

1

What's New

■ Tab 1 Contents ■

2025 Standard Deduction	1-1
2025 Personal Exemptions	1-1
2025 Qualified Business Income Deduction Thresholds	1-1
2025 Federal Tax Rate Schedules	1-1
2025 Long-Term Capital Gain and Qualified Dividends Maximum Tax Rates	1-1
Social Security Highlights	1-1
Inflation Adjusted Amounts — <i>Real Answers. Real Fast!</i>	1-2
Social Security (SS) and Medicare Inflation Adjusted Amounts	1-6
Expiring Tax Provisions	1-6
What's New — Individuals	1-7
Credits	1-7
What's New — Business	1-9
Deductions	1-9
Taxes	1-9
Credits	1-10
What's New — Retirement Plans	1-10
Expiring Tax Cuts and Jobs Act Provisions	1-12
Income — Individuals	1-12
Adjustments — Individuals	1-12
Deductions — Individuals	1-12
Taxes — Individuals	1-14
Credits — Individuals	1-14
Other Taxes	1-14
Deductions — Business	1-14
Employers	1-15
Beneficial Ownership Information Update	1-17
Relief for Disaster Victims	1-18

2025 Inflation Adjusted Amounts

See page 1-2 through page 1-6 for more 2025 inflation adjusted amounts.

2025 Standard Deduction

The basic standard deduction for 2025 is:

Single or MFS	\$15,000
MFJ or QSS	\$30,000
HOH	\$22,500

Age 65 and/or blind. The additional amounts for age 65 or older and/or blind, per person, per event in 2025 are:

MFJ, QSS, or MFS	\$1,600
Single or HOH	\$2,000

Dependent. The standard deduction in 2025 for an individual who may be claimed as a dependent by another taxpayer cannot exceed the greater of \$1,350, or earned income plus \$450.

2025 Personal Exemptions

The personal exemption deduction per person is	\$0
The qualifying relative income limit is	\$5,200
The phaseout of the personal exemption deduction is suspended for tax years 2018 through 2025.	

2025 Qualified Business Income Deduction Thresholds

MFJ	MFS	Single, HOH, QSS
\$394,600	\$197,300	\$197,300

2025 Federal Tax Rate Schedules

Single Taxable Income

\$ 0 to 11,925	× 10.0%	minus \$ 0.00	= Tax
11,926 to 48,475	× 12.0%	minus 238.50	= Tax
48,476 to 103,350	× 22.0%	minus 5,086.00	= Tax
103,351 to 197,300	× 24.0%	minus 7,153.00	= Tax
197,301 to 250,525	× 32.0%	minus 22,937.00	= Tax
250,526 to 626,350	× 35.0%	minus 30,452.75	= Tax
626,351 and over	× 37.0%	minus 42,979.75	= Tax

MFJ or QSS Taxable Income

\$ 0 to 23,850	× 10.0%	minus \$ 0.00	= Tax
23,851 to 96,950	× 12.0%	minus 477.00	= Tax
96,951 to 206,700	× 22.0%	minus 10,172.00	= Tax
206,701 to 394,600	× 24.0%	minus 14,306.00	= Tax
394,601 to 501,050	× 32.0%	minus 45,874.00	= Tax
501,051 to 751,600	× 35.0%	minus 60,905.50	= Tax
751,601 and over	× 37.0%	minus 75,937.50	= Tax

MFS Taxable Income

\$ 0 to 11,925	× 10.0%	minus \$ 0.00	= Tax
11,926 to 48,475	× 12.0%	minus 238.50	= Tax
48,476 to 103,350	× 22.0%	minus 5,086.00	= Tax
103,351 to 197,300	× 24.0%	minus 7,153.00	= Tax
197,301 to 250,525	× 32.0%	minus 22,937.00	= Tax
250,526 to 375,800	× 35.0%	minus 30,452.75	= Tax
375,801 and over	× 37.0%	minus 37,968.75	= Tax

HOH Taxable Income

\$ 0 to 17,000	× 10.0%	minus \$ 0.00	= Tax
17,001 to 64,850	× 12.0%	minus 340.00	= Tax
64,851 to 103,350	× 22.0%	minus 6,825.00	= Tax
103,351 to 197,300	× 24.0%	minus 8,892.00	= Tax
197,301 to 250,500	× 32.0%	minus 24,676.00	= Tax
250,501 to 626,350	× 35.0%	minus 32,191.00	= Tax
626,351 and over	× 37.0%	minus 44,718.00	= Tax

2025 Long-Term Capital Gain and Qualified Dividends Maximum Tax Rates

	0%	15%	20%
<i>For taxpayers with taxable income of:</i>			
Single	\$0 – \$48,350	\$48,351 – \$533,400	\$533,401 and above
MFJ/QSS	\$0 – \$96,700	\$96,701 – \$600,050	\$600,051 and above
MFS	\$0 – \$48,350	\$48,351 – \$300,000	\$300,001 and above
HOH	\$0 – \$64,750	\$64,751 – \$566,700	\$566,701 and above
Estates/Trusts	\$0 – \$3,250	\$3,251 – \$15,900	\$15,901 and above

Social Security Highlights

Employee's portion of FICA	2025	2024	2023
Maximum earnings subject to Social Security tax (Medicare no limit)	\$176,100	\$168,600	\$160,200
Social Security tax rate	6.20%	6.20%	6.20%
Medicare tax rate*	1.45%	1.45%	1.45%
Maximum Social Security tax	\$10,918.20	\$10,453.20	\$9,932.40

See *Social Security and Medicare*, page 1-6, for more information.

* Plus 0.9% on wages above threshold amount, plus 3.8% on unearned income above threshold amount.

Inflation Adjusted Amounts — *Real Answers. Real Fast!*

(Rev. Proc. 2024-40 and Notice 2024-80)

Tax Year	2025	2024	2023	2022	2021	2020	
FILING REQUIREMENTS	Filing Requirements						
	Single, under age 65	\$ 15,000	\$ 14,600	\$ 13,850	\$ 12,950	\$ 12,550	\$ 12,400
	Single, age 65 and over	\$ 17,000	\$ 16,550	\$ 15,700	\$ 14,700	\$ 14,250	\$ 14,050
	HOH, under age 65	\$ 22,500	\$ 21,900	\$ 20,800	\$ 19,400	\$ 18,800	\$ 18,650
	HOH, age 65 and over	\$ 24,500	\$ 23,850	\$ 22,650	\$ 21,150	\$ 20,500	\$ 20,300
	MFJ, both spouses under 65	\$ 30,000	\$ 29,200	\$ 27,700	\$ 25,900	\$ 25,100	\$ 24,800
	MFJ, one spouse 65 and over	\$ 31,600	\$ 30,750	\$ 29,200	\$ 27,300	\$ 26,450	\$ 26,100
	MFJ, both spouses 65 and over	\$ 33,200	\$ 32,300	\$ 30,700	\$ 28,700	\$ 27,800	\$ 27,400
	MFS, any age	\$ 5	\$ 5	\$ 5	\$ 5	\$ 5	\$ 5
	QSS, under age 65	\$ 30,000	\$ 29,200	\$ 27,700	\$ 25,900	\$ 25,100	\$ 24,800
QSS, age 65 and over	\$ 31,600	\$ 30,750	\$ 29,200	\$ 27,300	\$ 26,450	\$ 26,100	
DEDUCTIONS	Standard Deduction						
	MFJ, QSS	\$ 30,000	\$ 29,200	\$ 27,700	\$ 25,900	\$ 25,100	\$ 24,800
	Single	\$ 15,000	\$ 14,600	\$ 13,850	\$ 12,950	\$ 12,550	\$ 12,400
	HOH	\$ 22,500	\$ 21,900	\$ 20,800	\$ 19,400	\$ 18,800	\$ 18,650
	MFS	\$ 15,000	\$ 14,600	\$ 13,850	\$ 12,950	\$ 12,550	\$ 12,400
	Additional Standard Deduction for Age 65 and Over and/or Blind (Each)						
	MFJ, QSS, MFS	\$ 1,600	\$ 1,550	\$ 1,500	\$ 1,400	\$ 1,350	\$ 1,300
	Single, HOH	\$ 2,000	\$ 1,950	\$ 1,850	\$ 1,750	\$ 1,700	\$ 1,650
	Dependent Standard Deduction						
	The greater of:	\$ 1,350	\$ 1,300	\$ 1,250	\$ 1,150	\$ 1,100	\$ 1,100
Or earned income plus:	\$ 450	\$ 450	\$ 400	\$ 400	\$ 350	\$ 350	
Itemized Deduction Phaseout Begins							
MFJ	n/a	n/a	n/a	n/a	n/a	n/a	
Single	n/a	n/a	n/a	n/a	n/a	n/a	
HOH	n/a	n/a	n/a	n/a	n/a	n/a	
MFS	n/a	n/a	n/a	n/a	n/a	n/a	
EXEMPTIONS	Personal Exemption Deduction						
	Qualifying relative income limit	\$ 5,200	\$ 5,050	\$ 4,700	\$ 4,400	\$ 4,300	\$ 4,300
	Personal Exemption Deduction Phaseout Range						
	MFJ, QSS	n/a	n/a	n/a	n/a	n/a	n/a
	Single	n/a	n/a	n/a	n/a	n/a	n/a
	HOH	n/a	n/a	n/a	n/a	n/a	n/a
CAPITAL GAINS & QUAL. DIV.	Maximum Capital Gains/Qualified Dividends Tax Rate Breakpoints*						
	MFJ or QSS: Maximum rate = 0%	\$ 96,700	\$ 94,050	\$ 89,250	\$ 83,350	\$ 80,800	\$ 80,000
	MFJ or QSS: Maximum rate = 15%	\$ 600,050	\$ 583,750	\$ 553,850	\$ 517,200	\$ 501,600	\$ 496,600
	Single: Maximum rate = 0%	\$ 48,350	\$ 47,025	\$ 44,625	\$ 41,675	\$ 40,400	\$ 40,000
	Single: Maximum rate = 15%	\$ 533,400	\$ 518,900	\$ 492,300	\$ 459,750	\$ 445,850	\$ 441,450
	HOH: Maximum rate = 0%	\$ 64,750	\$ 63,000	\$ 59,750	\$ 55,800	\$ 54,100	\$ 53,600
	HOH: Maximum rate = 15%	\$ 566,700	\$ 551,350	\$ 523,050	\$ 488,500	\$ 473,750	\$ 469,050
	MFS: Maximum rate = 0%	\$ 48,350	\$ 47,025	\$ 44,625	\$ 41,675	\$ 40,400	\$ 40,000
	MFS: Maximum rate = 15%	\$ 300,000	\$ 291,850	\$ 276,900	\$ 258,600	\$ 250,800	\$ 248,300
* Capital gains/qualified dividends above the 15% breakpoints are taxed at 20%, unless the 25% or 28% rate gain applies.							
BUSINESS	Standard Mileage Rate Per Mile						
	Business ¹		67.0¢	65.5¢	62.5¢	58.5¢	56.0¢
	Medical and moving ²		21.0¢	22.0¢	22.0¢	18.0¢	16.0¢
	Charitable		14.0¢	14.0¢	14.0¢	14.0¢	14.0¢
	Depreciation		30.0¢	28.0¢	26.0¢	26.0¢	26.0¢

¹ Miscellaneous itemized deductions subject to the 2% AGI limit are no longer deductible beginning in 2018. Thus, the business standard mileage rate cannot be used to claim an itemized deduction for unreimbursed employee travel expenses. (Notice 2018-42)

² Beginning in 2018, the standard mileage rate for moving can only be used by members of the Armed Forces who move pursuant to a military order and incident to a permanent change of station. (Notice 2018-42)

Inflation Adjusted Amounts—*Real Answers. Real Fast!*

(Rev. Proc. 2024-40 and Notice 2024-80)

Tax Year	2025	2024	2023	2022	2021	2020	
BUSINESS <i>(cont.)</i>	Section 179 Expense Limits						
	Regular 179 limits	\$ 1,250,000	\$ 1,220,000	\$ 1,160,000	\$ 1,080,000	\$ 1,050,000	\$ 1,040,000
	SUV limits	\$ 31,300	\$ 30,500	\$ 28,900	\$ 27,000	\$ 26,200	\$ 25,900
	Investment phaseout begins	\$ 3,130,000	\$ 3,050,000	\$ 2,890,000	\$ 2,700,000	\$ 2,620,000	\$ 2,590,000
	Educator Expenses	\$ 300	\$ 300	\$ 300	\$ 300	\$ 250	\$ 250
	Daycare Providers Standard Meal and Snack Rates						
	Breakfast – Continental U.S.	\$ 1.66	\$ 1.65	\$ 1.66	\$ 1.40	\$ 1.39	\$ 1.33
	Lunch and Dinner (each) – Continental U.S.	\$ 3.15	\$ 3.12	\$ 3.04	\$ 2.63	\$ 2.61	\$ 2.49
	Snacks (each/up to three) – Continental U.S.	\$ 0.93	\$ 0.93	\$ 0.97	\$ 0.78	\$ 0.78	\$ 0.74
	Breakfast – Alaska	\$ 2.66	\$ 2.63	\$ 2.59	\$ 2.23	\$ 2.22	\$ 2.12
	Lunch and Dinner (each) – Alaska	\$ 5.10	\$ 5.05	\$ 4.87	\$ 4.26	\$ 4.24	\$ 4.04
	Snacks (each/up to three) – Alaska	\$ 1.52	\$ 1.50	\$ 1.52	\$ 1.27	\$ 1.26	\$ 1.20
	Breakfast – Hawaii	\$ 2.14	\$ 2.12	\$ 1.91	\$ 1.63	\$ 1.62	\$ 1.54
	Lunch and Dinner (each) – Hawaii	\$ 4.09	\$ 4.05	\$ 3.55	\$ 3.08	\$ 3.06	\$ 2.92
	Snacks (each/up to three) – Hawaii	\$ 1.22	\$ 1.20	\$ 1.12	\$ 0.91	\$ 0.91	\$ 0.87
	Standard Deduction for Meals – High Low Method (Per Day) (New rate for a year begins October 1 of the previous year)						
	High cost localities	\$ 86	\$ 74	\$ 74	\$ 74	\$ 71	\$ 71
	All other localities	\$ 74	\$ 64	\$ 64	\$ 64	\$ 60	\$ 60
	Transportation workers	\$ 80	\$ 69	\$ 69	\$ 69	\$ 66	\$ 66
	Qualified Transportation Benefits						
	Commuter/Parking (per month)	\$ 325	\$ 315	\$ 300	\$ 280	\$ 270	\$ 270
	Qualified Business Income (QBI) Threshold Amounts						
	MFJ	\$ 394,600	\$ 383,900	\$ 364,200	\$ 340,100	\$ 329,800	\$ 326,600
	MFS	\$ 197,300	\$ 191,950	\$ 182,100	\$ 170,050	\$ 164,925	\$ 163,300
	Single, HOH	\$ 197,300	\$ 191,950	\$ 182,100	\$ 170,050	\$ 164,900	\$ 163,300
Excess Business Loss Limitation							
MFJ/All other taxpayers	\$626,000/\$313,000	\$610,000/\$305,000	\$578,000/\$289,000	\$540,000/\$270,000	\$524,000/\$262,000	n/a	
Gross Receipts Threshold to Use the Cash Method of Accounting							
Average receipts do not exceed:	\$31,000,000	\$30,000,000	\$29,000,000	\$ 27,000,000	\$ 26,000,000	\$ 26,000,000	
RETIREMENT PLAN LIMITS	401(k)/403(b) Elective Deferral Limits						
	Under age 50	\$ 23,500	\$ 23,000	\$ 22,500	\$ 20,500	\$ 19,500	\$ 19,500
	Age 50 and over	\$ 31,000	\$ 30,500	\$ 30,000	\$ 27,000	\$ 26,000	\$ 26,000
	Age 60 thru 63	\$ 34,750	\$ 30,500	\$ 30,000	\$ 27,000	\$ 26,000	\$ 26,000
	IRA Contribution Limits						
	Under age 50	\$ 7,000	\$ 7,000	\$ 6,500	\$ 6,000	\$ 6,000	\$ 6,000
	Age 50 and over	\$ 8,000	\$ 8,000	\$ 7,500	\$ 7,000	\$ 7,000	\$ 7,000
	IRA Deduction Phaseout Range for Active Participation in an Employer Plan						
	MFJ	126,000 – 146,000	123,000 – 143,000	116,000 – 136,000	109,000 – 129,000	105,000 – 125,000	104,000 – 124,000
	Single, HOH	79,000 – 89,000	77,000 – 87,000	73,000 – 83,000	68,000 – 78,000	66,000 – 76,000	65,000 – 75,000
	MFS	0 – 10,000	0 – 10,000	0 – 10,000	0 – 10,000	0 – 10,000	0 – 10,000
	Spouse not active participant	236,000 – 246,000	230,000 – 240,000	218,000 – 228,000	204,000 – 214,000	198,000 – 208,000	196,000 – 206,000
	Roth IRA Phaseout Range						
	MFJ	236,000 – 246,000	230,000 – 240,000	218,000 – 228,000	204,000 – 214,000	198,000 – 208,000	196,000 – 206,000
	Single, HOH	150,000 – 165,000	146,000 – 161,000	138,000 – 153,000	129,000 – 144,000	125,000 – 140,000	124,000 – 139,000
	MFS	0 – 10,000	0 – 10,000	0 – 10,000	0 – 10,000	0 – 10,000	0 – 10,000
	SIMPLE Elective Deferral Limits (110% of limit if 25 or less employees, or large employer elects higher matching—effective 2024)						
	Under age 50	\$ 16,500	\$ 16,000	\$ 15,500	\$ 14,000	\$ 13,500	\$ 13,500
	Age 50 and over	\$ 20,000	\$ 19,500	\$ 19,000	\$ 17,000	\$ 16,500	\$ 16,500
	Age 60 thru 63	\$ 21,750	\$ 19,500	\$ 19,000	\$ 17,000	\$ 16,500	\$ 16,500

RETIREMENT PLAN LIMITS continued on next page

Inflation Adjusted Amounts — Real Answers. Real Fast!

(Rev. Proc. 2024-40 and Notice 2024-80)

Tax Year	2025	2024	2023	2022	2021	2020	
RETIREMENT (cont.)	Qualified Retirement Plans						
	Profit sharing/SEP limited to 25% of compensation up to:	\$ 70,000	\$ 69,000	\$ 66,000	\$ 61,000	\$ 58,000	\$ 57,000
	Defined benefit plan limits	\$ 280,000	\$ 275,000	\$ 265,000	\$ 245,000	\$ 230,000	\$ 230,000
	Compensation limits	\$ 350,000	\$ 345,000	\$ 330,000	\$ 305,000	\$ 290,000	\$ 285,000
	Nondiscrimination Rules for Fringe Benefits						
	Key employee threshold	\$ 230,000	\$ 220,000	\$ 215,000	\$ 200,000	\$ 185,000	\$ 185,000
	Highly compensated	\$ 160,000	\$ 155,000	\$ 150,000	\$ 135,000	\$ 130,000	\$ 130,000
	Qualified Charitable Distributions						
	Per taxpayer	\$ 108,000	\$ 105,000	\$ 100,000	\$ 100,000	\$ 100,000	\$ 100,000
	Split-interest entity one-time election	\$ 54,000	\$ 53,000	\$ 50,000	n/a	n/a	n/a
EDUCATION TAX BENEFITS	American Opportunity Credit						
	MFJ phaseout range	160,000 – 180,000	160,000 – 180,000	160,000 – 180,000	160,000 – 180,000	160,000 – 180,000	160,000 – 180,000
	Single and HOH phaseout range	80,000 – 90,000	80,000 – 90,000	80,000 – 90,000	80,000 – 90,000	80,000 – 90,000	80,000 – 90,000
	Credit – 100% of the first:	\$ 2,000	\$ 2,000	\$ 2,000	\$ 2,000	\$ 2,000	\$ 2,000
	Credit – 25% of the next:	\$ 2,000	\$ 2,000	\$ 2,000	\$ 2,000	\$ 2,000	\$ 2,000
	Lifetime Learning Credit						
	MFJ phaseout range	160,000 – 180,000	160,000 – 180,000	160,000 – 180,000	160,000 – 180,000	160,000 – 180,000	118,000 – 138,000
	Single and HOH phaseout range	80,000 – 90,000	80,000 – 90,000	80,000 – 90,000	80,000 – 90,000	80,000 – 90,000	59,000 – 69,000
	Credit – 20% of first:	\$ 10,000	\$ 10,000	\$ 10,000	\$ 10,000	\$ 10,000	\$ 10,000
	Student Loan Interest Deduction						
	MFJ phaseout range	170,000 – 200,000	165,000 – 195,000	155,000 – 185,000	145,000 – 175,000	140,000 – 170,000	140,000 – 170,000
	Single and HOH phaseout range	85,000 – 100,000	80,000 – 95,000	75,000 – 90,000	70,000 – 85,000	70,000 – 85,000	70,000 – 85,000
	Maximum deduction is:	\$ 2,500	\$ 2,500	\$ 2,500	\$ 2,500	\$ 2,500	\$ 2,500
	U.S. Savings Bonds Interest Exclusion Phaseout Range						
	MFJ phaseout range	149,250 – 179,250	145,200 – 175,200	137,800 – 167,800	128,650 – 158,650	124,800 – 154,800	123,550 – 153,550
	Single and HOH phaseout range	99,500 – 114,500	96,800 – 111,800	91,850 – 106,850	85,800 – 100,800	83,200 – 98,200	82,350 – 97,350
	Education Savings Accounts Phaseout Range						
	MFJ	190,000 – 220,000	190,000 – 220,000	190,000 – 220,000	190,000 – 220,000	190,000 – 220,000	190,000 – 220,000
	Single, HOH, QSS, MFS	95,000 – 110,000	95,000 – 110,000	95,000 – 110,000	95,000 – 110,000	95,000 – 110,000	95,000 – 110,000
	Child Tax Credit						
Maximum refundable portion	\$ 2,000	\$ 2,000	\$ 2,000	\$ 2,000	\$3,000 / \$3,600 ¹	\$ 2,000	
Maximum refundable portion	\$ 1,700	\$ 1,700	\$ 1,600	\$ 1,500	\$3,000 / \$3,600 ¹	\$ 1,400	
Child Tax Credit Phaseout Begins							
MFJ	\$ 400,000	\$ 400,000	\$ 400,000	\$ 400,000	\$ 150,000 ²	\$ 400,000	
Single, HOH	\$ 200,000	\$ 200,000	\$ 200,000	\$ 200,000	\$75,000 / \$112,500 ²	\$ 200,000	
MFS	\$ 200,000	\$ 200,000	\$ 200,000	\$ 200,000	\$ 75,000 ²	\$ 200,000	
Credit for Other Dependents							
	\$ 500	\$ 500	\$ 500	\$ 500	\$ 500	\$ 500	
CREDITS	Earned Income Credit						
	Maximum credit – 0 children	\$ 649	\$ 632	\$ 600	\$ 560	\$ 1,502	\$ 538
	Maximum credit – 1 child	\$ 4,328	\$ 4,213	\$ 3,995	\$ 3,733	\$ 3,618	\$ 3,584
	Maximum credit – 2 children	\$ 7,152	\$ 6,960	\$ 6,604	\$ 6,164	\$ 5,980	\$ 5,920
	Maximum credit – 3 children	\$ 8,046	\$ 7,830	\$ 7,430	\$ 6,935	\$ 6,728	\$ 6,660
	Income limit – 0 children	\$ 19,104	\$ 18,591	\$ 17,640	\$ 16,480	\$ 21,430	\$ 15,820
	Income limit MFJ – 0 children	\$ 26,214	\$ 25,511	\$ 24,210	\$ 22,610	\$ 27,380	\$ 21,710
	Income limit – 1 child	\$ 50,434	\$ 49,084	\$ 46,560	\$ 43,492	\$ 42,158	\$ 41,756
	Income limit MFJ – 1 child	\$ 57,554	\$ 56,004	\$ 53,120	\$ 49,622	\$ 48,108	\$ 47,646
	Income limit – 2 children	\$ 57,310	\$ 55,768	\$ 52,918	\$ 49,399	\$ 47,915	\$ 47,440
	Income limit MFJ – 2 children	\$ 64,430	\$ 62,688	\$ 59,478	\$ 55,529	\$ 53,865	\$ 53,330
	Income limit – 3 children	\$ 61,555	\$ 59,899	\$ 56,838	\$ 53,057	\$ 51,464	\$ 50,954
	Income limit MFJ – 3 children	\$ 68,675	\$ 66,819	\$ 63,398	\$ 59,187	\$ 57,414	\$ 56,844
	Investment income limit	\$ 11,950	\$ 11,600	\$ 11,000	\$ 10,300	\$ 10,000	\$ 3,650

¹ \$3,600 applies for child who has not yet attained age 6.

² The \$400,000/\$200,000 phaseouts apply after the increased credit is phased out.

CREDITS continued on next page

Inflation Adjusted Amounts — *Real Answers. Real Fast!*

(Rev. Proc. 2024-40 and Notice 2024-80)

Tax Year	2025	2024	2023	2022	2021	2020	
CREDITS (cont.)	Adoption Expense Credit or Exclusion						
	Expense limit/special needs	\$ 17,280	\$ 16,810	\$ 15,950	\$ 14,890	\$ 14,440	\$ 14,300
	AGI phaseout range	259,190 – 299,190	252,150 – 292,150	239,230 – 279,230	223,410 – 263,410	216,660 – 256,660	214,520 – 254,520
	Retirement Savings Contribution Credit – Maximum AGI						
	MFJ	\$ 79,000	\$ 76,500	\$ 73,000	\$ 68,000	\$ 66,000	\$ 65,000
	HOH	\$ 59,250	\$ 57,375	\$ 54,750	\$ 51,000	\$ 49,500	\$ 48,750
	Single	\$ 39,500	\$ 38,250	\$ 36,500	\$ 34,000	\$ 33,000	\$ 32,500
	Small Employer Health Insurance Credit						
	Wage phaseout range	33,300 – 66,600	32,400 – 64,800	30,700 – 61,400	28,700 – 57,400	27,800 – 55,600	27,600 – 55,200
	HEALTH CARE	Health Savings Account Limitations					
Self-only, under age 55		\$ 4,300	\$ 4,150	\$ 3,850	\$ 3,650	\$ 3,600	\$ 3,550
Self-only, age 55 and older		\$ 5,300	\$ 5,150	\$ 4,850	\$ 4,650	\$ 4,600	\$ 4,550
Family, under age 55		\$ 8,550	\$ 8,300	\$ 7,750	\$ 7,300	\$ 7,200	\$ 7,100
Family, age 55 and older (assumes only one spouse has an HSA)		\$ 9,550	\$ 9,300	\$ 8,750	\$ 8,300	\$ 8,200	\$ 8,100
The minimum annual deductible allowed is:							
Self-only coverage		\$ 1,650	\$ 1,600	\$ 1,500	\$ 1,400	\$ 1,400	\$ 1,400
Family coverage		\$ 3,300	\$ 3,200	\$ 3,000	\$ 2,800	\$ 2,800	\$ 2,800
The maximum annual deductible and out-of-pocket expense limit is:							
Self-only coverage		\$ 8,300	\$ 8,050	\$ 7,500	\$ 7,050	\$ 7,000	\$ 6,900
Family coverage		\$ 16,600	\$ 16,100	\$ 15,000	\$ 14,100	\$ 14,000	\$ 13,800
Archer MSA Limitations							
Self-only annual deductibles		2,850 – 4,300	2,800 – 4,150	2,650 – 3,950	2,450 – 3,700	2,400 – 3,600	2,350 – 3,550
Family annual deductibles		5,700 – 8,550	5,550 – 8,350	5,300 – 7,900	4,950 – 7,400	4,800 – 7,150	4,750 – 7,100
Annual out-of-pocket expense limits:							
Self-only coverage		\$ 5,700	\$ 5,550	\$ 5,300	\$ 4,950	\$ 4,800	\$ 4,750
Family coverage		\$ 10,500	\$ 10,200	\$ 9,650	\$ 9,050	\$ 8,750	\$ 8,650
Cafeteria Plan Health FSA Limits							
		\$ 3,300	\$ 3,200	\$ 3,050	\$ 2,850	\$ 2,750	\$ 2,750
Long-Term Care Insurance Deduction Limits for Annual Premiums							
Age 40 or less	\$ 480	\$ 470	\$ 480	\$ 450	\$ 450	\$ 430	
Age 41 – 50	\$ 900	\$ 880	\$ 890	\$ 850	\$ 850	\$ 810	
Age 51 – 60	\$ 1,800	\$ 1,760	\$ 1,790	\$ 1,690	\$ 1,690	\$ 1,630	
Age 61 – 70	\$ 4,810	\$ 4,710	\$ 4,770	\$ 4,510	\$ 4,520	\$ 4,350	
Age 71 and over	\$ 6,020	\$ 5,880	\$ 5,960	\$ 5,640	\$ 5,640	\$ 5,430	
Per diem limit per day	\$ 420	\$ 410	\$ 420	\$ 390	\$ 400	\$ 380	
Qualified Small Employer HRA Limits (QSEHRA)							
	\$6,350/ \$12,800 family	\$6,150/ \$12,450 family	\$5,850/ \$11,800 family	\$5,450/ \$11,050 family	\$5,300/ \$10,700 family	\$5,250/ \$10,600 family	
MISCELLANEOUS	Estate and Gift Tax						
	Estate and gift tax lifetime exclusion	\$13,990,000	\$13,610,000	\$12,920,000	\$12,060,000	\$11,700,000	\$11,580,000
	Gift tax annual exclusion	\$ 19,000	\$ 18,000	\$ 17,000	\$ 16,000	\$ 15,000	\$ 15,000
	Gifts to non-citizen spouse	\$ 190,000	\$ 185,000	\$ 175,000	\$ 164,000	\$ 159,000	\$ 157,000
	Household Employee						
	Amount FICA begins (per year)	\$ 2,800	\$ 2,700	\$ 2,600	\$ 2,400	\$ 2,300	\$ 2,200
	Amount FUTA begins (per quarter)	\$ 1,000	\$ 1,000	\$ 1,000	\$ 1,000	\$ 1,000	\$ 1,000
	Kiddie Tax (net unearned income not subject to kiddie tax)						
	Parent's return limit	\$ 13,500	\$ 13,000	\$ 12,500	\$ 11,500	\$ 11,000	\$ 11,000
	Foreign Earned Income Exclusion						
		\$ 130,000	\$ 126,500	\$ 120,000	\$ 112,000	\$ 108,700	\$ 107,600
	Alternative Minimum Tax Exemptions						
	MFJ, QSS	\$ 137,000	\$ 133,300	\$ 126,500	\$ 118,100	\$ 114,600	\$ 113,400
	Single, HOH	\$ 88,100	\$ 85,700	\$ 81,300	\$ 75,900	\$ 73,600	\$ 72,900
	MFS	\$ 68,500	\$ 66,650	\$ 63,250	\$ 59,050	\$ 57,300	\$ 56,700

Social Security (SS) and Medicare Inflation Adjusted Amounts

Tax Year	2025	2024	2023	2022	2021	2020
COLA increase for SS benefits	2.5%	3.2%	8.7%	5.9%	1.3%	1.6%
Maximum earnings subject to: Social Security tax Medicare tax	\$ 176,100 No limit	\$ 168,600 No limit	\$ 160,200 No limit	\$ 147,000 No limit	\$ 142,800 No limit	\$ 137,700 No limit
Maximum Social Security Tax Employee Self-employed	\$ 10,918.20 \$ 21,836.40	\$ 10,453.20 \$ 20,906.40	\$ 9,932.40 \$ 19,864.80	\$ 9,114.00 \$ 18,228.00	\$ 8,853.60 \$ 17,707.20	\$ 8,537.40 \$ 17,074.80
Maximum Medicare Tax	No limit	No limit	No limit	No limit	No limit	No limit
Social Security Tax Rate Employee Self-employed	6.2% 12.4%	6.2% 12.4%	6.2% 12.4%	6.2% 12.4%	6.2% 12.4%	6.2% 12.4%
Medicare Tax Rate Employee Self-employed	1.45% 2.9%	1.45% 2.9%	1.45% 2.9%	1.45% 2.9%	1.45% 2.9%	1.45% 2.9%
Additional Medicare Tax on: Earned income above threshold Unearned income above threshold	0.9% 3.8%	0.9% 3.8%	0.9% 3.8%	0.9% 3.8%	0.9% 3.8%	0.9% 3.8%
Earnings for one quarter of coverage	\$ 1,810	\$ 1,730	\$ 1,640	\$ 1,510	\$ 1,470	\$ 1,410
Earnings limit to receive full Social Security benefits:						
Under full retirement age ¹	\$ 23,400	\$ 22,320	\$ 21,240	\$ 19,560	\$ 18,960	\$ 18,240
Year of full retirement age ²	\$ 62,160	\$ 59,520	\$ 56,520	\$ 51,960	\$ 50,520	\$ 48,600
Full retirement age ³	No limit	No limit	No limit	No limit	No limit	No limit
Maximum Social Security monthly benefits at full retirement age.	\$ 4,018	\$ 3,822	\$ 3,627	\$ 3,345	\$ 3,148	\$ 3,011
¹ \$1 in benefits is withheld for every \$2 in earnings above the limit.						
² Applies only to earnings for months prior to attaining full retirement age. \$1 in benefits is withheld for every \$3 in earnings above this limit.						
³ A person attains full retirement age at:						
<ul style="list-style-type: none"> • Age 65 if born before 1938 • Age 65 and 2 months if born in 1938 • Age 65 and 4 months if born in 1939 • Age 65 and 6 months if born in 1940 • Age 65 and 8 months if born in 1941 • Age 65 and 10 months if born in 1942 • Age 66 if born in 1943 through 1954 • Age 66 and 2 months if born in 1955 • Age 66 and 4 months if born in 1956 • Age 66 and 6 months if born in 1957 • Age 66 and 8 months if born in 1958 • Age 66 and 10 months if born in 1959 • Age 67 if born after 1959 						
Medicare premiums Part A per month Part B per month (high income recipients pay a higher amount) Hospital deductible	\$ 518.00 \$ 185.00 \$ 1,676.00	\$ 505.00 \$ 174.70 \$ 1,632.00	\$ 506.00 \$ 164.90 \$ 1,600.00	\$ 499.00 \$ 170.10 \$ 1,556.00	\$ 471.00 \$ 148.50 \$ 1,484.00	\$ 458.00 \$ 144.60 \$ 1,408.00

Expiring Tax Provisions

Tax Provision	IRC §	Provision expires after
ABLE accounts – allowed to accept rollovers from 529 plans.	529A	2025
ABLE accounts – designated beneficiary can contribute additional amounts to the account and claim the saver's credit.	25B	2025
Alternative fuel excise tax credit.	6426(d)	2024
Alternative fuel vehicle refueling property credit.	30C	2032
AMT increased exemption amounts and phase-out ranges.	55(d)	2025
Bicycle commuting reimbursement exclusion repeal.	132(f)	2025
Biodiesel and renewable diesel fuels credit.	40A	2024
Bonus depreciation, other than long production period property and certain aircraft.	168(k)	2026
Bonus depreciation for long production period property and certain aircraft.	168(k)	2027
Cancellation of qualified principal residence indebtedness exclusion from gross income.	108	2025

continued on next page

Expiring Tax Provisions continued

Tax Provision	IRC §	Provision expires after
Casualty and theft loss deductible as an itemized deduction only if loss is attributable to a federally declared disaster area.	165	2025
Charitable contribution AGI limit increase from 50% to 60%.	170	2025
Child Tax Credit increase to \$2,000 and new \$500 Credit for Other Dependents.	24	2025
Credit for qualified commercial clean vehicles	45W	2032
De minimis meals, related eating facilities, and meals for the convenience of employer limit decreased from 100% to 50% (no deduction is allowed after December 31, 2025).	274(o)	2025
Educational assistance program to include student loan interest paid.	127	2025
Electric vehicle credit.	30D & 25E	2032
Employer credit for paid family and medical leave.	45S	2025
Empowerment zone tax incentives.	1391(d)	2025
Energy efficient home credit.	45L	2032
Estate and gift tax exemption amount increased to \$10 million.	2010	2025
Gambling loss limitation for professional gamblers includes all IRC section 162 business expenses.	165(d)	2025
Heavy vehicle excise tax.	4051	9/30/2028
Home mortgage interest deduction— acquisition debt limit reduced to \$750,000 and home equity debt interest not deductible.	163(h)	2025
Itemized deduction overall limitation suspended.	68	2025
Limitation on excess business loss.	461(l)	2028
Miscellaneous itemized deductions subject to the 2% AGI limit no longer deductible.	67	2025
Moving expenses deduction and moving expense reimbursement exclusion is only allowed for military members who move pursuant to a military order.	217 & 132(g)	2025
New markets tax credit.	45D	2025
Nonbusiness energy property credit. Renamed: Energy efficient home improvement credit.	25C	2032
Personal exemption suspension.	151	2025
Premium Tax Credit reduction of percentages of income used to calculate the credit.	36B	2025
Qualified business income 20% deduction.	199A	2025
Residential energy efficient property credit. Renamed: Residential Clean Energy Credit.	25D	2034
Second generation biofuel producer credit.	40(b)(6)	2024
Standard deduction increase.	63	2025
State and local property taxes plus income taxes (or sales taxes) limited to \$10,000 as itemized deductions.	164	2025
Student loan debt discharge excluded from gross income due to death or disability.	108	2025
Tax rate reduction for individuals, estates, and trusts.	1	2025
Work opportunity credit.	51	2025

What's New — Individuals

Tax Provision	New Law	Prior Law
Credits		
Premium Tax Credit See page 11-13	Effective for 2021 through 2025, the percentages used to calculate the PTC are reduced to zero for taxpayers below 200% of the federal poverty line, and up to 8.5% for those above 400% of the federal poverty line. A taxpayer with an applicable percentage of zero means the taxpayer qualifies for 100% of his/her health insurance premiums to be subsidized.	The Premium Tax Credit (PTC) is a refundable credit designed to subsidize the cost of health insurance. The PTC amount is determined based on the percentage of income the cost of premiums represents, ranging from 2% of income for those below 133% of the federal poverty line to 9.5% of income for those at 400% of the federal poverty line. Taxpayers with income above 400% of the federal poverty line do not qualify for the PTC.

continued on next page

What's New — Individuals

Tax Provision	New Law	Prior Law
Credits—continued		
<p>Energy Efficient Home Improvement Credit See page 11-15</p>	<p>Effective for 2023, the nonbusiness energy property credit is renamed the Energy Efficient Home Improvement Credit. The credit is increased to 30% of the cost of improvements made, and replaces the lifetime limitations to the following annual limitations.</p> <ol style="list-style-type: none"> 1) In general, the combined credit for all energy efficient home improvements is limited to \$1,200 per year, except for (5) below. 2) The credit for residential energy property expenditures is limited to \$600 per year. 3) The credit for windows is limited to \$600 in the aggregate for all exterior windows and skylights. 4) The credit for doors is limited to \$250 per year for any exterior door, and \$500 in the aggregate for all exterior doors. 5) Notwithstanding paragraphs (1) and (2) above, the credit allowed for heat pumps and heat pump water heaters, biomass stoves and boilers is limited to \$2,000 per year. 6) The credit for energy audits is limited to \$150 per year. <p>Qualified energy efficiency improvements include energy efficient insulation, exterior windows, skylights, and exterior doors that meet various energy standard requirements. The new law removes roofs from the definition of building envelope components, but adds air sealing insulation to the definition of insulation material or system which reduces the heat loss or heat gain of a dwelling unit.</p>	<p>The nonbusiness energy property credit is for energy efficient improvements made to the principal residence of the taxpayer. The credit does not apply for new construction.</p> <p>The credit equals:</p> <ul style="list-style-type: none"> • 10% of the cost of exterior windows, including skylights, up to a credit limit of \$200, • 10% of the cost of exterior doors, insulation and/or systems which reduce heat gain or loss, • Up to \$300 of the cost of heat pumps, central air conditioners, and water heaters, • Up to \$150 of the cost of natural gas, propane, or oil furnaces or hot water boilers, and • Up to \$50 of the cost for qualified advanced main air-circulating fans. <p>A total lifetime combined credit limit of \$500 (including a \$200 lifetime limit for windows) applies for all tax years after 2005.</p> <p>The nonbusiness energy property credit was set to expire for tax years after 2021.</p>
<p>Residential Clean Energy Credit See page 11-16</p>	<p>The Residential Energy Efficient Property Credit is renamed the Residential Clean Energy Credit, with the applicable percentages being modified as follows.</p> <ol style="list-style-type: none"> 1) In the case of property placed in service after December 31, 2016, and before January 1, 2020, 30%, 2) In the case of property placed in service after December 31, 2019, and before January 1, 2022, 26%, 3) In the case of property placed in service after December 31, 2021, and before January 1, 2033, 30%, 4) In the case of property placed in service after December 31, 2032, and before January 1, 2034, 26%, and 5) In the case of property placed in service after December 31, 2033, and before January 1, 2035, 22%. <p>The new law replaces qualified biomass fuel property expenditures with qualified battery storage technology expenditures.</p>	<p>The Residential Energy Efficient Property Credit equals the sum of the applicable percentages of:</p> <ol style="list-style-type: none"> 1) The qualified solar electric property expenditures, 2) The qualified solar water heating property expenditures, 3) The qualified fuel cell property expenditures, 4) The qualified small wind energy property expenditures, 5) The qualified geothermal heat pump property expenditures, and 6) The qualified biomass fuel property expenditures, that are made by the taxpayer during the year. <p>Applicable percentages mean:</p> <ol style="list-style-type: none"> 1) In the case of property placed in service after December 31, 2016, and before January 1, 2020, 30%, 2) In the case of property placed in service after December 31, 2019, and before January 1, 2023, 26%, and 3) In the case of property placed in service after December 31, 2022, and before January 1, 2024, 22%.
<p>Clean Vehicle Credit See page 11-18</p>	<p>The new law eliminates the phase-out rules when a manufacturer reaches its 200,000th sale and replaces it with an expiration of the credit for all vehicles placed in service after 2032. Final assembly of the vehicle must occur within North America.</p> <p>In addition to qualified electric vehicles, the credit also applies to qualified fuel cell motor vehicles.</p> <p>No credit is allowed if the taxpayer's modified AGI for the tax year or the preceding tax year exceeds:</p> <ul style="list-style-type: none"> • \$300,000 for MFJ or QSS. • \$225,000 for HOH. • \$150,000 for Single or MFS. <p>No credit is allowed if the manufacturer's suggested retail price exceeds:</p> <ul style="list-style-type: none"> • \$80,000 in the case of a van, • \$80,000 in the case of a sport utility vehicle, • \$80,000 in the case of a pickup truck, and • \$55,000 in the case of any other vehicle. <p>The new law also provides for a reduced credit for the purchase of a previously-owned clean vehicle.</p>	<p>A taxpayer is allowed a nonrefundable tax credit for the purchase of a new qualified plug-in electric drive motor vehicle placed in service during the year. The base amount of the credit is \$2,500. This amount is increased by \$417 for each kilowatt hour of battery capacity that exceeds 5 kilowatt hours, not to exceed \$5,000. Thus the maximum credit allowed is \$7,500. The credit phases out when the manufacturer sells at least 200,000 qualifying vehicles.</p>

continued on next page

What's New — Individuals

Tax Provision	New Law	Prior Law
Credits—continued		
Alternative Fuel Refueling Property Credit See page 11-17	The new law extends the credit through the end of 2032, and increases the credit limitation for business use property to \$100,000. The new law also allows the credit for bidirectional charging equipment, such as an electric vehicle charging station that converts the DC electricity stored in the car batteries back to AC electricity to power the house in case of a power outage.	A tax credit equal to 30% of the cost of qualified property is allowed for placing in service property used to store or dispense an alternative fuel into the fuel tank of a motor vehicle propelled by the fuel, or used to recharge an electric vehicle. The credit is limited to \$30,000 for business use property or \$1,000 for personal use property (such as an electric charging station installed in the taxpayer's garage to charge the batteries of a personal use electric car). The credit was set to expire for property placed in service after 2021.

What's New — Business

Tax Provision	New Law	Prior Law
Deductions		
Energy Efficient Commercial Building Deduction See page 8-6	Effective for tax years beginning after December 31, 2022, the new law modifies the maximum amount of the deduction as follows. <ol style="list-style-type: none"> 1) The deduction under IRC section 179D(a) with respect to any building for any tax year shall not exceed the excess (if any) of: <ol style="list-style-type: none"> A) The product of the applicable dollar value and the square footage of the building, over B) The aggregate amount of the deductions with respect to the building for the three tax years immediately preceding such tax year. 2) The applicable dollar value shall be an amount equal to \$0.50 increased (but not above \$1.00) by \$0.02 for each percentage point by which the total annual energy and power costs for the building are certified to be reduced by a percentage greater than 25%. 3) Increased deduction amount for certain property: <ol style="list-style-type: none"> A) In the case of any property which satisfies the requirements of (B) below, the applicable dollar value is \$2.50 increased (but not above \$5.00) by \$0.10 for each percentage point by which the total annual energy and power costs for the building are certified to be reduced by a percentage greater than 25%. B) To qualify for the increased applicable dollar value in (A) above: <ol style="list-style-type: none"> i) Installation must begin prior to the date that is 60 days after the IRS publishes guidance with respect to the prevailing wage requirements and apprenticeship requirements, or ii) Installation of such property satisfies the prevailing wage requirements and apprenticeship requirements. 	Taxpayers are allowed a deduction under IRC section 179D for the cost of energy efficient commercial building property placed in service during the year. The deduction is limited to the product of \$1.80 times the square footage of the building, over the aggregate amount of the energy efficient commercial building deductions with respect to the building for all prior tax years. <p>Energy efficient commercial building property means property:</p> <ol style="list-style-type: none"> A) With respect to which depreciation (or amortization in lieu of depreciation) is allowable, B) Which is installed on or in any building which is located in the United States that meets certain energy efficient standards, C) Which is installed as part of the interior lighting systems, the heating, cooling, ventilation, and hot water systems, or the building envelope, and D) Which is certified as being installed as part of a plan designed to reduce the total annual energy and power costs with respect to the interior lighting systems, heating, cooling, ventilation, and hot water systems of the building by 50% or more in comparison to a reference building which meets certain minimum standards. <p>The deduction is similar to the Section 179 deduction that allows a business to write off the entire cost of the property placed in service in one year rather than depreciate the cost over a number of years.</p>
Taxes		
Corporate Alternative Minimum Tax (AMT) See page 18-13	Effective for tax years beginning in 2023, the tentative minimum tax for applicable corporations is the excess of 15% of the adjusted financial statement income for the tax year over the corporate AMT foreign tax credit for the tax year. An applicable corporation is any corporation (other than an S corporation, a regulated investment company, or a real estate investment trust) with average annual adjusted financial statement income that exceeds \$1 billion per year.	For tax years prior to 2018, C corporations were not subject to AMT unless average gross receipts were \$7.5 million or more for the prior three tax years. Under the Tax Cuts and Jobs Act (TCJA), the AMT for C corporations was repealed effective for 2018.

continued on next page

What's New — Business

Tax Provision	New Law	Prior Law
Credits		
Energy Efficient Home Credit See page 31-11	The new law extends the credit to apply to energy efficient homes acquired through the end of 2032. Effective for homes acquired after December 31, 2022, the new law modifies the credit amounts and energy efficiency requirements. The new credit amounts are \$500, \$1,000, \$2,500, and \$5,000, depending on the level of energy savings and efficiency requirements the home meets. The credit amount is based on whether or not the taxpayer meets the prevailing wage requirements.	A general business credit is allowed under IRC section 45L for an eligible contractor that constructs a new energy efficient home that is acquired by a person from such eligible contractor for use as a residence during the tax year. The credit is equal to \$2,000 if the home has a level of annual heating and cooling energy consumption at least 50% below that of comparable homes, and \$1,000 if such consumption is at least 30% below that of comparable homes. Certain certification requirements apply in determining the level of the home's energy consumption savings. This credit was set to expire for homes acquired after December 31, 2021.
Commercial Clean Vehicle Credit See page 31-16	Effective for vehicles acquired after December 31, 2022, the new law creates a new code section under IRC section 45W called "Credit for Qualified Commercial Clean Vehicles," which is a general business credit for each qualified commercial clean vehicle placed in service by the taxpayer during the tax year. The credit can be up to 30% of the cost of the vehicle if it is not powered by an internal combustion engine, limited to \$40,000 for vehicles weighing more than 14,000 pounds.	Taxpayers could claim the electric vehicle credit under IRC section 30D, but there was no special credit for commercial electric vehicles.
Research Credit See page 23-4, and page 31-8	Effective for tax years beginning after December 31, 2022, the new law increases the amount of the research credit that small businesses can use against their payroll tax liability to \$500,000.	The research credit under IRC section 41 is allowed to offset the alternative minimum tax (AMT). It also allows qualified small businesses to elect to claim a certain amount of the credit as a payroll tax credit. Qualified small businesses may elect to apply up to \$250,000 of the credit against the employer's portion of Social Security taxes. The credit against payroll taxes is an annual election made by a qualified small business. The credit is the smaller of: <ul style="list-style-type: none"> • The current year research credit, • An elected amount not to exceed \$250,000, or • The general business credit carryforward for the tax year (before application of the payroll tax credit election for the tax year).

What's New — Retirement Plans

Tax Provision	New Law	Current Law
Credit for Small Employer Pension Plan Startup Costs See page 31-10	Effective for 2023, the 50% credit is increased to 100% for certain small employers with no more than 50 employees. Certain small employers are also allowed an additional credit for employer contributions equal to the applicable percentage of employer contributions, limited to \$1,000 per employee. The applicable percentage is 100% for year 1 and 2, 75% for year 3, 50% for year 4, 25% for year 5, and zero % for year 6 and after.	A general business credit is allowed that is equal to 50% of the qualified pension plan startup costs paid during the tax year. The credit is generally limited to the greater of (1) \$500, or (2) the lesser of (a) \$250 for each employee of the eligible employer who is not a highly compensated employee and who is eligible to participate in the plan, or (b) \$5,000.
Saver's Match See page 11-16	Effective for 2027, the credit is repealed with respect to IRA and retirement plan contributions, and replaced with a tax credit paid by the IRS as a contribution to the eligible individual's applicable retirement savings vehicle when he or she makes a qualified retirement savings contribution for the tax year. The matching contribution equals 50% of the qualified retirement savings contribution when AGI does not exceed \$41,000 for MFJ and QSS, \$30,750 for HOH, and \$20,500 for single and MFS. The credit begins to phase-out when AGI exceeds these limits, and is completely phased-out when AGI reaches \$71,000 for MFJ and QSS, \$53,250 for HOH, and \$35,500 for single and MFS. These phase-out amounts are adjusted for inflation beginning in 2028.	Low income taxpayers are allowed a nonrefundable tax credit for contributions to an IRA or employer-sponsored retirement plan. Contributions to an ABL account by the designated beneficiary also qualify for the credit. The credit ranges from 10% to 50% of the contribution, depending on AGI. See page 1-5 for 2025 inflation adjusted maximum AGI amounts.

continued on next page

What's New — Retirement Plans

Tax Provision	New Law	Current Law
Retirement Plans—continued		
Age for Required Beginning Date for RMDs See page 13-21	Effective for 2023, taxpayers are required to start taking RMDs by April 1 of the calendar year following the year in which the individual reaches age 73. Effective for 2033, taxpayers are required to start taking RMDs by April 1 of the calendar year following the year in which the individual reaches age 75. Under Regulation Section 1.401(a)(9)-2, the applicable age is determined based on the individual's date of birth: 1) For individuals born before July 1, 1949, the applicable age is 70½, 2) For individuals born on or after July 1, 1949, but before January 1, 1951, the applicable age is 72, 3) For individuals born on or after January 1, 1951, but before January 1, 1959, the applicable age is 73, and 4) For individuals born on or after January 1, 1960, the applicable age is 75.	Prior to 2021, taxpayers were required to start taking required minimum distributions (RMDs) from qualified retirement plans and IRAs by April 1 of the calendar year following the year in which the individual reached age 70½. Effective for 2021, no RMDs were required. Effective for 2022, taxpayers were required to start taking RMDs by April 1 of the calendar year following the year in which the individual reached age 72.
IRA Catch-Up Limit See page 13-7	Effective for 2024, the \$1,000 catch-up amount will be adjusted for inflation. The 2025 inflation adjusted amounts remains the same at \$1,000.	For 2024, the inflation adjusted IRA contribution limit is \$7,000. For individuals age 50 and over, an additional \$1,000 catch-up contribution is allowed for a combined 2024 limit of \$8,000. Although the IRA contribution limit is adjusted each year for inflation, the \$1,000 catch-up contribution was not.
401(k) / 403(b) / SIMPLE Catch-Up Limits	Effective for 2025, the catch-up elective deferral limits are increased for eligible participants who attain ages 60, 61, 62, and 63 before the close of the tax year. The increased catch-up limits for 401(k) / 403(b) plans is the greater of \$10,000, or 50% more than the regular catch-up limit. The increased catch-up limits for SIMPLE plans is the greater of \$5,000, or 50% more than the regular catch-up limit.	For 2024, the inflation adjusted 401(k) / 403(b) elective deferral limit is \$23,000. For individuals age 50 and over, an additional \$7,500 catch-up contributions is allowed. For 2024, the inflation adjusted SIMPLE elective deferral limit is \$16,000. For individuals age 50 and over, an additional \$3,500 catch-up contribution is allowed. These amounts are adjusted each year for inflation.
Elective Deferral Limits and Employer Matching Contributions to SIMPLE Plans See page 13-15	Effective for 2024, an employer can choose to make non-elective contributions of a uniform percentage (for all employees) at a rate up to 10% of compensation for each employee who is eligible to participate, and who has at least \$5,000 of compensation for the year. These non-elective contributions cannot exceed \$5,000 for the year (adjusted annually for inflation). The elective deferral limit is also increased to 110% of the otherwise applicable elective deferral limit if the employer has no more than 25 employees who have at least \$5,000 in compensation for the year. Larger employers can elect to have this 110% limit apply. If they make this election, the employer's 3% match is increased to 4%, and the employer's 2% non-elective match is increased to 3%.	For 2024, the inflation adjusted SIMPLE elective deferral limit is \$16,000. Unless the employer chooses to make non-elective contributions, the employer must match employee elective deferrals dollar-for-dollar up to 3% of the employee's compensation for the year. If the employer chooses to make non-elective contributions on behalf of all eligible employees (including those who choose not to make elective deferrals), the employer must make contributions on behalf of each employee equal to 2% of employee compensation.
401(k)/403(b) Catch-Up Elective Deferrals Must Be Designated Roth Contributions	Effective for 2026, participants whose wages for the preceding year exceed \$145,000 can only make catch-up elective deferrals as designated Roth contributions. If the plan does not provide for a designated Roth option, then participants with wages exceeding \$145,000 cannot make additional catch-up elective deferrals. This rule does not apply to SEPs or SIMPLE plans. The \$145,000 threshold is indexed for inflation after 2024. Note: This rule was originally set to apply for tax year 2024, but was extended to 2026 by Notice 2023-62.	Catch-up contributions to a qualified retirement plan for participants age 50 or older can be made on a pre-tax or Roth basis (if a Roth option is permitted by the plan sponsor).

Expiring Tax Cuts and Jobs Act Provisions

If Congress fails to extend the Tax Cuts and Jobs Act (TCJA), the following tax provisions will apply beginning in 2026.

Tax Provision	New Law	Current Law
Income — Individuals		
ABLE Accounts	Effective 2026: Rollovers from 529 plans no longer allowed. Designated beneficiaries can no longer contribute and claim the saver's credit.	Effective 2018: Nondeductible contributions grow tax deferred. Distributions are tax free if used to pay qualified disability expenses of the designated beneficiary. Funds in a 529 plan can be rolled over tax free into a n ABLÉ account provided the designated beneficiary of the ABLÉ account is the same as the 529 plan, or a member of the designated beneficiary's family. The designated beneficiary can also contribute additional amounts to his or her own ABLÉ account in excess of the annual gift tax exclusion amount and take the Saver's Credit for the contribution under IRC section 25B.
Student Loans	Effective 2026: Student loan debt that is discharged due to the death or disability of the student is no longer excluded from gross income.	Effective 2018: Cancellation of debt is generally included in taxable income. One exception is the discharge of certain student loan debt when the debt forgiveness is contingent on the student working for a certain period of time in a certain profession, such as working as a health care worker in an area with unmet needs. Another exception applies for certain discharges on account of death or disability of the student.
Qualified Principal Residence Debt	Effective 2026: The cancelation of qualified principal residence debt is no longer excluded from income.	The exclusion for cancelation of qualified principal residence debt was not a part of TCJA, but has been repeatedly set to expire and then extended through other legislation since the enactment of TCJA. Under current law effective for discharged debt prior to 2026, taxpayers can exclude up to \$750,000 (\$375,000 MFS) of acquisition debt on a qualified principal residence.
Adjustments — Individuals		
Moving Expenses	Effective 2026: Limiting moving expense deduction or exclusion to active duty military members no longer applies. Moving expenses are deductible for any taxpayer if paid or incurred in connection with the commencement of work by the taxpayer as an employee or as a self-employed individual at a new principal place of work. Such expenses are deductible only if the move meets certain conditions related to distance from the taxpayer's previous residence and the taxpayer's status as a full-time employee in the new location. If an employer reimburses the qualified moving expenses of an employee, such reimbursement are excluded from the employee's income, provided the expenses would have been deductible moving expenses if paid by the employee (and not reimbursed by the employer). In the case of a member of the U.S. military who is on active duty and moves pursuant to a military order incident to a permanent change of station, the limitations related to distance from the taxpayer's previous residence and status as a full-time employee in the new location do not apply. Any moving and storage expenses which are furnished in kind, reimbursed, or given as an allowance to the military member (and spouse and dependents) is excluded from gross income.	Effective 2018: Moving expenses are deductible or excluded only for members of the Armed Forces (or their spouse or dependents) on active duty that move pursuant to a military order and incident to a permanent change of station.
Deductions — Individuals		
Personal Exemption Deduction	Effective 2026: A personal exemption for the taxpayer, spouse, and dependents is allowed. The exemption amount would have been \$5,050 per person if it were allowed for tax year 2024. The 2026 amount will be adjusted for inflation. The exemption is phased out in the case of high income taxpayers. For the 2017 tax year, the phase-out began when AGI exceeded the following threshold amounts: <ul style="list-style-type: none"> • MFJ, QSS: \$313,800 • Single: \$261,500 • HOH: \$287,650 • MFS: \$156,900 The beginning of the 2026 phase-out threshold amounts will be adjusted for inflation.	Effective 2018: The deduction for personal exemptions provision is suspended.

continued on next page

Expiring Tax Cuts and Jobs Act Provisions

<i>Tax Provision</i>	<i>New Law</i>	<i>Current Law</i>
Deductions — Individuals continued		
Standard Deduction	<p>Effective 2026: The standard deduction will revert back to the 2017 tax year amounts, adjusted for inflation. The 2017 amounts were:</p> <ul style="list-style-type: none"> • MFJ, QSS: \$12,700 • Single, MFS: \$6,350 • HOH: \$9,350 <p>An additional amount applies for a taxpayer age 65 or older or blind. Special rules apply for someone who can be claimed as a dependent.</p>	<p>Effective 2018: The standard deduction is increased to offset the personal exemption deduction disallowance. The inflation adjusted standard deduction for the 2024 tax year is:</p> <ul style="list-style-type: none"> • MFJ, QSS: \$29,200 • Single, MFS: \$14,600 • HOH: \$21,900 <p>An additional amount applies for a taxpayer age 65 or older or blind. Special rules apply for someone who can be claimed as a dependent.</p>
Itemized Deductions	<p>Effective 2026: Itemized deductions begin to phase-out for high income taxpayers. The 2017 tax year phase-out began when AGI exceeded the following threshold amounts:</p> <ul style="list-style-type: none"> • MFJ, QSS: \$313,800 • HOH: \$287,650 • Single: \$261,500 • MFS: \$156,900 <p>The beginning of the 2026 phase-out threshold amounts will be adjusted for inflation.</p>	<p>Effective 2018: The phase-out of the itemized deductions provision is suspended.</p>
Taxes Paid – Itemized Deductions	<p>Effective 2026: The \$10,000 deduction limit no longer applies. Foreign property taxes not connected with a trade or business are also allowed as itemized deductions.</p>	<p>Effective 2018: An itemized deduction, up to \$10,000 (\$5,000 MFS) is allowed for the aggregate of:</p> <ol style="list-style-type: none"> 1) State and local property taxes not paid or accrued in carrying on a trade or business, or an activity described in IRC section 212, and 2) State and local income, war profits, and excess profits taxes (or sales taxes in lieu of income taxes, etc.) paid or accrued in the taxable year. <p>A deduction for foreign income taxes and generation skipping tax imposed on certain income distributions is not included in the \$10,000 deduction limit.</p>
Home Mortgage Interest Deduction	<p>Effective 2026: The acquisition debt limit is increased to \$1 million. Interest on home equity debt (any debt secured by the residence that is not acquisition debt) is deductible, limited to \$100,000 of debt.</p>	<p>Effective 2018: Interest paid on a home mortgage for a principal residence and one other residence is deductible as an itemized deduction, subject to limits on the amount of debt secured by the residence.</p> <p>Acquisition debt (debt to purchase or improve a residence) is limited to \$750,000. Acquisition debt that is refinanced is still acquisition debt, provided the refinanced amount does not exceed the loan balance of the acquisition debt immediately prior to it being refinanced, plus any amount used to improve the residence.</p> <p>A \$1 million debt limit applies for acquisition debt incurred before December 15, 2017, that is refinanced on or after December 15, 2017. Interest on home equity debt is not deductible.</p>
Charitable Contributions	<p>Effective 2026: The AGI limitation for cash contributions to public charities is decreased to 50%.</p>	<p>Effective 2018: In general, deductible cash contributions to public charities are limited to 60% of AGI. This percentage is reduced to 50%, 30%, or 20%, depending on the type of organization, whether it is non-cash property, or whether the organization uses the donated property.</p>
Casualty Loss	<p>Effective 2026: Personal casualty losses consisting of property losses arising from fire, storm, shipwreck, or other casualty, or from theft are deductible on Schedule A (Form 1040) only if they exceed \$100 per casualty or theft. In addition, aggregate net casualty and theft losses are deductible only to the extent they exceed 10% of an individual taxpayer's adjusted gross income.</p>	<p>Effective 2018: A personal casualty loss is deductible (subject to limitations) only if such loss is attributable to a federally-declared disaster area.</p>

continued on next page

Expiring Tax Cuts and Jobs Act Provisions

Tax Provision	New Law	Current Law
Deductions — Individuals continued		
Miscellaneous Itemized Deductions Subject to the 2% AGI Limitation	<p>Effective 2026: The following categories of miscellaneous expenses are deductible on Schedule A (Form 1040) to the extent that the combined total exceeds 2% of the taxpayer's AGI:</p> <ul style="list-style-type: none"> • Investment expenses, • Tax preparation fees, • Unreimbursed employee business expenses, • Repayment of income that is \$3,000 or less, • Repayment of Social Security benefits, and • Distributive share of investment expenses from pass-through entities. 	<p>Effective 2018: Miscellaneous itemized deductions that were subject to the 2% AGI limit prior to 2018 are not deductible.</p>
Taxes — Individuals		
Tax Rates	<p>Effective 2026: Taxable income is subject to the following tax rates:</p> <ul style="list-style-type: none"> <li style="margin-right: 10px;">• 10% <li style="margin-right: 10px;">• 25% <li style="margin-right: 10px;">• 33% <li style="margin-right: 10px;">• 39.6% <li style="margin-right: 10px;">• 15% <li style="margin-right: 10px;">• 28% <li style="margin-right: 10px;">• 35% 	<p>Effective 2018: Taxable income is subject to the following tax rates:</p> <ul style="list-style-type: none"> <li style="margin-right: 10px;">• 10% <li style="margin-right: 10px;">• 22% <li style="margin-right: 10px;">• 32% <li style="margin-right: 10px;">• 37% <li style="margin-right: 10px;">• 12% <li style="margin-right: 10px;">• 24% <li style="margin-right: 10px;">• 35%
AMT	<p>Effective 2026: The AMT exemption amounts and phase-out ranges will be reduced back to the amounts in effect for 2017, adjusted for inflation.</p>	<p>Effective 2018: The AMT exemption amounts and phase-out ranges were significantly increased from the amounts effective for 2017, thereby reducing the number of taxpayers subject to the AMT.</p>
Credits — Individuals		
Child Tax Credit and Family Credit	<p>Effective 2026: The Child Tax Credit is \$1,000 per qualifying child under the age of 17. The credit is phased out when modified AGI exceeds \$75,000 for single, HOH, and QSS, \$110,000 for MFJ, and \$55,000 for MFS. The portion of the credit that exceeds regular tax liability is allowed as a refundable credit, up to 15% of earned income in excess of \$3,000. For taxpayers with three or more children, the refundable portion is the lesser of:</p> <ol style="list-style-type: none"> 1) The disallowed portion of the regular Child Tax Credit, or 2) The larger of: <ul style="list-style-type: none"> • 15% of earned income in excess of \$3,000. • FICA and Medicare tax paid minus Earned Income Credit. <p>The family tax credit no longer applies.</p>	<p>Effective 2018: The Child Tax Credit is \$2,000 per qualifying child under the age of 17. The credit is phased out when modified AGI exceeds \$400,000 for MFJ and \$200,000 for all other taxpayers. The portion of the credit that exceeds regular tax liability may be refundable, up to 15% of the taxpayer's earned income in excess of \$2,500, or \$1,400 per child (adjusted annually for inflation). For taxpayers with three or more children, the refundable portion is the lesser of:</p> <ol style="list-style-type: none"> 1) The disallowed portion of the regular Child Tax Credit. 2) The larger of: <ul style="list-style-type: none"> • 15% of earned income in excess of \$2,500. • FICA and Medicare tax paid minus Earned Income Credit. 3) \$1,400 per child (adjusted annually for inflation). <p>A nonrefundable Family Credit of \$500 is allowed for each person that is not a qualifying child, but is a qualifying dependent under the dependency rules (with the exception of residents of Canada and Mexico).</p>
Other Taxes		
Estate and Gift Tax Exemption	<p>Effective 2026: For decedents dying in 2026, the estate and gift tax exemption amount will drop back to \$5 million, adjusted annually for inflation occurring after 2011.</p>	<p>Effective 2018: The estate and gift tax exemption amount is \$10 million, adjusted for inflation occurring after 2011. The 2025 inflation adjusted amount is \$13,990,000.</p>
Estates and Trusts Tax Rates	<p>Effective 2026: Taxable income is subject to the following tax rates:</p> <ul style="list-style-type: none"> <li style="margin-right: 10px;">• 15% <li style="margin-right: 10px;">• 28% <li style="margin-right: 10px;">• 39.6% <li style="margin-right: 10px;">• 25% <li style="margin-right: 10px;">• 33% 	<p>Effective 2018: Taxable income is subject to the following tax rates:</p> <ul style="list-style-type: none"> <li style="margin-right: 10px;">• 10% <li style="margin-right: 10px;">• 35% <li style="margin-right: 10px;">• 24% <li style="margin-right: 10px;">• 37%
Deductions — Business		
Qualified Business Income Deduction	<p>Effective 2026: The qualified business income deduction no longer applies.</p>	<p>Effective 2018: An individual taxpayer generally may deduct 20% of qualified business income from a partnership, S corporation, or sole proprietorship, as well as 20% of aggregate qualified REIT dividends, and qualified publicly traded partnership income. In the case of a partnership or S corporation, the deduction applies at the partner or shareholder level. Special rules apply to specified agricultural or horticultural cooperatives.</p>

continued on next page

Expiring Tax Cuts and Jobs Act Provisions

<i>Tax Provision</i>	<i>New Law</i>	<i>Current Law</i>
Deductions — Business continued		
Qualified Business Income Deduction continued		<p>A limitation based on Form W-2 wages and capital is phased in when the taxpayer's taxable income exceeds a \$157,500 (\$315,000 MFJ) threshold amount, adjusted annually for inflation. The 2025 inflation adjusted amount is \$197,300 (\$394,600 MFJ). A disallowance of the deduction with respect to specified service trades or businesses is also phased in when taxable income exceeds the above threshold amount.</p> <p>Qualified business income means the net amount of qualified items of income, gain, deduction, and loss with respect to a domestic qualified trade or business of the taxpayer. Qualified business income does not include specified investment-related items of income, deductions, or loss (dividends, interest, long-term capital gains and losses, annuities). Qualified business income does not include any amount paid by an S corporation that is treated as reasonable compensation of the taxpayer. Similarly, qualified business income does not include guaranteed payments for services rendered by a partner.</p> <p>A qualified trade or business means any trade or business other than a specified service trade or business, and other than the trade or business of being an employee. A specified service trade or business means any trade or business involving the performance of services in the fields of health, law, accounting, actuarial science, performing arts, consulting, athletics, financial services, brokerage services, or any trade or business where the principal asset of such trade or business is the reputation or skill of one or more of its employees or owners, or which involves the performance of services that consist of investing and investment management trading, or dealing in securities, partnership interests, or commodities. The specified service trade or business exclusion from the definition of a qualified trade or business is phased-in for taxpayers that exceed the above threshold amounts. It does not apply to taxpayers below the threshold amount.</p>
Bonus Depreciation	Effective 2026: For qualified property placed in service in 2026, the bonus depreciation percentage is 20% (40% for longer production period property). For 2027, the bonus depreciation percentage is 0% (20% for longer production period property). For 2028 and after, the percentage is zero for all property.	Effective 2018: For qualified property acquired after September 27, 2017, the bonus depreciation percentage was increased to 100%, with a new phase-down schedule. For property placed in service in 2024, the percentage is 60% (80% for longer production period property). For 2025 it is 40% (60% for longer production period property).
Employers		
De minimis meals	Effective 2026: No deduction is allowed for meals provided to employees at an employer provided eating facility under the de minimis fringe rules of IRC section 132(e) or meals furnished to employees for the convenience of the employer under IRC section 119(a). The 100% exclusion from the employee's taxable income still applies.	Effective 2018: The deduction for employer provided meals to employees related to eating facilities and meals for the convenience of the employer is generally limited to 50%. Meals furnished to employees at employer provided eating facilities or for the convenience of the employer are 100% excluded from the employee's taxable income under IRC sections 119(a) and 132(e).
Bicycle Commuting	Effective 2026: Qualified transportation fringe benefits are excludable from an employee's income. Qualified transportation benefits include employer reimbursement during the 15-month period beginning with the first day of a calendar year for the purchase of a bicycle, repair, and storage, and are excluded from the employee's taxable income if the bicycle is regularly used for travel between the employee's residence and place of employment. The annual limitation is \$20 multiplied by the number of qualified bicycle commuting months during the year.	Effective 2018: Any employer reimbursement for bicycle commuting is taxable to the employee.

continued on next page

Expiring Tax Cuts and Jobs Act Provisions

<i>Tax Provision</i>	<i>New Law</i>	<i>Current Law</i>
Employers continued		
Educational Assistance Program	Effective 2026: Student loan repayment benefits are no longer excludable under the educational assistance program.	The exclusion for student loan repayment benefits as part of the educational assistance program was not a part of TCJA, but has been repeatedly set to expire and then extended through other legislation since the enactment of TCJA. Under current law, up to \$5,250 of employer paid educational assistance provided to employees is excluded from taxable wages. Expenses include the cost of books, equipment, fees, supplies, tuition, and student loan repayment benefits.
Credit for Paid Family and Medical Leave	Effective 2026: The employer Credit for Paid Family and Medical Leave under IRC section 45S is no longer allowed.	<p>Effective 2018: This provision was originally enacted as part of TCJA and was set to expire after 2019, but has since been extended and revised by legislation enacted since TCJA. For wages paid in tax years beginning in 2021 through 2025, an eligible employer can claim a business credit ranging from 12.5% to 25% of certain wages paid to a qualifying employee while the employee is on family and medical leave. The credit amount of 12.5% applies if the rate of payment is 50% of normal wages. The credit increases by 0.25 percentage points for each percentage point by which the rate of payment exceeds 50% up to a maximum credit of 25% if the employer's rate of payment is 100% of normal wages.</p> <p>An eligible employer must have a written policy in place that allows all qualifying full time employees not less than two weeks of annual paid family and medical leave, and which allows part-time qualifying employees a pro rata amount of leave. The written policy may not exclude any classification of employee. The policy must require a rate of payment of at least 50% of normal wages.</p> <p>A qualifying employee is an employee who has been employed by the employer for one year or more and whose compensation for the previous year does not exceed 60% of the compensation threshold for that year for highly compensated employees (\$135,000 × 60% = \$81,000 in 2023). An employee is not required to work a minimum number of hours per year to be a qualifying employee.</p> <p>Family and medical leave is leave taken for purposes defined in the Family and Medical Leave Act (FMLA). Paid leave made available to an employee is qualifying leave only if it is specifically designated for one of these purposes:</p> <ul style="list-style-type: none"> • The birth or care of a child. • Adoption or foster care of a child. • Caring for a spouse, child, or parent with a serious health condition. • An employee's serious health condition that makes the employee unable to perform the functions of the position. • A qualifying exigency arising out of the fact that a spouse, child, or parent is a member of the U.S. Armed Services and is on covered active duty. • Caring for a service member with a serious injury or illness if the employee is the spouse, child, parent, or next of kin of the service member.
Work Opportunity Credit	Effective 2026: The Work Opportunity Credit is set to expire.	The Work Opportunity Credit was not a part of TCJA, but has been repeatedly set to expire and then extended through other legislation. Under current law, the credit provides businesses with an incentive to hire individuals from targeted groups that have a particularly high unemployment rate or other special employment needs. The credit is for qualified first- or second-year wages paid to, or incurred for, targeted group employees during the tax year. The credit is 40% of the qualified first-year wages paid or incurred for employees who worked at least 400 hours for the taxpayer. The credit is reduced to 25% for employees who worked at least 120 hours but fewer than 400. The credit is 50% of qualified second-year wages.

Beneficial Ownership Information Update

Cross References

- www.fincen.gov/boi

The Financial Crimes Enforcement Network (FinCEN) has updated information on their website on the new requirement for small business owners to file a report starting January 1, 2024. The penalty for failing to report is \$500 per day up to \$10,000, and/or up to two years imprisonment.

In 2021, Congress enacted the Corporate Transparency Act. This law creates a beneficial ownership information reporting requirement as part of the U.S. government's efforts to make it harder for bad actors to hide or benefit from their ill-gotten gains through shell companies or other opaque ownership structures.

New Federal Reporting Requirement for Beneficial Ownership Information (BOI)

Beginning on January 1, 2024, many companies in the United States will have to report information about their beneficial owners, i.e., the individuals who ultimately own or control the company. They will have to report the information to FinCEN, which is a bureau of the U.S. Department of the Treasury.

Who has to report? Companies required to report are called reporting companies. Reporting companies may have to obtain information from their beneficial owners and report that information to FinCEN.

A company may be a reporting company and need to report information about its beneficial owners if it is:

- 1) A corporation (including an S corporation), a limited liability company (LLC) (including a single member LLC disregarded for federal tax purposes), or was otherwise created in the United States by filing a document with a secretary of state or any similar office under the law of a state or Indian tribe, or
- 2) A foreign company registered to do business in any U.S. state or Indian tribe by such a filing.

Author's Comment: There is no de minimis exception to the reporting requirement. Small businesses with no employees, including sole proprietors who file with their secretary of state to be an LLC or LLP are required to report. However, a sole proprietor or partnership that does not file any documents with their secretary of state to be a corporation or LLC is not a reporting company.

Who does not have to report? The following types of entities are exempt from the beneficial ownership information reporting requirements.

- 1) A securities reporting issuer.
- 2) A governmental authority.
- 3) A bank.
- 4) A credit union.
- 5) A depository institution holding company.
- 6) A money services business.
- 7) A broker or dealer in securities.
- 8) A securities exchange or clearing agency.
- 9) An Other Exchange Act registered entity.
- 10) An investment company or investment adviser.
- 11) A venture capital fund adviser.
- 12) An insurance company.
- 13) A state-licensed insurance producer.
- 14) A Commodity Exchange Act registered entity.
- 15) A registered public accounting firm.
- 16) A public utility.

- 17) A financial market utility.
- 18) A pooled investment vehicle.
- 19) A tax-exempt entity.
- 20) An entity assisting a tax-exempt entity.
- 21) A large operating company that employs more than 20 full time employees.
- 22) A subsidiary of certain exempt entities.
- 23) An inactive entity.

Details about the above 23 entities exempt from the reporting requirements can be found at: <https://www.fincen.gov/boi/small-entity-compliance-guide>

Company applicant. If the reporting company is created or registered on or after January 1, 2024, the company applicant must also be identified in the report. A company applicant is the individual who directly files the creation or first registration document for the reporting company with the secretary of state or similar office (such as the attorney or tax preparer who filed the documents with the secretary of state on behalf of a client).

What information must be reported? The following information about the reporting company must be reported.

- Full legal name, plus any trade name or "doing business as" (DBA) name,
- Complete current U.S. address (not a P.O. Box number),
- State, Tribal, or foreign jurisdiction of formation, and
- Taxpayer identification number (TIN) of the entity (such as an Employer Identification Number (EIN) or Social Security Number of a single member LLC). If a foreign reporting company has not been issued a TIN, report a tax identification number issued by a foreign jurisdiction and the name of such jurisdiction.

The following information about each beneficial owner and company applicant must be reported.

- Full legal name,
- Date of birth,
- Complete current address (not a P.O. Box number), and
- A unique identifying number and issuing jurisdiction from, and image of, one of the following non-expired documents:
 - U.S. passport.
 - State driver's license.
 - Identification document issued by a state, local government, or tribe.
 - If an individual does not have any of these documents, foreign passport.

Author's Comment: Upon request, FinCEN will issue to an individual or reporting company a FinCEN unique identifying number that may be used instead of personal information about the individual in the BOI report (for example, instead of using the individual's Social Security Number). This personal information must still be provided to FinCEN to get the unique identifying number. However, it then avoids having to put such personal information on the report itself. This provision is similar to a tax preparer entering his or her PTIN on a client's tax return rather than his or her Social Security Number. This provision may be especially important when a tax preparer acting as a company's applicant files multiple reports for multiple clients.

How do I report? Reporting companies must report beneficial ownership information electronically through FinCEN's website: www.fincen.gov/boi

The system will provide the filer with a confirmation of receipt once a completed report is filed with FinCEN. There is no provision to file these reports on paper.

- If a company was created or registered prior to January 1, 2024, it will have until January 1, 2025, to report BOI.

continued on next page

- If a company is created or registered on or after January 1, 2024, and before January 1, 2025, it must report BOI within 90 calendar days after receiving actual or public notice that the company's creation or registration is effective, whichever is earlier.
- If a company is created or registered on or after January 1, 2025, it must file BOI within 30 calendar days after receiving actual or public notice that its creation or registration is effective.
- Any updates or corrections to beneficial ownership information that was previously filed with FinCEN must be submitted within 30 days.

Note: This is a one-time filing requirement and not an annual filing requirement. A subsequent filing requirement only applies if and when there is an update or correction to beneficial ownership information.

Relief for Disaster Victims

Cross References

- www.irs.gov

As of November 26, 2024, taxpayers affected by the following 2024 disasters still qualify for the following extensions of time to file various tax returns and make tax payment.

Disaster	Date Disaster Began	Location	Extended Filing and Payment Deadline
Severe Storms, Straight-Line Winds, Tornadoes, Flooding	5/19/2024	Missouri	2/3/2025
Severe Storms, Straight-Line Winds, Tornadoes, Landslides, Mudslides	5/21/2024	Kentucky	2/3/2025
Severe Storms, Straight-Line Winds, Flooding	6/16/2024	South Dakota, Minnesota	2/3/2025
Wildfires	6/22/2024	Washington State	2/3/2025
Hurricane Beryl	7/5/2024	Texas	2/3/2025
Watch Fire	7/10/2024	San Carols Apache Tribe of Arizona	2/3/2025
Severe Storms, Tornadoes, Straight-Line Winds, Flooding	7/13/2024	Illinois	2/3/2025
Severe Storms, Straight-Line Winds, Flooding	7/13/2024	Cheyenne River Sioux Tribe	2/3/2025

continued in next column

Disaster	Date Disaster Began	Location	Extended Filing and Payment Deadline
Hurricane Debby	8/1/2024	Florida, Georgia, North Carolina, South Carolina, Pennsylvania, Vermont	2/3/2025
Flooding	8/5/2024	Juneau Alaska	5/1/2025
Severe Storms, Straight-Line Winds	8/6/2024	Crow Tribe of Montana	2/3/2025
Tropical Storm Debby	8/8/2024	Saint Regis Mohawk Tribe	2/3/2025
Tropical Storm Ernesto	8/13/2024	U.S. Virgin Islands, Puerto Rico	2/3/2025
Severe Storms, Flooding, Landslides, Mudslides	8/18/2024	Connecticut, New York	2/3/2025
Flooding	8/22/2024	Havasupai Tribe of Arizona	2/3/2025
Tropical Storm Francine	9/10/2024	Louisiana	2/3/2025
Hurricane Helene	9/22/2024	Florida, Alabama, Georgia, Virginia, South Carolina, North Carolina, Tennessee	5/1/2025
Hurricane Milton	10/5/2024	Florida	5/1/2025
Severe Storms, Flooding	10/19/2024	New Mexico	5/1/2025

In general, if a due date to file a tax return or pay a tax falls on or after the date a disaster affected the taxpayer, the due date is extended. The date the disaster began for a particular location is the date it affected the taxpayer. For example, Hurricane Debby affected taxpayers living in Florida beginning on August 1, 2024, while taxpayers living in Vermont were not affected by Tropical Depression Debby until August 8, 2024.