



Major Tax Changes



2024, New Tax Bill Changes, Effective Date of Change

Individual Provisions

Previously	New Provision	Effective Date of Change
Tax Cuts and Jobs Act created seven tax brackets 10%, 12%, 22%, 24%, 32%, 35% and 37% . These tax brackets were set to expire at the end of 2025. Previously the brackets were 10%, 15%, 25%, 28%, 33%, 35% and 39.6%	The seven tax brackets under Tax Cuts and Jobs Act (TCJA) rates are made permanent , with additional inflation adjustments for certain brackets.	January 1, 2025
Tax Cuts and Jobs Act eliminated all personal exemption through 2025.	All previous personal exemptions have been permanently eliminated.	January 1, 2025
TCJA introduced larger standard deduction amounts that were indexed for inflation. These larger standard deduction amounts were scheduled to expire at the end of 2025	The larger standard deduction amounts have been made permanent and will continue to be indexed for inflation. The 2025 amounts have been increased over the previous announced amounts.	January 1, 2025
The 2025 amounts as previously announced by the IRS: Single - \$15,000 HOH - \$22,500 MFJ - \$30,000	The NEW 2025 amounts as set forth in the new legislation: Single - \$15,750 HOH - \$23,625 MFJ - \$31,500	January 1, 2025
Taxpayers that are 65 or older receive an increased standard deduction amount. In 2024 this was \$1,950 for single filers or HOH and \$1,550 for MFJ or \$3,100 if both age 65.	Taxpayers that are 65 or older will continue to receive an increased standard deduction amount. The 2025 this is \$2,000 for single filers or HOH and \$1,600 for MFJ or \$3,200 if both age 65.	January 1, 2025



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Individual Provisions– Above the Line Deductions

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Additional Deduction for Seniors		
<p>Taxpayers that are 65 or older receive an increased standard deduction amount but there was no additional deduction.</p>	<p>Starting in 2025 through 2028, Taxpayers that are 65 or older can claim a new \$6,000 bonus deduction.</p> <p>This provision was included to help offset taxes on Social Security benefits, but it is not tied to Social Security.</p> <p>The new \$6,000 senior deduction is an above the line deduction and can be taken even if they itemize their deductions.</p> <p>It has been called an “exemption”, but it is a deduction.</p> <p>The deduction begins to phase out for taxpayers with Modified Adjusted Gross Income (MAGI) over at the rate of 6% of MAGI over the threshold amounts:</p> <ul style="list-style-type: none"> • \$75,000 for single filers • \$150,000 for MFJ 	<p>January 1, 2025</p>
Tips		
<p>Tips are reported on the W-2 and are subject to Federal Income Taxes, FICA and Medicare Tax.</p> <p>Tips are reported separately on the W-2.</p>	<p>For 2025 – 2028 – Tips will continue be reported on the W-2.</p> <p>Tips will be subject to Federal Income Tax Withholding, FICA and Medicare Tax in the same manner as previously.</p>	<p>January 1, 2025</p>



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Individual Provisions– Above the Line Deductions

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Tips (Continued)		
<p>Tips are reported on the W-2 and are subject to Federal Income Taxes, FICA and Medicare Tax.</p> <p>Tips are reported separately on the W-2.</p>	<p>For 2025 – 2028, up to \$25,000 per individual, for tips can be deducted as an above the line deduction.</p> <p>Tip income will still be considered earned income.</p> <p>The deduction for Tips begins to phase out for taxpayers with Modified Adjusted Gross Income (MAGI) over:</p> <ul style="list-style-type: none"> • \$150,000 for single filers • \$300,000 for MFJ 	<p>January 1, 2025</p>
Overtime		
<p>Overtime is considered part of the taxpayer’s wages and is subject to Federal Income Taxes, FICA and Medicare Tax.</p> <p>Overtime is not reported separately on the W-2.</p>	<p>For 2025 – 2028, up to \$12,500 per individual (\$25,000 maximum on a MFJ return) can be taken as an above the line deduction. It will still be earned income.</p> <p>Overtime will be identified separately on W-2’s.</p> <p>The deduction for Overtime also begins to phase out for taxpayers with Modified Adjusted Gross Income (MAGI) over:</p> <ul style="list-style-type: none"> • \$150,000 for single filers • \$300,000 for MFJ 	<p>January 1, 2025</p>



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Individual Provisions– Above the Line Deductions

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Car Loans		
Car loan interest was non-deductible.	<p>For 2025 – 2028,– up to \$10,000 in interest paid on qualifying car loans can be taken as an above the line deduction.</p> <p>To be eligible the Car Loan interest deduction must be for new car loan made after December 31, 2024.</p> <p>The interest deduction only applies to car loans for new cars that had final assembly in the U.S.</p> <p>The deduction for car loan interest begins to phase out for taxpayers with Modified Adjusted Gross Income (MAGI) over:</p> <ul style="list-style-type: none">• \$100,000 for single filers• \$200,000 for MFJ	January 1, 2025
Charitable Donations		
<p>Under TCJA Charitable contributions were deductible only if you itemized your deductions on Schedule A.</p> <p>If you took the standard deduction, you could not deduct charitable contributions except for COVID relief years of 2020 - 2021.</p>	<p>Starting in 2026, taxpayers can deduct as an above-the-line deduction the following amounts which will be adjusted for inflation:</p> <ul style="list-style-type: none">• \$1,000 (single filers)• \$2,000 (married filing jointly)	January 1, 2026



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Individual Provisions– Above the Line Deductions

Previously	New Provision	Effective Date of Change
Qualified Business Income Deduction		
<p>Section 199A Qualified Business Income Deduction was set to expire after 2025.</p> <p>Section 199A provided a taxpayer with pass-through income a deduction of 20% of Qualified Business Income.</p> <p>QBID is phased out for Specified Service Business once income thresholds were hit. The phase out window was \$50,000 for single filers and \$100,000 for married filing jointly.</p> <p>This remains in effect in 2025.</p> <p>The Qualified Business Income Deduction is subject to a limitation that it cannot be more than 20% of Taxable Income minus Net Capital Gains.</p>	<p>Makes permanent the Section 199A Qualified Business Income Deduction, with no change to the current 20% deduction percentage.</p> <p>Starting in 2026, the limitation phase-in window for Specified Service Businesses has been expanded from \$50,000 to \$75,000 for single filers and from \$100,000 to \$150,000 for married filing jointly.</p> <p>Starting in 2026, taxpayers will get a minimum deduction of \$400 if they materially participate in businesses that have at least \$1,000 in income.</p> <p>Both amounts will be increased in \$5 increments based on changes to the C-CPI-U.</p>	<p>January 1, 2026</p>
Moving Expenses		
<p>TCJA eliminated the deduction for Moving Expenses except for members of the armed forces and certain governmental workers and performing artist. This restriction on claiming moving expenses was set to expire at the end of 2025.</p>	<p>This restriction on claiming moving expenses set forth in TCJA is now a permanent limitation.</p>	<p>No change or expiration</p>



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Individual Provisions– Itemized Deductions

Previously	New Provision	Effective Date of Change
State and Local Tax		
<p>TCJA established a limit of \$10,000 for deducting State and Local Taxes through 2025.</p> <p>This limitation was set to expire at the end of this year and would have reverted to pre-TCJA levels which had no cap.</p>	<p>For the next five years the SALT deduction will be increased. It will be \$40,000 in 2025 and increase by 1% each year thereafter.</p> <p>However, in 2030 the SALT deduction will revert to \$10,000.</p> <ul style="list-style-type: none">• 2025 - \$40,000• 2026 - \$40,400• 2027 - \$40,804• 2028 - \$41,212• 2029 - \$41,624• 2030 - \$10,000 <p>The SALT deduction is phased out for taxpayers once their income exceeds a threshold of an AGI of \$500,000 and the deduction is reduced by \$50 for each \$1,000 over the threshold.</p>	January 1, 2025
Mortgage Interest		
<p>TCJA reduced the maximum amount of indebtedness eligible for the mortgage interest deduction from \$1,000,000 to \$750,000.</p> <p>TCJA eliminated the deduction for interest on home equity loans unless the funds were used to buy, build, or substantially improve the home.</p>	<p>Starting in 2026, mortgage insurance premiums will now be allowed to be deducted as part of mortgage interest.</p> <p>All other TCJA mortgage provisions that were set to expire in 2025 are made permanent.</p>	January 1, 2026



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Individual Provisions– Itemized Deductions

Previously	New Provision	Effective Date of Change
Charitable Donations		
<p>Taxpayers could generally deduct up to:</p> <ul style="list-style-type: none">60% of AGI for cash contributions to qualified public charities.30% of AGI for non-cash contributions or gifts to certain private foundations. <p>Contributions exceeding these limits could be carried forward for up to 5 years.</p>	<p>Starting in 2026, to claim any charitable donations, your total contributions must exceed 0.5% of your adjusted gross income (AGI). The percentage limitations on charitable deductions remain.</p>	January 1, 2026
Gambling Losses		
<p>Under TCJA a taxpayers could deduct 100% of their gambling losses up to the amount of their gambling winnings.</p> <p>Gambling losses were reported on Schedule A and required the taxpayer to itemize to claim.</p>	<p>Under the new law, only 90% of gambling losses will be deductible.</p> <p>The change to reporting gambling losses will begin in 2026.</p>	January 1, 2026
Miscellaneous Deductions		
<p>TCJA suspended the following miscellaneous deductions.</p> <ul style="list-style-type: none">Unreimbursed employee expensesTax preparation feesInvestment advisory feesHobby expensesLegal fees related to income production	<p>The temporary suspension of these miscellaneous deductions has been made permanent.</p>	Temporary suspension is made permanent



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Individual Provisions– Itemized Deductions

Previously	New Provision	Effective Date of Change
Educator Expenses		
<p>Educator expenses were claimed as an above-the-line deduction on Schedule 1 of Form 1040, capped at \$300 per educator.</p> <p>This remains for 2025.</p>	<p>Starting in 2026, educator expenses will be a miscellaneous deduction claimed on Schedule A and is no longer subject to the \$300 per educator cap.</p> <p>It has been expanded to include coaches and sports administrators, and the scope of covered expenses has been expanded to cover activities.</p>	January 1, 2026
Casualty Loss		
<p>TCJA's limited the itemized deduction for personal casualty losses to losses resulting from federally declared disasters.</p>	<p>The TCJA's provision limiting the itemized deduction for personal casualty losses to losses resulting from federally declared disasters becomes permanent, but the bill expands the provision to include certain state-declared disasters starting in 2026.</p>	January 1, 2026
Overall Limit		
<p>TCJA eliminated the "Pease" limitation which reduced the value of itemized deductions for high income taxpayers. This was set to return in 2026.</p> <p>This worked by reducing the value of a taxpayer's itemized deductions by 3 percent for every dollar of taxable income above a certain threshold.</p>	<p>The Pease limitation on itemized deductions is permanently repealed.</p> <p>Starting in 2026, under a new rule, itemized deductions will be reduced for taxpayers in the highest bracket (37%) by 2/37 of the lesser of:</p> <ul style="list-style-type: none">Your total itemized deductions, orYour taxable income above the top 37% tax bracket threshold	January 1, 2026



Major Tax Changes



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Individual Provisions– Professional Gamblers

Previously	New Provision	Effective Date of Change
Under TCJA a Professional Gambler could deduct 100% of gambling losses and business expenses (like travel, lodging, tournament fees) up to the amount of their winnings.	Under the new law, only 90% of expenses incurred will be deductible up to the amount of their winnings. This will affect professional gamblers since they could still owe taxes by breaking even or even losing.	January 1, 2026



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Individual Provisions– Credits

Previously	New Provision	Effective Date of Change
Adoption Credit		
<p>For tax year 2025, the maximum adoption credit would be \$17,280</p> <p>This credit is nonrefundable, but it can be carried over to a future tax year.</p>	<p>Starting in 2025, a portion of the adoption credit, \$5,000 will be refundable. The refundable portion shall be adjusted in future years.</p> <p>The maximum credit in in 2025 will remain \$17,280.</p>	January 1, 2025
Child Tax Credit		
<p>TCJA increased the Child Tax Credit from \$1,000 to \$2,000 through 2025.</p> <p>TCJA also raised the income levels to \$200,000 for single filers and \$400,000 for MFJ.</p>	<p>Starting in 2025, the Child Tax Credit is permanently increased to \$2,200 and will be adjusted by \$100 increments in the future for changes to C-CPI-U.</p> <p>No changes are made to the income eligibility requirements</p>	January 1, 2025
Additional Child Tax Credit		
<p>TCJA provided up to \$1,400 of the Child Tax Credit was refundable based on a formula consisting of 15% of earned income over \$2,500.</p> <p>This refundable amount was adjusted by \$100 increments based on changes to C-CPI-U.</p>	<p>In 2025, the maximum Additional Child Tax Credit will be \$1,700. There are no changes to the earned income requirements.</p> <p>The refundable amount will be adjusted by \$100 increments based on changes to C-CPI-U.</p>	January 1, 2025



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Individual Provisions– Credits

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Electric Vehicle Credits		
<p>Inflation Reduction Act (“IRA”) created the following electric vehicle credits:</p> <ul style="list-style-type: none">• Clean Vehicle Credit - \$7,500• Used Vehicle Credit - \$4,000• Commercial Vehicle - 15% of Cost	<p>The expiration date for these electric vehicle credits under the Inflation Reduction Act was 2032.</p> <p>However, each of these credits will now expire on September 30, 2025.</p>	<p>Expire on September 30, 2025</p>
Contributions for Scholarship Credit		
	<p>New Tax Credit for Contributions to Scholarship Granting Organizations –</p> <p>Starting in 2027, this is a nonrefundable credit and can be up to \$1,700.</p> <p>Donations must be made to nonprofit organizations that provide education scholarships to elementary and secondary students.</p> <p>Scholarship Granting Organizations must use the funds to support tuition, fees, and other education expenses at private schools.</p> <p>In 2026, the eligible schools will be identified, and the Treasury Department will issue guidance on how this credit can be claimed.</p>	<p>January 1, 2027</p>



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Residential Energy Credits		
Residential Energy Credits are reported on Form 5695. The expiration dates were: Energy Efficient Home Improvement Credit - December 31, 2032 Residential Clean Energy Credit - December 31, 2034	The expiration date for these Residential Energy Credits is now December 31, 2025.	January 1, 2026



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Business Provisions

Previously	New Provision	Effective Date of Change
Bonus Depreciation		
<p>With the passage of Tax Cuts and Jobs Act in 2017, Bonus Depreciation was extended through 2026 with the following amounts as the deduction:</p> <p>Sept. 27, 2017 – December 31, 2022 - 100%</p> <p>January 1, 2023 – December 31, 2023 - 80%</p> <p>January 1, 2024 – December 31, 2024 - 60%</p> <p>January 1, 2025 – December 31, 2025 - 40%</p> <p>January 1, 2026 – December 31, 2026 - 20%</p> <p>After January 1, 2027 - 0%</p>	<p>The has reinstated 100% expensing of qualified assets in the year they were put into service for property acquired beginning Jan 1, 2025, rather than 40%.</p> <ul style="list-style-type: none"> Bonus Depreciation is now permanent at 100%. The scope of qualified assets will also cover manufacturing buildings, but only for buildings placed in service before Jan. 1, 2031. Currently these buildings would be depreciated over 39 years. 	January 1, 2025
Section 179 Depreciation		
<p>The Section 179 deduction limits previously announced for 2025 were \$1,250,000 and the deduction begins to phase out when the total cost of qualifying property placed in service exceeds \$3,130,000</p>	<p>Now the Section 179 deduction limit for 2025 has been increased to \$2,500,000, the deduction begins to phase out when the total cost of qualifying property placed in service exceeds \$4,000,000.</p>	January 1, 2025
Research and Development Cost		
<p>Research and development costs are to be capitalized and amortized over a 15-year period.</p>	<p>Starting in 2025, research and development cost conducted in the United States can be expensed and not capitalized.</p> <p>There are also provisions to accelerated existing capitalized costs.</p>	January 1, 2025



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Business Provisions

Previously	New Provision	Effective Date of Change
Excess Business Loss		
<p>Excess Business Loss (EBL) is a limitation on high income noncorporate taxpayers. It affects taxpayers that have non-business income (wages/capital gains, etc.) over annual thresholds and business losses.</p> <p>EBL limits the amount of business losses that offsets non-business income.</p> <p>Applies to sole proprietors, partners, and S corporation shareholders.</p>	<p>Excess Business Loss (EBL) – Thresholds in 2025 are:</p> <ul style="list-style-type: none"> \$313,000 for single filers \$626,000 for joint filers <p>Once these income thresholds are hit, any losses coming from businesses are considered NOL's and carryforward and become subject to the 80% threshold. This provision was set to expire after 2028 but has been made a permanent change to the tax code.</p>	Provision became permanent change

Misc Provisions

Estate and Gift Tax Exemptions

<p>TCJA increased the Unified Estate and Gift Tax Exemption and indexed it to changes in C-CPI-U. These changes were set to expire at the end of 2025.</p> <p>2025 amount is \$13,990,000 (\$27,980,000 for married couples)</p>	<p>Starting in 2026, the Unified Estate and Gift Tax Exemption will be increased permanently to \$15,000,000 (\$30,000,000 for married couples). These amounts will be increased based on changes to the C-CPI-U.</p>	January 1, 2026
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Miscellaneous Provisions

Previously	New Provision	Effective Date of Change
1099-K Reporting Threshold		
As part of a transition plan third party settlement or organizations were required to report to the payee when the gross amount was: 2024 - \$5,000 2025 - \$2,500 2026 - \$600	Effective immediately, a third-party settlement organization is not required to report, unless the aggregate value of transactions with respect to a payee for the year exceeds \$20,000 and the aggregate number of such transactions exceeds 200 .	January 1, 2025
1099 Reporting Thresholds		
The current requirement is all persons engaged in a trade or business that pays compensation, rent, grants, etc. of \$600 or more must file a 1099-Misc or 1099-NEC	2026 limit - \$2,000. This will be indexed for inflation starting in 2027 in multiples of \$100.	January 1, 2026
Dependent Care Plans and Trump Accounts		
The maximum annual amount excludable from income under a Dependent Care Assistance program is \$5,000 .	Starting in 2026 , the maximum annual amount excludable from income under a Dependent Care Assistance program will be \$7,500 .	January 1, 2026
	Taxpayer will be provided a \$1,000 tax credit for opening a "Trump account" for a child born between Jan. 1, 2025, and Dec. 31, 2028. Contributions can only be made in calendar years before the beneficiary turns 18 and distributions can only be made starting in the calendar year the beneficiary turns 18. These accounts cannot be opened until after July 4, 2026.	July 4, 2026