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Key Changes for Individual Taxpayers

- **Permanent Tax Brackets and Rates:** The seven existing federal income tax brackets (10%, 12%, 22%, 24%, 32%, 35%, 37%) were made permanent, and income thresholds were adjusted for inflation.
- **Increased Standard Deduction:** The standard deduction amounts were permanently increased and adjusted for inflation.
 - **Single filers:** \$15,750 (up from \$14,600 in 2024).
 - **Married couples filing jointly:** \$31,500 (up from \$29,200 in 2024).
 - **Head of household:** \$23,625 (up from \$22,500 in 2024).
- **New Deduction for Seniors:** Individuals age 65 and older can claim an additional deduction of \$6,000, which is available whether or not they itemize deductions. This deduction phases out for single taxpayers with a Modified Adjusted Gross Income (MAGI) over \$75,000 (\$150,000 for married couples filing jointly).
- **Deduction for Tips:** Eligible employees and self-employed individuals may deduct qualified tips up to \$25,000 annually. This deduction is available from 2025 through 2028 and is subject to income phaseouts.
- **Deduction for Overtime Pay:** A new deduction is available for qualified overtime compensation that exceeds an individual's regular rate of pay (e.g., the "half" portion of "time-and-a-half" pay), up to \$12,500 annually (\$25,000 for joint filers). This also is effective from 2025 through 2028 and has income limitations.

- **Deduction for Car Loan Interest:** Individuals can deduct up to \$10,000 in interest paid on a loan for a new, personal-use vehicle that was manufactured in the United States, for loans originated after December 31, 2024. This deduction is available through 2028 and is subject to income limitations.
- **Child Tax Credit (CTC):** The maximum credit increased to \$2,200 per qualifying child for 2025 and subsequent years, with up to \$1,700 being refundable.
- **State and Local Tax (SALT) Deduction Cap:** The cap on the itemized SALT deduction increased to \$40,000 (up from \$10,000) for taxpayers with MAGI under \$500,000. This increased cap is temporary and will revert to \$10,000 after 2029.
- **Clean Vehicle Credits Eliminated:** Credits for new and used clean vehicles (electric vehicles, etc.) were terminated for vehicles acquired after September 30, 2025.
- **IRA and 401(k) Contribution Limits:** The 2025 contribution limit for 401(k) plans increased to \$23,500, while the IRA contribution limit remained at \$7,000 (with additional catch-up contributions for those 50 and older).