

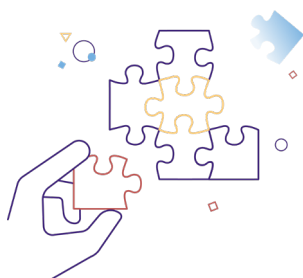
# Navigating the 2025 Tax Shift: Insights to Help You Plan Ahead

On **July 4, 2025**, a major new tax law—the “**Make American Workers and Families Thrive Again Act**”—was signed into law. This wide-reaching legislation updates many parts of the **2017 Tax Cuts and Jobs Act**, which were set to expire at the end of this year. With over 1,000 pages of changes, the new law could have a big impact on your financial plans. Understanding what’s changed can help you make smart decisions for 2025 and beyond.



## Key Highlights:

- **Tax Brackets:** The 10%, 12%, 22%, 24%, 32%, 35%, and 37% income tax rates are now permanent.
- **Personal Exemption:** Permanently eliminated. Seniors (65+) receive a \$6,000 deduction (2025–2028), phased out at \$150,000 (joint) / \$75,000 (single).
- **Standard Deduction (2025):** Increased to \$31,500 (joint), \$23,625 (head of household), and \$15,750 (single), with inflation adjustments thereafter.
- **Itemized Deductions:** Still allowed but limited for those in the 37% bracket.
- **State and Local Tax (SALT) Deduction:** Cap raised to \$40,000 in 2025, increasing 1% annually through 2029, then reverting to \$10,000. Phased down for MAGI over \$500,000.
- **Child Tax Credit:** \$2,200 credit made permanent, with inflation adjustments. Phases out at \$400,000 (joint) / \$200,000 (single).
- **Qualified Business Income (QBI) Deduction:** Made permanent for small businesses and self-employed individuals.
- **Estate & Gift Tax:** Exemption set permanently at \$15 million, indexed for inflation.
- **AMT:** Exemption and phase-out thresholds made permanent.
- **Mortgage Interest:** Deductible on loans up to \$750,000.
- **Tip & Overtime Deductions:** Above-the-line deductions allowed through 2027, with caps and income phase-outs.
- **Vehicle Interest Deduction:** Up to \$10,000 for U.S.-assembled personal-use vehicles, phased out over \$100,000 income.
- **Charitable Contributions:** Without itemizing, there is a charitable deduction allowed of \$2,000 (joint filers) and \$1,000 (single filers).
- **Trump Deferred Account:** New tax-advantaged savings plan for children born 2025–2028. \$5,000 annual contribution limit, \$1,000 government seed, tax-deferred growth.
- **Section 179 Expensing:** Limit increased to \$2.5 million, with phase-out starting at \$4 million.
- **Opportunity Zones:** Incentives extended through 2033.



**Next Steps:** Further guidance is expected via Treasury regulations issued by the Internal Revenue Service (IRS), as the Act passed without full committee hearings.

Please contact your financial advisor if you have questions or need assistance related to this topic.

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