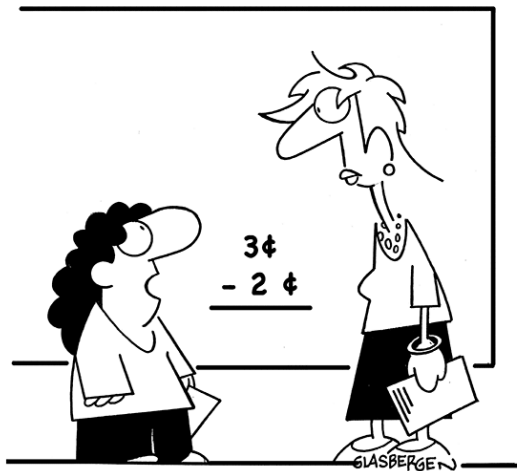


2025 Newsletter



"Do you want my answer in school math, government math or corporate math?"

Another tax season come and gone. For over 30 years, the staff and I have felt like we miss a few big news stories while we have our heads down working through the busy season. To say we missed a few news stories this year would be an understatement for the record books. Tariffs! Market trouble! Pause tariffs! Market recovery! Annexing countries?! DOGE this, DOGE that! Anubis would like to add a disclaimer that whether you are pro or anti DOGE, it is pronounced doe-j, not doggy. He has never voted for any candidate from any major party and prides himself on neutrality. We had hoped the summer would be calmer but, it seems every day things take a turn for the stranger.

Usually, during the first month or so after April 15th, we spend more time catching up on sleep than the news, but this year catching up on the news made the sleep deficit grow faster than the national debt. Speaking of the national debt, did anyone else find the budget negotiations confusing this year? On the bright side, watching big tax legislation like this was a nice substitute for March Madness since I'm too busy in March to enjoy watching a basketball game.

Office Communication

As always, we are here year-round! If you want to get a head start on tax planning or your information (address, phone number, email address, etc....) changes, please reach out now to avoid any possible confusion down the road.

Let us know if you may be interested in additional services as well, such as creating new LLCs and other business entities or planning for life decisions/changes that will impact filing status. It is often easier to update us on these things before we get into the tax season.

Tax Notices and Audit Letters

Inevitably the IRS and States send out their letters whether it was a missing 1099, a curious deduction, or they just want to go fishing in a random taxpayer's pockets. No matter what the situation you should take the steps below:

1. Send the letter or notice to us asap. (include all pages both sides. Even the blocks of jargon contain information we need.)
2. We will confirm the letter is not a scam/fraud.
3. We will evaluate what the situation is and whether it requires a response
4. We will work with you to ensure an optimal resolution to the situation

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Personal Tax Updates

	2024	2025	change
Standard deduction (single/Married filing separately)	\$14,600	\$15,000	+\$400
Standard deduction (Married filing jointly)	\$29,200	\$30,000	+\$800
Standard deduction (Head of Household)	\$21,900	\$22,500	+\$600
401(k) contribution limit*	\$23,000	\$23,500	+\$500
IRA Contribution limit*	\$7,000	\$7,000	No change
HSA Contribution limit(individual/family)**	\$4,150/\$8,300	\$4,300/\$8,550	+\$150/+\$250
Flex Spending Account contribution limit	\$3,200	\$3,300	+\$100
Refundable portion of the Child Tax Credit	\$1,700	\$1,700	No change
Foreign Earned Income exclusion	\$126,500	\$130,000	+\$3,500
Annual Exclusion for gifts	\$18,000	\$19,000	+\$1000
Estate Basic Exclusion	\$13,610,000	\$13,990,000	+\$380,000
Tax Brackets	These are a bit messy to include here, but all bracket thresholds have adjusted upward as well.		

*For those 50 and over, an additional \$7,500 can be contributed to 401K plans and an additional \$1,000 can be contributed to IRA's

**For those 55 and over, an additional \$1,000 can be contributed to HSA plans

Major Changes to How Refunds are Sent to Taxpayers

An Executive Order, signed in March, has directed the Treasury to stop paper check disbursements by September 30th this year. We have recommended for several years now that clients use direct deposit for faster and more secure refunds. The government has not advised yet on what alternatives to direct deposit will be available, but if you have been receiving your refunds as physical checks in the past we are strongly recommending you prepare to claim refunds as direct deposit moving forward.

Big Beautiful Tax Updates

There are many provisions in the Big Beautiful Bill that are changes or extensions of tax cuts that were enacted in 2017. We've summarized some of the more interesting and impactful changes, but we cannot cover everything in the newsletter. Don't worry though we are ready to make sure we can take advantage of the entire list of tax changes for 2025 and beyond.

- Perhaps the most eye-catching line in the new budget bill is the increased cap on deductible State and Local Tax (SALT Cap) (Effective 2025-2029). For taxpayers with Modified AGI (MAGI) up to \$250,000/\$500,000 (Single/Joint) the cap is increased from the current \$10,000 to \$40,000. The increased cap phases out at 30 cents per dollar over those limits until it stops at the existing \$10,000 limit for those with MAGI at \$350,000/\$600,000 (Single/Joint)



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- “No Tax on Tips.” Qualified Tip Income eligible for the deduction is capped at \$25,000. (The deduction is **not** available if you file Married Filing Separately) Higher income workers may only be able to claim a partial deduction as the benefit begins to phase out starting at a MAGI of \$150,000 (Single) / \$300,000 Married Filing Jointly).
- “No Tax on Overtime”. Overtime Income eligible for the deduction is capped at \$12,500 (Single) / \$25,000 (Married Filing Jointly). Those with higher MAGI may only be able to claim a partial deduction as the benefit begins to phase out starting at \$150,000 (Single) / \$300,000 (Married Filing Jointly). (The deduction is **not** available if you file Married Filing Separately)
- For those making less than \$100,000/\$200,000 (single/joint), interest on new auto loans for vehicles purchased in 2025 and onward is now deductible. The maximum is up to \$10,000 in qualified interest, the vehicle must have “final assembly” in the U.S., and the VIN number needs to be included on tax return.
- For those who don't itemize, some of your **charitable cash** contributions may now be deductible starting in **2026**. If you file Single – up to \$1,000 in qualifying cash donations and Married Filing Joint is up to \$2,000 in qualifying cash donations. This is an “above-the-line” deduction, lowering the adjusted gross income and reduces taxable income. Take extra consideration for donations to organizations that qualify under the terms of the bill as an “SGO”(scholarship granting organizations) Keep an eye out for that designation when you make donations to foundations that grant scholarships!
- Rules for qualified 529 expenses have been expanded to include K-12 expenses (including tax-exempt) up to \$20,000. A broader range of education related uses (including books and on-line learning materials), and education related therapies (such as speech, OT, PT, and behavioral)
- In addition to the standard deduction/itemized deduction in 2025, for those over 65 making less than \$75,000/\$150,000(single/joint) you may be able to take an additional bonus deduction of \$6,000/\$12,000. (**Not** available if you file Married Filing Separately)
- For **2026**, for those who have a Gambling Loss only 90 percent of wagering losses can be deductible, up to the amount of the winnings. Depending on the amount of gains/losses, this may result in tax owed for a portion of the gain.
- Effective 2025, the Child Tax Credit increases to \$2,200 per child. Permanent phaseout thresholds Single, \$200,000/\$400,000 Joint.



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- Many energy efficiency credits are phasing out. If you had your eye on an energy efficient car credit for New Clean Vehicle Credit, Used Clean Vehicle Credit or Qualified Commercial Clean Vehicle Credit (for businesses) – it **permanently ends** September 30, 2025. Energy Efficient Home Improvement Credit and Residential Clean Energy Credit ends in 2025. Make sure to complete those purchases this year while credits apply.

STAR Program (New York)

As always whether you are a new homeowner who could be receiving the STAR credit or already receiving the STAR credit/exemption and turned 65 by the end of 2025 it is worth reviewing the STAR and enhanced STAR criteria. If you are not receiving the appropriate benefit you can find instructions to apply on this page: <https://www.tax.ny.gov/pit/property/star/>

Basic Star Criteria

- The property is your primary residence.
- Your income is \$500,000 or less (the same limit applies to combined income for spouses)

Additional Enhanced STAR Criteria

- At least one owner is 65 or older
- Income of \$107,300 or less (applies to combined income of owners and any owner's spouses who reside on the property)

Current Basic STAR recipients will need to verify income with the city/town assessor the first time they are eligible to receive Enhanced STAR. Forms can be found here:

<https://www.tax.ny.gov/pit/property/star/ivp.htm>

New York Inflation Refund Checks – See attached PDF to see if you qualify and will be receiving a check.

If we filed an extension for your 2024 individual taxes, please make sure to send in any remaining documents ASAP. If you are unsure what is missing, give us a call.

In continuing our effort to safeguard your personal information we will be implementing a secure document system in the coming year. If you prefer to send in your documents electronically and save yourself a trip to our office, reach out to us when you are ready and your preparer will follow up by email with a link to upload your documents. While we are still able to send encrypted emails and password-protected PDFs this new system will be much more effective in reducing the risk of a potential leak of your information.

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As always, we hope you enjoyed these past warm summer months. Please reach out if we can answer questions or aid in your tax planning in any way. Now is the best time to come to us with your big questions!

Greenebaum, Saiger & Kasdin PC

Firm Hours

Monday – Friday 8:00 am – 4:00 pm
Saturday, Sunday, Holidays Closed

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