

# 2025 Tax Planning (including OBBBA)

## Taxable Income Brackets for 2025 Ordinary Income Tax Rates

Marginal Tax Rate	Married Filing Joint	Single
10%	\$0 - \$23,850	\$0 - \$11,925
12%	\$23,851 - \$96,950	\$11,926 - \$48,475
22%	\$96,951 - \$206,700	\$48,476 - \$103,350
24%	\$206,701 - \$394,600	\$103,351 - \$197,300
32%	\$394,601 - \$501,050	\$197,301 - \$250,525
35%	\$501,051 - \$751,600	\$250,526 - \$626,350
37%*	Over \$751,600	Over \$626,350

\* The top rate is effectively 40.8% for those subject to the 3.8% Medicare surtax on net investment income (those with MAGI over the thresholds of \$250,000 joint filers/\$200,000 single filers).

## 2025 Trust Tax Rates

Ordinary Income Tax	Capital Gain Rates
10% \$0 - \$3,150	0% \$0 - \$3,250
24% \$3,151 - \$11,450	15% \$3,251 - \$15,900
35% \$11,451 - \$15,650	20% Over \$15,900
37% Over \$15,650	

**Trust Tax Rates** – Distributions from inherited IRAs that exceed **\$15,650** and are made to and retained in discretionary trusts will be subject to the top 37% rate. After the SECURE Act, inherited IRA funds will have to be paid out to most of these trusts under the 10-year rule, accelerating trust taxes. Roth conversions during the IRA owner's life become more valuable if the IRA beneficiary is a trust.

## Taxable Income Brackets for 2025 Long Term Capital Gains and Qualified Dividends Tax

Long Term Capital Gains Rate	Married Filing Joint	Single
0%	\$0 - \$96,700	\$0 - \$48,350
15%*	\$96,701 - \$600,050	\$48,351 - \$533,400
20%**	Over \$600,050	Over \$533,400

\*The 15% rate is effectively 18.8% for those subject to the 3.8% Medicare surtax on net investment income.

\*\*The top rate is effectively 23.8% for those subject to the 3.8% Medicare surtax on net investment income.

## 2025 Transfer Taxes

Transfer Tax	Exemption*	Maximum Rate
Estate, Gift, GST Tax	\$13,990,000	40%

\*The estate and gift exemptions are portable. The unused amount can be transferred to a surviving spouse. The GST exemption is NOT portable.

**Annual Gift Tax Exclusion \$19,000**

## Qualified Business Income (QBI) Deduction

### 20% Deduction Phase-Out Ranges

\$394,600 - \$494,600 - Married Joint

\$197,300 - \$247,300 - Single

## Standard Deductions

Married-Joint	Single	Head of Household
\$31,500	\$15,750	\$23,625

### Extra Standard Deduction for Age 65 or Blind

\$1,600 (married-joint) \$2,000 (single)

## \$6,000 Deduction for Seniors

\$6,000 addition to the standard deduction for seniors aged 65 and older for years 2025-2028. This is per person, so a married couple could deduct up to \$12,000 if each spouse is aged 65 or over. This is in addition to the regular standard deduction AND the extra deduction for those aged 65 or blind. Available to seniors who itemize.

The deduction phases out beginning with modified adjusted gross incomes of \$75,000 for individuals and \$150,000 for married filing jointly. It phases out completely at \$175,000 / \$250,000.

## SALT (State and Local Tax) Deductions for Itemizers

The SALT deduction is increased to \$40,000, effective for 2025-2029, with a 1% increase each year. In addition, some pass-through business owners can work around the \$40,000 limitation and get unlimited SALT deductions.

The \$40,000 deduction begins phasing out at \$500,000 (for both single and married), and phases out completely at \$600,000, reverting to a maximum \$10,000 deduction. A taxpayer with an income of over \$600,000 would lose \$30,000 of the SALT deduction.

## Qualified Charitable Distributions

Available only to IRA owners and IRA beneficiaries who are 70½ or older. The annual QCD limit for 2025 is \$108,000 per IRA owner, **not** per IRA account. For 2025, the limit for a QCD to a split interest entity is \$54,000.