

2025 Federal Tax Reference Guide

Updated for the One Big Beautiful Bill Act (OBBBA) — Public Law 119-21

Prepared: March 2026 | Effective Tax Year 2025

Important Disclaimer: This guide is prepared for general informational purposes and reflects federal tax law as amended by the One Big Beautiful Bill Act (P.L. 119-21, signed July 4, 2025). IRS guidance on several OBBBA provisions is still forthcoming. State taxes vary. Consult your CPA before making financial decisions.

OBBBA Highlights — Effective 2025: On July 4, 2025, the One Big Beautiful Bill Act (OBBBA) was signed into law, significantly amending the Internal Revenue Code. Key 2025 changes include: (1) Standard TCJA provisions made permanent — tax brackets, standard deduction, QBI deduction, estate exemption; (2) New above-the-line deductions for tips, overtime, and car loan interest (2025–2028); (3) New \$6,000 senior deduction (2025–2028); (4) SALT cap raised to \$40,000 for 2025; (5) 100% bonus depreciation restored permanently; Section 179 doubled to \$2.5M; (6) Trump Accounts created for children (launch July 4, 2026); (7) Most residential energy credits terminated December 31, 2025; EV credits ended September 30, 2025.

SECTION 1 — Standard Deduction (OBBBA-Adjusted)

OBBBA raised the standard deduction effective for tax year 2025 beyond prior inflation adjustments. All TCJA-era deduction amounts are now permanent.

Filing Status	2024	2025 (Pre-OBBBA)	2025 (OBBBA Final)	Change from 2024
Single / MFS	\$14,600	\$15,000	\$15,750	+\$1,150
Married Filing Jointly (MFJ)	\$29,200	\$30,000	\$31,500	+\$2,300
Head of Household (HOH)	\$21,900	\$22,500	\$23,625	+\$1,725
Add'l 65+/Blind — Single/HOH (each)	\$1,950	\$2,000	\$2,000	No change
Add'l 65+/Blind — MFJ/MFS (each)	\$1,550	\$1,600	\$1,600	No change

* Dependent filers: Greater of \$1,350 or earned income + \$450, not to exceed standard deduction. Note: The 2025 OBBBA amounts represent the final enacted figures for tax year 2025.

SECTION 2 — 2025 Federal Income Tax Brackets (Permanent Under OBBBA)

OBBBA made the TCJA seven-rate structure permanent. Rates will no longer expire.

Single Filers

Rate	Over	But Not Over	Tax Owed
10%	\$0	\$11,925	10% of taxable income
12%	\$11,925	\$48,475	\$1,192.50 + 12% of excess
22%	\$48,475	\$103,350	\$5,578.50 + 22% of excess

Rate	Over	But Not Over	Tax Owed
24%	\$103,350	\$197,300	\$17,651.50 + 24% of excess
32%	\$197,300	\$250,525	\$40,199.50 + 32% of excess
35%	\$250,525	\$626,350	\$57,231.00 + 35% of excess
37%	\$626,350	—	\$188,769.75 + 37% of excess

Married Filing Jointly / Qualifying Surviving Spouse

Rate	Over	But Not Over	Tax Owed
10%	\$0	\$23,850	10% of taxable income
12%	\$23,850	\$96,950	\$2,385 + 12% of excess
22%	\$96,950	\$206,700	\$11,157 + 22% of excess
24%	\$206,700	\$394,600	\$35,302 + 24% of excess
32%	\$394,600	\$501,050	\$80,398 + 32% of excess
35%	\$501,050	\$751,600	\$114,462 + 35% of excess
37%	\$751,600	—	\$202,154.50 + 37% of excess

Head of Household

Rate	Over	But Not Over	Tax Owed
10%	\$0	\$17,000	10% of taxable income
12%	\$17,000	\$64,850	\$1,700 + 12% of excess
22%	\$64,850	\$103,350	\$7,442 + 22% of excess
24%	\$103,350	\$197,300	\$15,912 + 24% of excess
32%	\$197,300	\$250,500	\$38,460 + 32% of excess
35%	\$250,500	\$626,350	\$55,484 + 35% of excess
37%	\$626,350	—	\$187,031.50 + 37% of excess

SECTION 3 — Capital Gains & Qualified Dividends (2025)

Rate	Single	MFJ / QSS	HOH	MFS
0%	Up to \$48,350	Up to \$96,700	Up to \$64,750	Up to \$48,350
15%	\$48,350–\$533,400	\$96,700–\$600,050	\$64,750–\$566,700	\$48,350–\$300,000
20%	Over \$533,400	Over \$600,050	Over \$566,700	Over \$300,000
NIIT 3.8% MAGI	Over \$200,000	Over \$250,000	Over \$200,000	Over \$125,000

SECTION 4 — Standard Mileage Rates (2025)

Purpose	2024 Rate	2025 Rate	Change
Business (self-employed, Schedule C)	67¢/mile	70¢/mile	+3¢
Medical / Active Military Moving	21¢/mile	21¢/mile	No change
Charitable (statutory)	14¢/mile	14¢/mile	No change
MACRS Depreciation Component	30¢/mile	33¢/mile	+3¢

Note: W-2 employees may NOT deduct unreimbursed business mileage. Charitable rate requires a legislative change to modify.

SECTION 5 — Retirement Contribution Limits (2025)

Limit Type	2024	2025	Change
401(k)/403(b)/457 Elective Deferral	\$23,000	\$23,500	+\$500
Catch-Up Age 50–59 & 64+	\$7,500	\$7,500	No change
SECURE 2.0 Enhanced Catch-Up Age 60–63	\$7,500	\$11,250	+\$3,750
\$415 Total Annual Additions	\$69,000	\$70,000	+\$1,000
Annual Compensation Limit §401(a)(17)	\$345,000	\$350,000	+\$5,000
HCE Threshold	\$155,000	\$160,000	+\$5,000
IRA Contribution (Traditional/Roth)	\$7,000	\$7,000	No change
IRA Catch-Up (Age 50+)	\$1,000	\$1,000	No change (statutory)
SIMPLE IRA Deferral	\$16,000	\$16,500	+\$500
SIMPLE Age 60–63 Enhanced Catch-Up	\$3,500	\$5,250	+\$1,750
Roth IRA Phase-Out — Single	\$146K–\$161K	\$150K–\$165K	+\$4K range
Roth IRA Phase-Out — MFJ	\$230K–\$240K	\$236K–\$246K	+\$6K range
Trad. IRA Deduct. Phase-Out — Single	\$77K–\$87K	\$79K–\$89K	+\$2K range
Trad. IRA Deduct. Phase-Out — MFJ	\$123K–\$143K	\$126K–\$146K	+\$3K range

SECTION 6 — HSA, FSA & Dependent Care (2025)

Limit Type	2024	2025	Change
HSA Self-Only	\$4,150	\$4,300	+\$150
HSA Family	\$8,300	\$8,550	+\$250
HSA Catch-Up (55+)	\$1,000	\$1,000	No change
HDHP Min. Deductible — Self	\$1,600	\$1,650	+\$50
HDHP Min. Deductible — Family	\$3,200	\$3,300	+\$100
HDHP OOP Max — Self	\$8,050	\$8,300	+\$250
HDHP OOP Max — Family	\$16,100	\$16,600	+\$500
Health FSA Max	\$3,200	\$3,300	+\$100
Health FSA Carryover	\$640	\$660	+\$20
Dependent Care FSA	\$5,000	\$5,000	No change
Transit/Parking (monthly)	\$315	\$325	+\$10

OBBBA NOTE: Telehealth and remote care services may now be received before meeting the HDHP deductible. IRS Notice 2026-05 expands HSA availability under OBBBA.

SECTION 7 — Estate, Gift Tax & AMT (2025)

Item	2024	2025 (OBBBA)	Change
Annual Gift Tax Exclusion	\$18,000	\$19,000	+\$1,000
Estate & Gift Exemption (per person)	\$13,610,000	\$13,990,000	+\$380,000
MFJ Combined Exemption (portability)	\$27,220,000	\$27,980,000	+\$760,000
AMT Exemption — Single	\$85,700	\$88,100	+\$2,400
AMT Exemption — MFJ	\$133,300	\$137,000	+\$3,700
AMT Phase-Out Begins — Single	\$609,350	\$626,350	+\$17,000
AMT Phase-Out Begins — MFJ	\$1,218,700	\$1,252,700	+\$34,000

NOTE: OBBBA makes the TCJA estate tax exemption permanent and increases it to \$15,000,000 per person beginning in 2026, indexed for inflation.

SECTION 8 — Social Security, SE Tax & Medicare (2025)

Item	2024	2025	Change
SS Wage Base	\$168,600	\$176,100	+\$7,500
SS Tax Rate (Employee)	6.2%	6.2%	No change
Medicare Tax Rate (each)	1.45%	1.45%	No change
Additional Medicare (wages >\$200K single)	0.9%	0.9%	No change
SE Tax Rate	15.3%	15.3%	No change
Household Employee Threshold	\$2,700	\$2,800	+\$100

SECTION 9 — OBBBA New Above-the-Line Deductions (2025–2028)

The following new deductions were created by OBBBA and are available to both itemizers and non-itemizers (above-the-line) for tax years 2025 through 2028, unless otherwise noted.

Deduction	Maximum	MAGI Phase-Out Begins	Key Limitations
No Tax on Tips	\$25,000	\$150,000 (Single) \$300,000 (MFJ)	FLSA-covered tip occupations listed by IRS; W-2/1099 reported; not available MFS; self-employed limited to net income from tipping trade/business
No Tax on Overtime	\$12,500 Single \$25,000 MFJ	\$150,000 (Single) \$300,000 (MFJ)	FLSA-mandated overtime only (the 'half' in time-and-a-half); must be reported on W-2; not available MFS; employer may approximate for 2025
Qualified Vehicle Loan Interest	\$10,000 per year	\$100,000 (Single) \$200,000 (MFJ)	New vehicles only (assembled in U.S.); original use starts with taxpayer; no used vehicles; no lease payments; loan originated after Dec. 31, 2024; not available MFS

Deduction	Maximum	MAGI Phase-Out Begins	Key Limitations
Senior Deduction (Age 65+)	\$6,000 per qualifying taxpayer	\$75,000 (Single) \$150,000 (MFJ)	Available regardless of itemizing; in addition to existing 65+ std. deduction; phases out at 6% per dollar over threshold; requires SSN valid for work; not available MFS
SALT Deduction Cap (2025)	\$40,000	\$500,000 (MFJ) \$250,000 (MFS)	Raised from \$10,000 TCJA cap; cap reverts to \$10,000 in 2030; increases 1% per year through 2029; high-income phase-down to \$10,000 min. for AGI >\$600,000
QBI Deduction (§199A) — Permanent	20% of QBI	Fully phased out for SSTBs above threshold thresholds	TCJA provision made permanent by OBBBA; wage and capital limitations apply at higher incomes; SSTBs face complete disallowance above income thresholds

Planning Alert: IRS is still issuing guidance on the tip and overtime deductions, including the official list of qualifying tip occupations. Penalty relief is in place for 2025. Employers should properly code W-2s. The vehicle loan interest deduction requires vehicles assembled in the United States.

SECTION 10 — Section 179 & Bonus Depreciation (OBBBA — Permanent)

OBBBA permanently restored 100% bonus depreciation and more than doubled the Section 179 limit. These are among the most impactful business provisions for small and mid-size businesses.

Provision	2024 (Pre-OBBBA)	2025 (OBBBA)	Effective
Section 179 Maximum Deduction	\$1,220,000	\$2,500,000	Tax years beginning after Dec. 31, 2024
Section 179 Phase-Out Threshold	\$3,050,000	\$4,000,000	Tax years beginning after Dec. 31, 2024
Section 179 Complete Phase-Out	\$4,270,000	\$6,500,000	(Indexed for inflation after 2025)
Bonus Depreciation Percentage	60%	100% (Permanent)	Assets acquired & placed in service after Jan. 19, 2025
Bonus Depreciation — Applies to New Property?	Yes	Yes	N/A
Bonus Depreciation — Applies to Used Property?	Yes	Yes	Must be first-use by taxpayer; arm's-length transaction
Qualified Production Property (§168(n))	N/A — New	100% Deduction	New — nonresidential real property for mfg./production/refining
ATI for §163(j) Interest Limitation	EBIT-based	EBITDA-based	Add-back of depreciation/amortization/depletion restored for 2025+

Key Distinctions: Section 179 vs. Bonus Depreciation

Feature	Section 179	100% Bonus Depreciation
Dollar cap	Yes — \$2.5M (2025)	No — unlimited

Feature	Section 179	100% Bonus Depreciation
Creates NOL?	No — limited to taxable income	Yes — can create/increase NOL
Applied first?	Yes — before bonus depreciation	Applies to remaining basis after §179
Acquisition date requirement?	No — placed in service after 12/31/2024	Must be acquired AND placed in service after Jan. 19, 2025
Real property eligible?	Yes — certain improvements (HVAC, roofs, etc.)	Qualified improvement property only (not buildings)
State conformity?	Most states follow	Many states do NOT conform — file state separately
§163(j) interaction	Reduces ATI — may limit interest deduction	Does not reduce ATI under EBITDA method

Critical Timing Note: For 100% bonus depreciation, both the acquisition AND the placed-in-service date must be after January 19, 2025. Property under binding contract before that date does NOT qualify for 100% bonus — it defaults to 40% (the 2025 TCJA rate). Section 179 has no acquisition date requirement. Document contracts and placed-in-service dates carefully. State conformity varies significantly.

SECTION 11 — Trump Accounts (§530A) — Available July 4, 2026

OBBBA created a new type of tax-deferred savings account for children under age 18. Accounts are established under IRC §530A and function similar to traditional IRAs during the child's growth period. No contributions may be made before July 4, 2026.

Feature	Details
Eligibility	U.S. citizens under age 18 with a valid SSN; one account per beneficiary
Account Type	Traditional IRA-style trust or custodial arrangement (§408(a))
How to Open	File IRS Form 4547 with 2025 return or via trumpaccounts.gov (when available)
Contribution Limit (Annual)	\$5,000 per beneficiary (indexed for inflation after 2027)
First Contribution Permitted	July 4, 2026 (no contributions allowed before this date)
Government Seed Contribution	\$1,000 one-time for U.S. citizen children born Jan. 1, 2025 – Dec. 31, 2028; does NOT count toward \$5K limit
Employer Contributions	Up to \$2,500 per employee annually (tax-free fringe benefit under §128); counts toward \$5K limit
Charitable/Gov. Contributions	State/local governments and 501(c)(3) orgs may contribute to qualifying class; does NOT count toward \$5K limit
Who Can Contribute	Parents, grandparents, relatives, friends, employers (anyone, subject to limits)
Tax Deductibility	Contributions are NOT tax deductible by the contributor (post-tax dollars)
Tax Treatment — Growth	Tax-deferred growth (like traditional IRA)
Investment Restrictions	Must be invested in eligible U.S. equity index mutual funds or ETFs; expense ratio must be ≤0.1%
Distributions Before Age 18	Generally prohibited; exceptions for death, rollovers, excess contribution returns
At Age 18	Trump Account converts to a traditional IRA; regular IRA distribution rules apply
Gift Tax Note	Contributions by non-parents may require Form 709 gift tax return to report use of lifetime exemption

Planning Note: Trump Accounts are separate from IRA contribution limits — a child with a Trump Account and earned income could also contribute to a Roth IRA. Employers should evaluate whether to offer Section 128 Trump Account contributions as an employee benefit. IRS Notice 2025-68 provides initial guidance; additional regulations are forthcoming. Parents of children born 2025–2028 should file Form 4547 to claim the \$1,000 federal seed contribution.

SECTION 12 — Energy Tax Credits — OBBBA Changes

OBBBA significantly curtailed or eliminated many clean energy tax credits that were expanded under the Inflation Reduction Act (IRA) of 2022. Taxpayers should act immediately for any credits that have already expired.

Credit / Section	Status Under OBBBA	Deadline / Key Notes
New EV Credit (§30D)	TERMINATED	Vehicles must be acquired by Sept. 30, 2025. Binding contract + payment by 9/30/25 preserves credit even if delivered later.
Used EV Credit (§25E)	TERMINATED	Same Sept. 30, 2025 deadline as new EV credit.

Credit / Section	Status Under OBBBA	Deadline / Key Notes
Commercial Clean Vehicle Credit (§45W)	TERMINATED	Sept. 30, 2025 deadline for business vehicles.
EV Charging Infrastructure (§30C)	TERMINATED — Residential	Property must be placed in service by June 30, 2026.
Residential Clean Energy Credit (§25D)	TERMINATED	Solar, wind, geothermal, fuel cell — placed in service or expenditures must be made by Dec. 31, 2025. IRS guidance pending on purchase vs. installation date.
Energy Efficient Home Improvement (§25C)	TERMINATED	Windows, doors, HVAC, insulation — must be placed in service by Dec. 31, 2025.
Energy Efficient Commercial Buildings (§179D)	EXPIRES June 30, 2026	Construction must begin before June 30, 2026.
New Energy Efficient Home Credit (§45L)	EXPIRES June 30, 2026	Applicable to new homes.
Clean Electricity ITC/PTC (§48E/§45Y) — Wind & Solar	RESTRICTED	Wind/solar: must begin construction by July 4, 2026 AND be placed in service by Dec. 31, 2027. New physical work test required.
Clean Electricity ITC/PTC — Other Tech (nuclear, hydro, geothermal, storage)	EXTENDED	100% credit through 2033; phases down 2034–2035; eliminated 2036.
Advanced Manufacturing Credit (§45X)	MODIFIED	Wind components excluded after 2027; solar and battery credits continue with new foreign entity restrictions.
Clean Fuel Production Credit (§45Z)	EXPANDED	Extended through 2029; SAF credit expanded.
Foreign Entity Restrictions (FEOC)	NEW — All Energy Credits	Credits ineligible if taxpayer receives material assistance from or is tied to entities from China, Russia, North Korea, or Iran. Applies to taxable years beginning after July 4, 2025.

Urgent Client Action Required: The residential solar, EV, and energy efficiency credits expired December 31, 2025. EV credits expired September 30, 2025. Any clients who were planning these installations must confirm their projects were completed and properly placed in service by the applicable deadline. Document all placed-in-service dates carefully. IRS is issuing FAQs — consult [IRS.gov/energy](https://www.irs.gov/energy) for the latest guidance.

SECTION 13 — How to Make IRS Electronic Payments

Effective September 30, 2025, the IRS began phasing out paper checks per Executive Order 14247 (Modernizing Payments To and From America's Bank Account). All federal tax payments should be made electronically. The following methods are available:

Payment Method	Best For	Payment Limit	Registration	Website / Phone
IRS Direct Pay	Individual income tax, estimated tax, extensions, amended returns, installment payments	\$10 million	None — instant; re-verify identity each use	IRS.gov/directpay
IRS Online Account	Individuals — view balance, payment history, tax records; make Direct Pay payments	Same as Direct Pay	IRS account registration required	IRS.gov/account
EFTPS — Businesses	Business payroll taxes (941, 940, 943, 945), corporate income tax (1120), excise, trust/estate payments	\$50 million	Required — PIN mailed 5–7 days; call 1-800-982-3526 for password	EFTPS.gov
EFTPS — Individuals (existing)	Individual income tax — existing EFTPS users; new individual enrollments not accepted	\$50 million	Pre-existing accounts only; new individuals must use IRS Online Account	EFTPS.gov
IRS2Go App	Individual payments via mobile — uses Direct Pay	Same as Direct Pay	IRS account optional	App Store / Google Play
Credit / Debit Card	Individual or business taxes — convenience fee applies (approx. 1.82%–1.99%)	Varies by processor	None	IRS.gov/payments — select card processor
Digital Wallets	Select IRS payment pages — PayPal, Click to Pay, etc.	Varies	None	IRS.gov/payments
Same-Day Wire (FEDWIRE)	Large payments over Direct Pay limit; urgent same-day payments	No limit	Coordinate with financial institution	Contact your bank/FI
Check / Money Order	Limited — IRS transitioning away from paper per E.O. 14247	No limit	None	Mail with tax form/voucher

Payment Types by Form — Quick Reference

Tax Type / Form	Recommended Payment Method	Notes
Form 1040 — Balance Due	IRS Direct Pay or IRS Online Account	No registration; free; bank debit
Form 1040-ES — Quarterly Estimated	IRS Direct Pay or EFTPS (if enrolled)	Schedule payments up to 365 days in advance via EFTPS
Form 4868 — Extension Payment	IRS Direct Pay	Pay by April 15 to avoid penalties
Form 941 — Payroll Taxes	EFTPS (required for most employers)	Employers with >\$2,500/quarter must use EFTPS
Form 940 — FUTA	EFTPS	Annual deposit due by Jan. 31
Form 1120 — Corporate Tax	EFTPS	C-corporations; estimated payments quarterly

Tax Type / Form	Recommended Payment Method	Notes
Form 1065/1120-S — K-1 Balances Due	IRS Direct Pay or EFTPS	Partners/shareholders pay individual share via 1040
Form 1041 — Trust/Estate	EFTPS or Same-Day Wire	Direct Pay not available for fiduciary returns; register EFTPS early
Form 1099 Withholding / CP2000	IRS Direct Pay	Select 'Tax Return or Notice' as reason
IRS Installment Agreement	IRS Online Account / Direct Debit	Set up at IRS.gov/OPA; automatic debit available
CP501/CP503/CP504 Notices	IRS Direct Pay — select 'Balance Due'	Have notice handy; verify taxpayer info

EFTPS Enrollment Tip for Business Clients: EFTPS enrollment takes 5–7 business days to receive the PIN by mail. Businesses should enroll immediately if not already registered. Trusts and estates CANNOT use IRS Direct Pay — they must use EFTPS or wire transfer. **Individual clients:** New EFTPS individual accounts are no longer available; use IRS Online Account or Direct Pay instead. Existing EFTPS individual accounts remain functional.

SECTION 14 — Key Tax Credits (2025)

Credit	Max Amount	Key Notes
Child Tax Credit (CTC)	\$2,200/child under 17	OBBBA increased from \$2,000 permanently; \$1,700 refundable (ACTC); phase-out \$200K single/\$400K MFJ; 2026+ indexed for inflation
EITC — 3+ children	\$8,046	Phase-out begins \$23,511 single / \$29,511 MFJ
EITC — 2 children	\$7,152	See EITC table for full schedule
EITC — 1 child	\$4,328	
EITC — No children	\$649	Ages 25–64
Child & Dependent Care Credit	Up to \$2,100 (2+ dependents)	20%–35% of up to \$6,000 for 2+ dependents
AOTC	\$2,500/student	First 4 years college; 40% refundable; phase-out \$80K–\$90K single
Lifetime Learning Credit	\$2,000/return	20% of first \$10K; non-refundable; no year limit
Saver's Credit	Up to \$2,000 MFJ	10%–50%; phase-out \$38,250–\$76,500 MFJ
Adoption Credit	\$17,280	OBBBA: up to \$5,000 may be refundable (new)
Residential Clean Energy (§25D)	30%	EXPIRED Dec. 31, 2025 — act immediately if not completed
Energy Efficient Home Improvement (§25C)	Up to \$3,200/yr	EXPIRED Dec. 31, 2025
New EV Credit (§30D)	Up to \$7,500	EXPIRED Sept. 30, 2025
Used EV Credit (§25E)	Up to \$4,000	EXPIRED Sept. 30, 2025

This guide was prepared for general client education purposes and reflects law as amended by OBBBA (P.L. 119-21). IRS guidance on several OBBBA provisions is forthcoming; figures are subject to change. This is not legal or tax advice. © 2025 — All rights reserved.