

## Overview of 2025 Tax Law

### Original TJCA Provisions Amended and Extended

Provision	Summary
Tax Brackets	Permanently Extended
Standard Deduction	<ul style="list-style-type: none"> <li>Permanently Extended</li> <li>\$6k additional deduction for age 65+, phased out at MAGI over \$75k S/\$150k MFJ from 2025 to 2028</li> </ul>
Personal Exemptions	Permanently Eliminated
SALT Cap	Increased to \$40k, phased down to \$10k for AGI over \$500k, effective for 2025 to 2029
Mortgage Interest Deduction	\$750k limit permanently extended
Misc. Itemized Deductions	Permanently Eliminated
Charitable Deductions	<ul style="list-style-type: none"> <li>Nonitemizers can deduct contributions up to \$1k S/\$2 MFJ – starts in 2026</li> <li>Itemizers subject to 0.5% floor on the deduction – starts in 2026</li> </ul>
Itemized Deduction Limit	<ul style="list-style-type: none"> <li>“Pease” limitation permanently eliminated</li> <li>Itemized deductions subject to new limitation reducing by 2/37 of the lesser of (1) the amount of itemized deductions or (2) the amount of the taxpayer’s taxable income that exceeds the start of the 37% tax bracket – starts in 2026</li> </ul>
Child Tax Credit	Credit increased to \$2,200 and made permanent – starts in 2025
Alternative Minimum Tax	AMT exemption and phaseout permanently extended – starts in 2025
Section 199A Deduction	<ul style="list-style-type: none"> <li>Permanently Extended at 20%</li> <li>Phase in range increased to \$75k S/\$150k MFJ</li> </ul>
Estate and Gift Tax Exemption	Increased to \$15 million per person/\$30 million per couple and made permanent with inflation indexing – Starts in 2026
Qualified Opportunity Zones	New Qualified Opportunity Zone deferral period starts from 2027 to 2033
Corporate Tax Benefits	Bonus depreciation, R&D incentives and interest deduction limits made permanent

### New Provisions

Provisions	Summary
No Tax on Tips	Deduction up to \$25k with phase out starting with MAGI of \$150k S/\$300k MFJ from 2025 to 2028
No Tax on Overtime	Deduction up to \$12.5k S/\$25k MFJ with phase out starting with MAGI of \$150k S/\$300k MFJ from 2025 to 2028
Car Loan Interest Exclusion	<ul style="list-style-type: none"> <li>Capped at \$10k per year with phase out starting at \$100k S/\$200k MFJ from 2025 to 2028</li> <li>Must have final assembly in the USA</li> </ul>
529 Plans	Allows distributions for K-12 expenses including books, tutoring, testing and therapies capped at \$10k per year
Scholarship-granting Organization Tax Credit	<ul style="list-style-type: none"> <li>Limited to \$5k per individual</li> <li>Annual cap of \$4 billion (starting in 2027) allocated on first come, first-served basis</li> </ul>
EV, clean energy tax credits	<ul style="list-style-type: none"> <li>\$7.5k credit to buy/lease new EV and \$4k credit to buy used EVs end Sept. 30, 2025</li> <li>Credits for rooftop solar, electric heat pumps, energy efficient windows and doors ends Dec. 31, 2025</li> </ul>
Trump Accounts	<ul style="list-style-type: none"> <li>Starting in 2026, available to children under age 8 who are US citizens</li> <li>One-time \$1k deposit from federal govt. for those born in 2024 through 2028</li> <li>\$5k annual contribution limit before year child turns 18</li> <li>No distributions until year child turns 18</li> <li>Earnings grow tax-deferred, and qualified withdrawals taxed as long-term cap gains</li> </ul>
Lower Student Loan Limits	<ul style="list-style-type: none"> <li>Cap unsubsidized grad student loans at \$20.5k/year and \$100k lifetime</li> <li>Cap borrowing for professional degrees such as physicians and attorneys at \$50k/year and \$200k lifetime</li> <li>Lifetime borrowing limit for all federal student loans at \$257,500</li> <li>Cap parent borrowing through Parent Plus program at \$20k/year and \$65k lifetime</li> </ul>