HIGHTOWER
Westchester

2025 TAX REFERENCE GUIDE

440 MAMARONECK AVENUE, SUITE 506
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Single	
$0 - $11,925	10%
$11,926 - $48,475	12%
$48,476- $103,350	22%
$103,351 - $197,300	24%
$197,301 - $250,525	32%
$250,526 - $626,350	35%
$626,351 or more	37%

Head of Household	
$0 - $17,000	10%
$17,001 - $64,850	12%
$64,851 - $103,350	22%
$103,351 - $197,300	24%
$197,301 - $250,500	32%
$250,501 - $626,350	35%
$626,351 or more	37%

Married, Filing Jointly	
$0 - $23,850	10%
$23,851 - $96,950	12%
$96,951 - $206,700	22%
$206,701 - $394,600	24%
$394,601 - $501,050	32%
$501,051 - $751,600	35%
$751,601 or more	37%

Married Filing Separately	
$0 - $11,925	10%
$11,926 - $48,475	12%
$48,476 - $103,350	22%
$103,351 - $197,300	24%
$197,301 - $250,525	32%
$250,526 - $375,800	35%
$375,801 or more	37%

Standard Deductions	
Married, Filing Jointly; Surviving Spouse	$31,500
Head of Household	$23,625
Single; Married, Filing Separately	$15,750
Blind; Over 65 - Married, Filing Jointly; Additional Standard Deduction	$1,600
Blind; Over 65 - Married, Filing Separately	$3,200
Blind; Over 65 - Single; Additional Standard Deduction	$2,000
Blind; Over 65 - Head of Household, Additional Standard Deduction	$4,000
Over 65 - Single Additional Standard Deduction (temporary through 2025-2028)	$2,000
Over 65 - Married, Filing Jointly Additional Standard Deduction (temporary through 2025-2028)	$1,600

Alternative Minimum Tax (AMT) Exemptions	Amount	Phase Out Begins
Married, Filing Jointly & Surviving Spouse	$137,000	$1,252,700
Single & Head of Household	$88,100	$626,350
Married, Filing Separately	$68,500	$626,350
Estates and Trusts	$30,700	$102,500

Itemized Deductions	
Medical Expenses	Excess of 7.5% AGI
State & Local Tax Deductions	$40,000 (temporary through 2029)
Mortgage Interest Deduction Limit	Up to $750,000 indebtedness (up to $375,000 if married filing separately)
Mortgage Interest Deduction Limit (made prior to 12/15/2017)	Up to $1,000,000 indebtedness (up to $500,000 if married filing separately)

Charitable Contributions Limits	
Cash	60% of AGI
Property (limited to basis)	50% of AGI
Appreciated Property	30% of AGI
For taxpayers who itemize	0.5% AGI

Mileage Deductions	
Business Mileage Rate	$0.70
Medical & Moving Mileage Rate	$0.21
Charitable Mileage Rate	$0.14

Estates & Trusts Income Tax & Kiddie Tax	
$0 - $3,150	10%
$3,151 - $11,450	24%
$11,451 - $15,650	35%
$15,651 or more	37%
Estate Exemption Amount	$600
Simple Trust Exemption Amount	$300
Complex Trust Exemption Amount	$100
Kiddie Tax Exemption Amount	$1,350

Estate & Gift Taxes	
Estate Tax Exclusion Amount (per individual)	$13,990,000
Gift Tax Exclusion Amount	$19,000
Max. Transfer Tax Rate	40%

Social Security	
Social Security Wage Base	$176,100

Qualified Charitable Distribution (from IRA)
$108,000 per Individual (to reduce required minimum distribution)

Source: IRS releases tax inflation adjustments for tax year 2025 | Internal Revenue Service. (n.d.). Retrieved August 1, 2025, from https://www.irs.gov/newsroom/irs-releases-tax-inflation-adjustments-for-tax-year-2025

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Retirement Plans	
IRA and Roth Contribution Limits	
Under Age 50	$7,000
Age 50 and over	$8,000
Catch-up Contributions (Ages 50 and over)	$1,000
401(k) and 403(b) Contribution Limits	
Under age 50	$23,500
Age 50 and over	$31,000
Catch-up Contributions (Ages 50 to 59)	$7,500
Catch-up Contributions (Ages 60 to 63)	$11,250
SEP-IRA Contribution Limit	
All Ages	The lesser of 25% of compensation or $70,000
SIMPLE Elective Deferral Limit	
Under Age 50	$16,500
Age 50 and over	$20,000
Catch-up Contributions	$3,500
Catch-up Contributions (Ages 60 to 63)	$5,250
Phase-Outs for Deducting IRA Contributions (Modified AGI)	
Married, Filing Jointly	$126,000-$146,000
Single; Head of Household	$79,000-$89,000
Spousal IRA	$236,000-$246,000
Phase-Out of Roth Contribution Eligibility (AGI Limit)	
Married, Filing Jointly	$236,000-$246,000
Single	$150,000-$165,000
Health Saving Account Maximum Contributions	
Single	$4,300
Family	$8,550
Catch-up Provision (age 55+)	$1,000

401(k) limit increases to $23,500 for 2025, IRA limit remains $7,000 | Internal Revenue Service. (n.d.). Retrieved August 1, 2025, from https://www.irs.gov/newsroom/401k-limit-increases-to-23500-for-2025-ira-limit-remains-7000

Affordable Care Act Tax Provisions

Net Investment Income Tax (aka Medicare Surtax)
Individual filers will pay an additional 3.8% on Net Investment Income (NII) above certain "Modified Adjusted Gross Income" thresholds (see table below).

Additional Medicare Tax (aka Hospital Insurance Tax)
An additional 0.9% Medicare Tax will apply to wages and compensation, as well as self- employment income, above certain "earned income" thresholds (see table below).

Filing Status	Threshold
Married, Filing Jointly & Qualifying Widow(er) w/ dependent child	$250,000
Married, Filing Separately	$125,000
Single & Head of Household	$200,000

All wages that are currently subject to Medicare Tax are subject to Additional Medicare Tax if they exceed the applicable threshold.

Qualified Business Income Deduction

Flow Through S-Corp, Partnership and Sole Proprietorship

Taxable Income	Qualified Trade or Business	Specified Service Trade or Business
Less than or equal to: $197,300 (single) $394,600 (joint)	20% of QBI, no W-2 limit applied	20% of QBI, no W-2 limit applied
Between: $197,300 - $247,300 (single) $394,600 - $494,600 (joint)	20% deduction subject to phase out	20% deduction subject to phase out
Greater than: $247,300 (single) $494,600 (joint)	The lesser of (1) 20% of QBI or (2) the greater of (a) 50% of W-2 wages or (b) 25% of W-2 wages plus 2.5% of qualified property	Completely Phased Out

Education	
529 Plan Contributions (annual exclusion per individual)	
Individual (per recipient)	$19,000
Married (per recipient)	$38,000
529 Superfunding Contribution Limits (combining 5 years of contributions into 1 year)	
Individual	$95,000
Joint	$190,000
American Opportunity Credit	Up to $2,500*
Lifetime Learning Credit	Up to 20% of the first $10,000 of qualified expenses*
Coverdell Education Savings Contribution	$2,000
Student Loan Interest Deduction	Up to $2,500

**Both credits phase out for taxpayers with modified adjusted gross income between $80,000 and $90,000 (single) and $160,000 and $180,000 (joint).*

Child Tax Credit	
Child Tax Credit	$2,200
Qualifying Dependent Tax Credit (per dependent)	$500
Phase-Out Begins (Single)	$200,000 of MAGI
Phase-Out Begins (Married, Filing Jointly)	$400,000 of MAGI
Maximum Refundable Amount	$1,700

529 contribution limits for 2024 and 2025. (2025, February 28). https://www.fidelity.com/learning-center/smart-money/529-contribution-limits

The Child Tax Credit: How it works and who receives it. (2025, April 24). Congress.gov | Library of Congress. https://www.congress.gov/crs-product/R41873

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Long-Term Capital Gains Rate	
If taxable income falls below $48,350 (single/married-filing separately), $96,700 (joint), $64,750 (head of household), $3,250 (estates/trusts)	0%
If taxable income falls at or above $48,351 (single/married-filing separately), $96,701 (joint), $64,751 (head of household), $3,251 (estates/trusts)	15%
If taxable income falls at or above $533,401 (single), $600,051 (joint), $566,701 (head of household), $300,001 (married filing separately), $15,900 (estates/trusts)	20%
Collectibles (coins, art, antiques)	28%
Unrecaptured gain on real estate	25%

Holding Period
The long-term rate generally applies to gains on the sale of capital assets held for more than one year.

Short-Term Capital Gains
Net short-term capital gains (on sales of capital assets held for one year or less) are taxed at ordinary income rates.

Capital Losses
After capital gains and losses are netted against one another, any remaining net loss may be used to offset ordinary income up to $3,000 per year. Any excess net loss may be used in future years.

Source: James Royal, Ph.D. (2025, February 25). What is the long-term capital gains tax? Bankrate. https://www.bankrate.com/investing/long-term-capital-gains-tax/#what-is-the-long-term-capital-gains-tax-rate

MEDICARE INCOME RELATED MONTHLY ADJUSTMENT AMOUNTS
at a Glance

Modified Adjusted Gross Income in 2023 (determines 2025 premiums)			Monthly Premium	
File individual tax return	File joint tax return	File married & separate tax return	Part B	Part D
$106,000 or less	$212,000 or less	$106,000 or less	$185.00	Plan Premium
$106,001 to $133,000	$212,001 to $266,000	Not applicable	$259.00	$13.70 + plan premium
$133,001 to $167,000	$266,001 to $334,000	Not applicable	$370.00	$35.30 + plan premium
$167,001 to $200,000	$334,000 to 400,000	Not applicable	$480.90	$57.00 + plan premium
$200,001 to $499,999	$400,001 to $749,999	$106,001 to $394,000	$591.90	$78.60 + plan premium
$500,000 or above	$750,000 or above	$394,001 or above	$628.90	$85.80 + plan premium

Source: https://www.ssa.gov/forms/ssa-44.pdf (As of December 2024).

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REQUIRED MINIMUM DISTRIBUTIONS

Example: To calculate RMDs, use the following formula for each

Account Balance as of December 31 last year* ÷ **Life Expectancy Factor** see the Uniform Lifetime Table** below to find the factor using the age you turn this year = **Your RMD**

EXAMPLE

$1,000,000 as of December 31 last year* ÷ **26.5** IRA owner turned 73 this year = **$37,735.85**

For use by: unmarried owners, married owners whose spouses aren't more than 10 years younger, and married owners whose spouses aren't the sole beneficiaries.

Uniform Lifetime Table	
Age	Life Expectancy Factor
73	26.5
74	25.5
75	24.6
76	23.7
77	22.9
78	22.0
79	21.1
80	20.2
81	19.4
82	18.5
83	17.7
84	16.8

Uniform Lifetime Table	
Age	Life Expectancy Factor
85	16.0
86	15.2
87	14.4
88	13.7
89	12.9
90	12.2
91	11.5
92	10.8
93	10.1
94	9.5
95	8.9
96	8.4

Uniform Lifetime Table	
Age	Life Expectancy Factor
97	7.8
98	7.3
99	6.8
100	6.4
101	6.0
102	5.6
103	5.2
104	4.9
105	4.6
106	4.3
107	4.1
108	3.9

Uniform Lifetime Table	
Age	Life Expectancy Factor
109	3.7
110	3.5
111	3.4
112	3.3
113	3.1
114	3.0
115	2.9
116	2.8
117	2.7
118	2.5
119	2.3
120 and older	2.0

Source: Publication 590-B (2023), Distributions from Individual Retirement Arrangements (IRAs) | Internal Revenue Service. (n.d.). https://www.irs.gov/publications/p590b#en_US_2023_publink1000129520

** Adjust if you have assets that were in the process of being recharacterized, transferred or rolled over on December 31.*
*** The Uniform Lifetime Table can be used by all IRA owners, unless their sole beneficiary for the entire year is their spouse who is more than 10 years younger. In that case, the regular Joint Life Expectancy Table should be used.*

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ADDITIONAL TAX INFORMATION TO KNOW

The One Big Beautiful Bill Act (OBBB)—which was signed into law by President Trump on July 4, 2025—made sweeping changes to tax policy, including making the temporary provisions in the 2017 Tax Cuts and Jobs Act, permanent. We detail some of the tax reform that will be in effect for this tax year.

Rates and brackets

The top individual income tax rate of 37% was made permanent.

New senior deduction

A new, temporary $6,000 deduction was introduced for taxpayers aged 65 and older. It is effective from 2025-2028. The deduction phases out for Modified Adjusted Gross Income (MAGI) exceeding $75,000 for single taxpayers and $150,000 for married taxpayers. This is in addition to the over 65/blind deduction.

Qualified Small Business Stock (QSBS or Section 1202)

The OBBB enhances QSBS benefits for post-July 4, 2025 shareholders through:

- Tiered gain exclusions based on holding periods (3–5+ years).
- Increased per-taxpayer gain cap from $10M to $15M, inflation-adjusted from 2027.
- Raised asset threshold for qualifying businesses from $50M to $75M, also inflation-adjusted.

Child tax credit/other dependent tax credit

- The child tax credit was increased from $1,000 to $2,200, and a $500 nonrefundable credit for other dependents (such as elderly parents) was introduced.
- The income threshold was increased, allowing more higher-income families to benefit.

529 Plan Expansion

- 529 Plans can now include K-12 expenses beyond tuition, such as fees for standardized tests, textbooks, and tutoring.
- In 2026, the annual limit for qualified K-12 education expenses increases from $10,000 to $20,000.
- More post-secondary expenses are included as qualified expenses under the new law. These expenses can include costs for workforce training, such as certification and licensing programs often offered at trade or technical schools.

Alternative Minimum Tax (AMT) reforms

The OBBB made the current AMT exemptions permanent while reducing the income phaseout limits to 2018 levels. This will have major implications for employees with incentive stock options (ISOs).

No Tax on Tips

A new tax deduction allows workers to deduct tips up to $25,000, with limitations based on income and filing status:

- Dollar-for-dollar deduction on tips earned where tipping is customary, capped at $25,000.
- Phaseout begins at MAGI of $150K (Single) / $300K (Married Filing Jointly); not available for Married Filing Separately.
- Eligibility requires a valid SSN and employer-reported income (e.g., W-2 designation).
- Self-employed individuals in a Specified Service Trade or Business (SSTB) under section 199A are not eligible

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ADDITIONAL TAX INFORMATION TO KNOW (CONTINUED)

Estate Tax

The estate/gift/generation-skipping tax exemption is $13.99 million per individual. Married couples can combine their exemptions for a total of $27.98 million. This means individuals can transfer assets up to this amount during their lifetime (gifts) or at death (estate) without incurring federal estate or gift taxes.

Business Taxes Changes

- Bonus depreciation: 100% bonus depreciation applied to qualified property acquired and placed in service after January 19, 2025.
- R&D expensing: For tax years beginning after December 31, 2024, businesses can immediately deduct domestic R&D expenses in the year they are incurred.
- Interest expense limitation: The deduction for business interest limitation is calculated based on 30% of your business's Adjusted Taxable Income (ATI). For tax years beginning after December 31, 2024, the calculation of ATI is reverted to an EBITDA-based calculation (earnings before interest, taxes, depreciation, and amortization).

Vehicle and home-related tax benefits and rules

- **Auto Loan Interest Deduction**
  Individuals are now able to deduct up to $10,000 of loan interest for new vehicles purchased after December 31, 2024, whose final assembly took place in the U.S. This applies to single taxpayers with a modified adjusted income of $100,000 or less and $200,000 or less for those married filing jointly. This deduction is only applicable through 2028.
- **Clean Vehicle Credits repealed (EV tax credits)**
  The bill permanently eliminates the new clean vehicle credit, the used clean vehicle credit, and Qualified Commercial Clean Vehicle Credit (for businesses) for vehicles acquired after September 30, 2025.
- **Residential energy credits repealed**
  The residential energy credits are generally terminated and will not be available for energy-efficient home improvements after 2025.

Sources:

One Big Beautiful Bill Act: Tax deductions for working Americans and seniors | Internal Revenue Service. (n.d.). Retrieved August 1, 2025, from https://www.irs.gov/newsroom/one-big-beautiful-bill-act-tax-deductions-for-working-americans-and-seniors

Flynn, K. (2025, July 24). Using 529 Plans for Private School Tuition: Rules, Tax Benefits & State Impacts. Saving for College. https://www.savingforcollege.com/article/529-savings-plans-and-private-school-tuition