

## Journal of Accountancy

### Filing season quick guide — tax year 2025

#### Single taxpayers

If taxable income is over	But not over	Tax is	Plus	Of the amount over
\$0	\$11,925	10%		\$0
\$11,925	\$48,475	\$1,192.50	12%	\$11,925
\$48,475	\$103,350	\$5,578.50	22%	\$48,475
\$103,350	\$197,300	\$17,651	24%	\$103,350
\$197,300	\$250,525	\$40,199	32%	\$197,300
\$250,525	\$626,350	\$57,231	35%	\$250,525
\$626,350		\$188,769.75	37%	\$626,350

#### Married taxpayers filing joint returns and surviving spouses

If taxable income is over	But not over	Tax is	Plus	Of the amount over
\$0	\$23,850	10%		\$0
\$23,850	\$96,950	\$2,385	12%	\$23,850
\$96,950	\$206,700	\$11,157	22%	\$96,950
\$206,700	\$394,600	\$35,302	24%	\$206,700
\$394,600	\$501,050	\$80,398	32%	\$394,600
\$501,050	\$751,600	\$114,462	35%	\$501,050
\$751,600		\$202,154.50	37%	\$751,600

#### Married taxpayers filing separate returns

If taxable income is over	But not over	Tax is	Plus	Of the amount over
\$0	\$11,925	10%		\$0
\$11,925	\$48,475	\$1,192.50	12%	\$11,925
\$48,475	\$103,350	\$5,578.50	22%	\$48,475
\$103,350	\$197,300	\$17,651	24%	\$103,350
\$197,300	\$250,525	\$40,199	32%	\$197,300
\$250,525	\$375,800	\$57,231	35%	\$250,525
\$375,800		\$101,077.25	37%	\$375,800

#### Heads of household

If taxable income is over	But not over	Tax is	Plus	Of the amount over
\$0	\$17,000	10%		\$0
\$17,000	\$64,850	\$1,700	12%	\$17,000
\$64,850	\$103,350	\$7,442	22%	\$64,850
\$103,350	\$197,300	\$15,912	24%	\$103,350
\$197,300	\$250,500	\$38,460	32%	\$197,300
\$250,500	\$626,350	\$55,484	35%	\$250,500
\$626,350		\$187,031.50	37%	\$626,350

## Filing season quick guide — tax year 2025

### Trusts and estates

If taxable income is over	But not over	Tax is	Plus	Of the amount over
\$0	\$3,150	10%		\$0
\$3,150	\$11,450	\$315	24%	\$3,150
\$11,450	\$15,650	\$2,307	35%	\$11,450
\$15,650		\$3,777	37%	\$15,650

### Long-term capital gains rates

Filing status or entity	0% rate: Taxable income of	15% rate: Taxable income of	20% rate: Taxable income of
Married filing jointly	\$0 to \$96,700	\$96,701 to \$600,050	\$600,051 and over
Married filing separately	\$0 to \$48,350	\$48,351 to \$300,000	\$300,001 and over
Heads of household	\$0 to \$64,750	\$64,751 to \$566,700	\$566,701 and over
Single	\$0 to \$48,350	\$48,351 to \$533,400	\$533,401 and over
Trusts and estates	\$0 to \$3,250	\$3,251 to \$15,900	\$15,901 and over

#### NET INVESTMENT INCOME TAX

3.8% of the lesser of (1) net investment income or (2) the amount of modified adjusted gross income (MAGI) over these thresholds:

- Single: \$200,000
- Married filing jointly and surviving spouses: \$250,000
- Married filing separately: \$125,000
- Heads of household: \$200,000
- Estates and trusts: \$15,650

#### KIDDIE TAX

For a child subject to the kiddie tax, the net unearned income of the child (limited to the individual's taxable income) is taxed at the parents' marginal tax rate. Net unearned income for 2025 is the portion of the child's adjusted gross income (AGI) not attributable to earned income, over the sum of (1) \$1,350 plus (2) the greater of \$1,350 or, if the child itemizes deductions, those itemized deductions directly connected to the production of the unearned income.

#### SELF-EMPLOYMENT TAX

- Tax rate: 15.3% (12.4% OASDI tax plus 2.9% Medicare tax).
- Surtax: 0.9% Medicare surtax is applied to self-employment income in excess of \$200,000 (single), \$250,000 (married filing jointly), or \$125,000 (married filing separately).
- Wage base: \$176,100 of self-employment income for OASDI (maximum OASDI tax of \$21,836.40; no ceiling on Medicare tax).

#### PERSONAL EXEMPTION

The law known as the One Big Beautiful Bill Act (OBBBA), H.R. 1, P.L. 119-21, permanently sets the deduction for personal exemptions at zero.

## Filing season quick guide — tax year 2025

### STANDARD DEDUCTION

- Single: \$15,750
- Married filing jointly and surviving spouses: \$31,500
- Married filing separately: \$15,750
- Heads of household: \$23,625

Additional standard deduction for age 65+ or blind taxpayers:

- Unmarried individuals other than surviving spouses: \$2,000
- All other taxpayers: \$1,600
- In addition, the OBBBA provides a \$6,000 deduction for individual taxpayers (and, on joint returns, a qualifying spouse) age 65 or older, subject to phaseout with MAGI over \$75,000 (\$150,000 for a joint return).

Standard deduction for individuals who can be claimed as dependents: the lesser of (1) \$15,750 or (2) the greater of \$1,350 or \$450 plus the individual's earned income.

### ITEMIZED DEDUCTIONS

Miscellaneous itemized deductions are disallowed.

### STANDARD MILEAGE RATE

- Business: 70 cents per mile. Business mileage is no longer deductible as an unreimbursed employee business expense except for members of a reserve component of the U.S. armed forces, state or local government officials paid on a fee basis, and certain performing artists.
- Medical and moving: 21 cents per mile.
- Charitable services: 14 cents per mile.

For business autos for which the optional business standard mileage rate is used, the portion treated as depreciation is 33 cents per mile.

### TAX CREDITS

- **Earned income:** Maximum credit depends on number of qualifying children: \$649 (none); \$4,328 (one); \$7,152 (two); and \$8,046 (three or more), subject to phaseouts. The ceiling for disqualifying investment income is \$11,950.
- **Child:** Maximum credit per child \$2,200, with maximum refundable portion \$1,700. Phases out at AGI above \$200,000 (single) and \$400,000 (married filing jointly). Social Security numbers required for taxpayers (or, on a joint return, at least one spouse) and qualifying children.
- **Adoption expense:** \$17,280 maximum; phases out with MAGI between \$259,190 and \$299,190. Up to \$5,000 refundable.
- **American opportunity:** \$2,500 per year, per student maximum (100% of the first \$2,000 of qualifying expenses and 25% of the next \$2,000 paid by the taxpayer), with 40% of the credit refundable unless the taxpayer is a child subject to the kiddie tax. Phases out for single taxpayers with MAGI between \$80,000 and \$90,000 (\$160,000–\$180,000 for married taxpayers filing jointly).
- **Lifetime learning:** 20% of up to \$10,000 of qualified tuition and related expenses paid by the taxpayer. Phases out between \$80,000 and \$90,000 of MAGI for single filers and \$160,000–\$180,000 for married taxpayers filing jointly.
- **Sec. 25D residential clean energy:** 30% of amount paid for qualifying property (for qualified fuel cell property, maximum credit of \$500 for each 0.5 kilowatt of capacity).
- **Small business health insurance:** 50% of amount of nonelective contributions an eligible small employer makes on behalf of its employees for premiums for certain health insurance coverage (35% credit against payroll tax for a tax-exempt small employer). Available for two consecutive tax years. Phases out for employers with 10–25 full-time-equivalent employees and average annual wages between \$33,300 and \$66,600.



## Filing season quick guide — tax year 2025

### SAVER'S CREDIT APPLICABLE PERCENTAGES

AGI, married filing jointly	AGI, heads of household	AGI, all other filers	Applicable percentage
\$0 to \$47,500	\$0 to \$35,625	\$0 to \$23,750	50%
\$47,501 to \$51,000	\$35,626 to \$38,250	\$23,751 to \$25,500	20%
\$51,001 to \$79,000	\$38,251 to \$59,250	\$25,501 to \$39,500	10%

### SEC. 179 AND BONUS DEPRECIATION

- Sec. 179 expense deduction: \$2,500,000, with a phaseout threshold of \$4,000,000.
- Sec. 168(k) bonus depreciation: 100%, for most property placed in service on or after Jan. 19, 2025.

### RETIREMENT PLAN LIMITS

- Maximum 401(k) plan elective deferral: \$23,500 (plus \$7,500 catch-up for individuals age 50+ and \$11,250 for individuals who attain age 60–63 in 2025).
- Defined benefit plan maximum benefit: \$280,000.
- Defined contribution plan contribution limit: \$70,000 or 100% of compensation, whichever is less.
- IRA deductible contribution limit: \$7,000 (plus \$1,000 catch-up for age 50+).
- IRA deduction phaseout for active participant in a workplace retirement plan: MAGI from \$126,000–\$146,000 (married filing jointly); \$79,000–\$89,000 (single taxpayers and heads of household);

\$0–\$10,000 (married filing separately); \$236,000–\$246,000 (individual who is not an active participant in a workplace retirement plan but whose spouse is).

- Roth IRA contribution limit: \$7,000 (plus \$1,000 catch-up for age 50+).
- Roth IRA contribution limit phaseout (MAGI): \$236,000–\$246,000 (married filing jointly); \$150,000–\$165,000 (single and heads of household); \$0–\$10,000 (married filing separately).
- SEP minimum required compensation: \$750; compensation limit for determining maximum allowable contributions by employer: \$350,000.

### ESTATES AND GIFTS

- Per-donee annual gift tax exclusion: \$19,000.
- Annual exclusion of transfers to noncitizen spouse: \$190,000.
- Gift/estate tax exclusion: \$13,990,000; estate of first spouse to die may pass unused portion of exclusion to surviving spouse.

### ALTERNATIVE MINIMUM TAX

Filing status or entity	AMT exemption amount	AMTI phaseout of exemption*
Married filing jointly or surviving spouses	\$137,000	\$1,252,700 to \$1,800,700
Single or heads of household	\$88,100	\$626,350 to \$978,750
Married filing separately	\$68,500	\$626,350 to \$900,350
Estates and trusts	\$30,700	\$102,500 to \$225,300

\* At 25% of AMTI above phaseout threshold.