

YEAR-END TAX SAVING PLANS

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Shahrad Tadayon

It is that time of year start to review your year-end tax planning and opportunities to have tax savings for individual and business specially under the **"One Big Beautiful Bill Act" (OBBBA)** which was passed and signed by President Trump in July 2025, which made many of the 2017 Tax Cut and Job Act (TCJA) provisions permanent.

Key Individual Tax Changes for 2025

The most significant changes for individuals in tax year 2025 include:

- **Permanent Tax Brackets and Increased Standard Deduction**
- **Increased Child Tax Credit:** The maximum credit increases to **\$2,200 per qualifying child**.
- **New Deductions for Tipped and Overtime Workers:** Individuals can claim an above-the-line deduction for up to **\$25,000 of qualified tip income** and up to **\$12,500 of qualified overtime pay** (\$25,000 for married couples filing jointly), subject to income phaseouts. (Note: FICA payroll taxes still apply to tips and overtime pay).
- **New Deduction for Seniors (Age 65+):** An additional **\$6,000 deduction** is available for each qualifying senior citizen (or \$12,000 for a married couple if both qualify), whether they take the standard deduction or itemize. This deduction phases out for those with modified adjusted gross incomes (MAGI) over \$75,000 (single filers) or \$150,000 (joint filers).
- **Increased State and Local Tax (SALT) Cap:** For those who itemize, the cap on the SALT deduction has been raised from \$10,000 to **\$40,000** for tax years 2025 through 2029 (with a phaseout for high-income earners).
- **New Auto Loan Interest Deduction:** Taxpayers may deduct up to **\$10,000 in interest paid on new car loans** for vehicles assembled in the U.S. and purchased in 2025 (this is an above-the-line deduction available to both itemizers and non-itemizers, with income limits).

Key Business Tax Changes for 2025

For businesses, major changes include making **100% bonus depreciation** permanent for qualified machinery and equipment. **R&D costs** allowing for immediate deduction starting in tax year **2025**. Section 179 expensing limits are increased to a maximum of **\$2.5 million**, with a phaseout beginning at \$4 million. Additionally, **the Form 1099-K**

reporting threshold for third-party payment networks returns to over \$20,000 in gross payments and more than 200 transactions.