified farmer over a 4 year period in equal installments.

13. Beginning after 2024, the Section 179 deduction limit is \$2.5 million, adjusted annually for inflation.
14. For business property acquired after January 19, 2025, the new law permanently extends the 100% expensing of all property eligible for bonus depreciation.
15. Effective for property placed in service after July 4, 2025, a new class of property called qualified production property is eligible for expensing 100% of its adjusted bases rather than depreciating it over 39 years. This is for qualified production property that is non-residential real property.
16. Effective for payments made after 2025, the \$600 threshold is increased to \$2,000.
17. Taxpayers must check a box that declares the taxpayer's main home in 2025.
18. Taxpayers who are assigned an Identity Protection PIN will receive the PIN number in January or Early February of 2026.
19. The standard mileage rates increased for 2025 to 72.5 cents per mile for business travel. The amounts for medical and moving have increased to 21 cents per mile. The charitable rate remains the same at 14 cents per mile.
20. All residential energy credits expire after 12/31/25.
21. Beginning in 2025 the catch-up contributions for certain retirement plans increased to \$11,250.
22. The annual exclusion for gifts in 2025 has increased to \$19,000 per person per year.
23. For 2025, a corporation may not discriminate to highly compensated employees. This employee would come under this rule if the employee's compensation exceeded \$230,000 per year.
24. For 2025 the wages subject to social security (or self-employment tax) will be \$176,100. The rate of 7.65% remains the same.
25. The deadlines for filing various income tax returns are as follows:
  - Individual Income Tax Returns – April 15<sup>th</sup>
  - Gift Tax Returns – April 15<sup>th</sup> following the year of the gift
  - Partnership – March 15<sup>th</sup>
  - Regular Corporations – April 15<sup>th</sup>
  - S Corporations – March 15
  - Non-Profit Exempt Organizations – May 15<sup>th</sup>