

2025 IRS CHANGES **by** **Dr. Vestine Matthew**



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On July 4th, the One Big Beautiful Bill Act (OBBBA) was signed into law. The OBBBA extends key provisions of the Tax Cuts and Jobs Act (TCJA) set to expire at the end of 2025 while introducing several new tax measures. The following is a summary of major provisions included in the law.

Income Tax Deduction & Provision

The increased standard deduction from the TCJA is made permanent. The 2025 standard deduction is \$15,750 for single filers and \$31,500 for married filing jointly, adjusted for inflation thereafter.



Single

| | TCJA | | OBBBA | |
|---------|-----------|-----------|-----------|-----------|
| Bracket | Start | End | Start | End |
| 10% | \$0 | \$12,116 | \$0 | \$12,341 |
| 12% | \$12,116 | \$49,225 | \$12,341 | \$50,142 |
| 22% | \$49,225 | \$104,938 | \$50,142 | \$104,938 |
| 24% | \$104,938 | \$200,335 | \$104,938 | \$200,335 |
| 32% | \$200,335 | \$254,394 | \$200,335 | \$254,394 |
| 35% | \$254,394 | \$635,985 | \$254,394 | \$635,985 |
| 37% | \$635,985 | | \$635,985 | |

Head of Household

| | TCJA | | OBBBA | |
|---------|-----------|-----------|-----------------|-----------------|
| Bracket | Start | End | Start | End |
| 10% | \$0 | \$17,299 | \$0 | \$17,621 |
| 12% | \$17,299 | \$65,888 | \$17,621 | \$67,115 |
| 22% | \$65,888 | \$104,938 | \$67,115 | \$104,938 |
| 24% | \$104,938 | \$200,335 | \$104,938 | \$200,335 |
| 32% | \$200,335 | \$254,394 | \$200,335 | \$254,394 |
| 35% | \$254,394 | \$635,985 | \$254,394 | \$635,985 |
| 37% | \$635,985 | | \$635,985 | |

Married Filing Jointly

| | TCJA | | OBBBA | |
|---------|-----------|-----------|------------------|------------------|
| Bracket | Start | End | Start | End |
| 10% | \$0 | \$24,231 | \$0 | \$24,682 |
| 12% | \$24,231 | \$98,450 | \$24,682 | \$100,284 |
| 22% | \$98,450 | \$209,875 | \$100,284 | \$209,875 |
| 24% | \$209,875 | \$400,671 | \$209,875 | \$400,671 |
| 32% | \$400,671 | \$508,788 | \$400,671 | \$508,788 |
| 35% | \$508,788 | \$763,182 | \$508,788 | \$763,182 |
| 37% | \$763,182 | | \$763,182 | |

Enhanced Deduction for Seniors

A \$6,000 deduction per eligible filer for seniors (age 65 or older) with a modified adjust gross income (MAGI) that does not exceed \$75,000 for single filers and \$150,000 for married filing jointly. The deduction is available for tax years 2025 through 2028



No Tax on Tips

For tax years 2025 through 2028, eligible taxpayers may deduct up to \$25,000 for qualified tips. The deduction phases out for adjusted gross income (AGI) over \$150,000 for single filers and \$300,000 married filing jointly.



No Tax on Overtime

For tax years 2025 through 2028, eligible taxpayers may deduct up to \$12,500 (\$25,000 in the case of a joint return) of qualified overtime compensation. The deduction phases out for AGI over \$150,000 for single filers and \$300,000 married filing jointly



CTC-Child Tax Credit

The One Big Beautiful Bill Act increases the Child Tax Credit by \$200 per child under the age of 17, to \$2,200 from \$2,000.



Trump Accounts for child savings

New, temporary, one-time
account funding of \$1,000
per child born in 2025
through 2028.



Auto loan interest deduction

New temporary deduction worth up to \$10,000 of annual interest on new auto loans.



1099-K reporting threshold

Reverts back to a previous threshold of \$20,000 and 200 transactions.



Full expensing of certain business property

Allows businesses to take a 100% bonus expense deduction for certain property purchased during the tax year.



Clean Energy Credits

The 2 most popular energy tax credit incentives currently available to taxpayers – the Energy Efficient Home Improvement Credit and Residential Clean Energy Credit – now both expire on December 31, 2025.



clean vehicles, commercial clean vehicles

Clean vehicles and commercial clean vehicles are scheduled to terminate between September 30, 2025.





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