

IRS Tax Changes and Adjustments for 2025

Several federal tax changes and adjustments have taken effect in 2025, starting with the IRS' annual adjusting of tax provisions for inflation. This practice helps avoid "bracket creep," when inflation instead of income rise degrades deductions and credits and moves individuals into higher tax brackets.

Tax Schedule

- Legally allowed to mail in your tax re
- IRS starts processing tax returns
- Early filers can start expecting their
- Deadline for S corporations to file ta
- Deadline for partnerships to file taxe
- Deadline for Individuals and Families
- Deadline for C corporations to file ta
- First-quarter tax payments due
- Second-quarter tax payments due
- Third-quarter tax payments due
- Extension for Form 1065 due
- Extension for Form 1120S due
- Extension for Form 1041 due
- Extension for Form 1120 due
- Extension for Form 1040 due
- Fourth-quarter tax payments due



Inflation Adjustment Methodology

Chained Consumer Price Index (C-CPI)

Determines tax adjustments based on a survey of 7,000 American families on a fixed basket of around 80,000 goods and services each month

Improvement Over Traditional CPI

Assesses consumer buying patterns before and after price changes, accounting for how consumers shift purchases when prices fluctuate

Standard Deduction & Tax Credit Changes

\$30,000

Married Filing Jointly

Increased by \$800

\$22,500

Head of Household

Increased by \$600

Other Key Changes

- Federal estate tax exclusion: **\$13.99 million** (up from \$13.61M)
- Max EITC with 3+ children: **\$8,046** (up from \$7,830)
- Child tax credit: Remains at **\$2,000** per child (refundable amount: \$1,700)

Alternative Minimum Tax (AMT) Adjustments

Since 1969, the AMT has applied to high-income taxpayers who might otherwise claim benefits to bring their taxable income as low as zero. The AMT limits such benefits, holding taxpayers liable for a minimum tax.

1 Single Taxpayers
AMT exemption increased to \$88,100
Begins phasing out at \$626,350

2 Married Filing Separately
AMT exemption set at \$68,650

3 Married Filing Jointly
AMT exemption increased to \$137,000
Begins phasing out at \$1,252,700



Retirement Account Changes



401(k) Contribution Limit

Increased to **\$23,500** (up from \$23,000)

Also applies to 457 plans, 403(b) plans, and Thrift Savings Plan



Catch-Up Contributions

Standard remains at \$7,500 for those 50+

Ages 60-63: Increased to **\$11,250** under SECURE 2.0

Roth IRA Phase-Out Ranges

- Single/Head of Household: **\$150,000-\$165,000**
- Married Filing Jointly: **\$146,000-\$161,000**
- Married Filing Separately: Remains \$0-\$10,000

Note: The campaign promise to eliminate taxes on Social Security benefits is unlikely to pass due to required Senate support.