Tax Law Update

By Andrew Martin, MS, CFE, CFF, CGMA, CPA &
Dana Barooshian, MBA, CFE
January 5, 2025

The Republican victories in the 2024 Presidential, Senate and House elections paved the way for President Trump to enact tax law changes he campaigned on, including a 15% corporate tax rate, no taxes on Social Security and tips, and extending many of the *Tax Cut and Jobs Act (TCJA)* provisions such as *Section 199A Qualified Business Income Deduction (QBID)* and accelerated depreciation of business property. Under current law, the entire TCJA expires at the end of 2025. We are monitoring developments and will write to you again.

This article provides the 2024 and 2025 provisions for energy efficiency and electric vehicle credits, capital gains tax, net investment income tax, retirement funding limits and Section 199A Qualified Business Income Deduction. We also provide updated standard deductions, mileage rates and phaseout ranges for popular deductions and credits. The tax brackets and rates for 2025 are on the last page. Throughout our article, we provide strategies to minimize taxes. This article is for educational purposes. Please consult with us regarding your specific situation.

Energy Credits

There are generous energy credits for residential homes and electric vehicles for 2023 – 2032. Republicans have stated their desire to reduce or eliminate these credits. Therefore, if you plan to take advantage of them, now is the time.

Residential Clean Energy Credit: Renewable energy systems such as solar panels, solar-powered water heaters, wind turbines, geothermal heat pumps, and now battery storage systems with at least 3kw hours are eligible for Residential Clean Energy Credit of 30% of actual cost (net of subsidies), then drops to 26% in 2033 and 22% in 2034. We recommend you check your type of improvements against this IRS fact sheet: https://www.irs.gov/pub/taxpros/fs-2022-40.pdf

The system must be installed on an individual's primary or secondary residence and owned, not leased. Separate solar credits exist for business properties. For more details on tax credits for solar systems, see Dept. of Energy Homeowner's Guide to Federal Tax for Solar Photovoltaics: https://www.energy.gov/eere/solar/homeowners-guide-federal-tax-credit-solar-photovoltaics

Energy Efficient Home Improvement Credit: This tax credit applies to energy efficiency improvements for your primary home from 2023 – 2032. The credit is 30% of the cost for certain types of windows, doors, insulation, air conditioning systems, furnaces, biomass boilers and biomass stoves. There is a $1,200 annual limit on the total credit. However, there is a lower annual limit of $500 in aggregate for exterior doors and $600 in aggregate for exterior windows and skylights. We recommend you check your type of improvements against this IRS fact sheet: https://www.irs.gov/pub/taxpros/fs-2022-40.pdf.

The IRS has requested public comments on a new requirement that creates a PIN for qualified manufacturers that must be entered on tax returns starting in 2025. To review or submit comments: [Treasury, IRS request public comments on product identification number requirement to claim the Energy Efficient Home Improvement Credit | Internal Revenue Service]

Clean Vehicle Tax Credits: The Inflation Reduction Act of 2022 significantly expanded tax credits for purchasing electric vehicles (and some plug-in hybrids) and placed new thresholds on cost and requirements for North American assembly and components. For 2023 – 2032, the maximum tax credit is $7,500 for buying a new EV. However, to be eligible for the full credit, EVs put in use after April 17, 2023, must meet critical minerals and better component rules. The credit is capped at $3,750 if only one factor is met. Qualifying vehicles will change over time. We advise you to consult with your dealer (or Tesla, which sells directly to consumers) and type the VIN into the Department of Energy's two separate web search tools:

Alternative Fuels Data Center
https://afdc.energy.gov/laws/electric-vehicles-for-tax-credit

Federal Tax Credits for Plug-in Electric and Fuel Cell Electric Vehicles Purchased in 2023 or After
https://fueleconomy.gov/feg/tax2023.shtml

Here is the IRS FAQ page on New Clean Vehicle Purchased in 2023 or After:
https://www.irs.gov/credits-deductions/credits-for-new-clean-vehicles-purchased-in-2023-or-after

Vehicle costs are limited to an MSRP of $55,000 for sedans and $800,00 for vans, SUVs and pickup trucks. To claim the credit, your adjusted gross income cannot exceed $300,000 for joint filers, $225,000 for HOH, and $150,000 for single filers.

Capital Gains Tax

Short-term capital gains are taxed as ordinary income. Assets held for over one year are considered long-term capital gains and have lower tax rates, which vary based on your income. The Net Investment Income Tax (NIIT) is an additional tax that applies when your income is at certain thresholds.

Not all assets qualify for these rates. For example, collectibles such as fine art, antiques, rare coins, and precious metals are typically taxed at 28%. Qualified Small Business Stock (IRC Section 1202) exempts a portion of the gain (often half or all), with the remainder typically taxed at 28% to prevent a double tax break. Depreciation recapture on rental property is taxed at 25%.

Below are tables for 2024 and 2025 capital gains rates by income level, followed by the NIIT thresholds. Qualified dividends follow the same rules as long-term gains.

Long-Term Capital Gains Tax Rates 2024

	Single	**Married Filing Jointly**	**Married Filing Separately**	**Head of Household**
Long Term Rate	Your Income	Your Income	Your Income	Your Income
0%	$0-$47,025	$0-$94,050	$0-$47,025	$0-$63,000
15%	$47,026-$518,900	$94,501-$583,750	$47,026-$291,850	$63,001-$551,350
20%	$518,901 or more	$583,751 or more	$291,851 or more	$551,351 or more

Long-Term Capital Gains Tax Rates 2025

	Single	**Married Filing Jointly**	**Married Filing Separately**	**Head of Household**
Long Term Rate	Your Income	Your Income	Your Income	Your Income
0%	$0-$48,350	$0-$96,700	$0-$48,350	$0-$64,750
15%	$48,351-$533,400	$96,701-$600,050	$48,351-$300.000	$64,751-$566-700
20%	$533,401 or more	$600,051 or more	$300,001 or more	$566,701 or more

Digital Assets, Virtual Currency, Cryptocurrency and NFT Sales: Selling Bitcoin or other virtual currencies is considered a property sale subject to capital gain tax. Spending or exchanging virtual currencies is regarded as a sale, complicating reporting if you do it frequently.

Selling an NFT could be considered a work of art and taxed at 28%. The rules are evolving. The IRS issued a request for public comment in March 2023. See this notice for details:
IRS issues guidance, seeks comments on nonfungible tokens | Internal Revenue Service

Tax Strategy: To minimize taxes, consider making charitable contributions in the form of appreciated stock or digital assets. This avoids the capital gains tax and qualifies for an itemized deduction. Also, consider timing the sales of gains and losses to offset each other.

Net Investment Income Tax

In addition to capital gains tax and income taxes on dividends and interest, there is a Net Investment Income Tax (NIIT) at a rate of 3.8% that applies to certain investment income of individuals, estates and trusts that have modified adjusted gross income above the following statutory threshold amounts:

Net Investment Income Tax Applies at These Income Levels

Filing Status	**Modified AGI Threshold Amount**
Single	$200,000
Married Filing Jointly	$250,000
Married Filing Separately	$125,000
Head of Household (with qualifying person)	$200,000
Qualifying Widow(er) with dependent child	$250,000

These threshold amounts are NOT indexed for inflation.

In general, investment income subject to NIIT includes capital gains, dividends, interest, rental and royalty income, non-qualified annuities, income from businesses involved in trading financial instruments or commodities, and businesses that are passive activities to the taxpayers. NIIT excludes active income such as wages, operating income from an active trader business, K-1 with ordinary income, tax-exempt interest and Alaska Permanent Fund Dividends.

Retirement Funding Limits 2024

Traditional IRA Roth IRA	$7,000 contribution limit plus $1,000 catch-up contribution if you are over 50. Traditional IRA contributions can be limited if a retirement plan at work covers you or your spouse. Roth IRA contribution is subject to income limits: single and head of household under $146,000 with reduced amount up to $161,000; married filing jointly under $230,000 with reduced amount up to $240,00,000, and $0-$10,000 for married filing separately when living with spouse.
401(k), 403(b), 457(b)	$23,000 elective deferral limit plus a catch-up contribution of $7,500 if you are over 50.
Maximum Defined Contribution Limit	The overall defined contribution limit from all qualified plans is $69,000. This is most relevant to self-employed SEP/IRA participants who fund their plans based on a profit percentage up to this limit.
SIMPLE IRA	$16,000 elective deferral plus a $3,500 catch-up contribution if you are over age 50, with an option for the employer to match another $3,000.
Super-Sized Catch Contributions for ages 60-63	For plan years beginning after 12/31/2023, for participants aged 60, 61, 62 or 63, the catch-up contribution is $10,000 for 401(k) and 403(b) and $5,000 for SIMPLE. However, if compensation exceeds $145,000, the catch-up is treated as a Roth Contribution (IRS Notice 2023-62 delayed implementation until 2026).

Retirement Funding Limits 2025

Traditional IRA Roth IRA	$7,000 contribution limit plus $1,000 catch-up contribution if you are over 50. Traditional IRA contributions can be limited if a retirement plan at work covers you or your spouse. Roth IRA contributions are subject to income limits: single and head of household under $150,000 with reduced amounts up to $165,000; married filing jointly under $236,000 with reduced amounts up to $246,00,000, and $0-$10,000 for married filing separately when living with a spouse.
401(k), 403(b), 457(b)	$23,500 elective deferral limit plus a catch-up contribution of $7,500 if you are over 50.
Maximum Defined Contribution Limit	The overall defined contribution limit from all qualified plans is $70,000. This is most relevant to self-employed SEP/IRA participants who fund their plans based on a profit percentage up to this limit.
SIMPLE IRA	$16,000 elective deferral plus a $3,500 catch-up contribution if you are over age 50, with an option for the employer to match another $3,000.
Super-Sized Catch Contributions for ages 60-63	For plan years beginning after 12/31/2023, for participants attaining age 60, 61, 62 or 63, the catch-up contribution is $10,000 for 401(k) and 403(b) and $5,250 for SIMPLE. However, if compensation exceeds $145,000, the catch-up is treated as a Roth Contribution (IRS Notice 2023-62 delayed implementation until 2026). Consult your plan administrator.

SECURE ACT 2.0 (passed in 2022 and overrides prior SECURE Act provisions): The tax credit for small businesses to start a retirement plan is increased to 100% of the plan administration costs for the first three years, up to $5,000. Small businesses receive larger credits for matching contributions. Required Minimum Distribution (RMD) from qualified plans increases to 73 in 2023 and at age 75 in 2033. The super-sized catch-up contributions listed above for ages 60-63 take effect.

SECURE ACT 2021: Raises the age for Required Minimum Distribution (RMD) to 75, phased in over several years from 72 to 75. Increases catch-up contributions for ages 62, 63 and 64 to $10,000 for 401(k) and 403(b) participants and $5,000 for SIMPLE. Catch-up contributions indexed to inflation starting in 2023. A new employer option is to create a matching program to help employees pay off student loans.

SECURE Act of 2019: Raises the age for Required Minimum Distributions (RMD) to 72. Repeals the 70 ½ age limit for making contributions to Traditional IRA starting in 2020. Accelerates the RMD for non-spousal inherited IRAs not to exceed 10 years. Creates some new limitations on Qualified Charitable Distributions from IRA.

Standard Deduction in 2024 and 2025

Filing Status	2024	2025
Married Filing Jointly, Surviving Spouse	$29,200	$30,000
Single	$14,600	$15,000
Head of Household	$21,900	$22,500
Married Filing Separately	$14,600	$15,000
Additional Amount for Age or Blind (MFJ, MFS)	$1,550	$1,600
Additional Amount for Age or Blind (Single, not Surviving Spouse)	$1,950	$2,000

Standard Mileage Rates for 2024 and 2025

- Business miles 67 cents for 2024, 70 cents for 2025.
- Medical miles 21 cents for 2024 and 2025.
- Moving miles for active-duty military 21 cents for 2024 and 2025.
- Charitable volunteer miles 14 cents for 2024 and 2025.

Phase Out Thresholds

Tax law contains numerous credits and deductions subject to phase-out ranges based on your adjusted gross income. Here are some of the most widely used.

AGI Phaseout Thresholds for 2024

Tax Provision	Single	Married Filing Jointly	Married Filing Separately	Head of Household
Deducting passive losses from rental real estate	$100,000 - $150,000	$100,000 - $150,000	$50,000 - $75000	$100,000 - $150,000
Child Tax Credit	$200,000 - formula	$400,000 - formula	$200,000 - formula	$200,000 - formula
American Opportunity Credit	$80,000 - $90,000	$160,000 - $180,000	$80,000 - $90,000	$80,000 - $90,000
Lifetime Learning Credit	$80,000 - $90,000	$160,000 - $180,000	$80,000 - $90,000	$80,000 - $90,000
Student Loan Interest	$80,000 - $95,000	$165,000- $195,000	$80,000 - $95,000	$80,000 - $95,000

Passive losses from real estate not deducted in the current year are accumulated on Form 8582 Passive Activity Loss Limitations and can be claimed (usually in part) when the property has taxable rental income, is sold, or your AGI decreases below the threshold.

Tax Optimization Considerations

Trump 1.0 tax law changes added layers of complexity that offer new, creative ways of structuring businesses, investments and income. These will require very detailed analysis to identify the optimal structure. We offer Tax Restructuring Services to help clients adopt the ideal business structure that lawfully minimizes taxes.
Some significant tax planning challenges are:

1. Proper structuring of business income and active real estate investments to qualify for Section 199A deduction of 20% of qualified business income. This includes assessing the benefits of being an LLC vs. an S corporation vs. a C corporation from the vantage point of all taxes and deductions, including income vs. FICA tax and deductions for QBID and retirement funding. Additionally, there are partial capital gain exclusions for the sale of small business C corporations that do not apply to pass-through entities (Section 1202). C corps can also deduct medical premiums for owners and offer medical reimbursement plans for all employees. Therefore, careful long-term planning and optimization is recommended. Non-SSTB businesses with limited income may do better as LLCs than as S corp due to QBID.

2. Long-term planning to see if it makes sense to claim Section 179 and bonus depreciation to the limit. This could create net operating losses that can only offset 80% of future income in a particular year. In many cases, especially start-ups, it makes sense to use regular depreciation rates so it is claimed more evenly across years when profit is being earned.

3. Homeownership benefits are reduced by limiting state and local tax deductions. The benefits of rental property increase with the new Section 199A QBI deduction under the assumption of net income from rental activities (most rental properties operate at a loss, given that depreciation is required). As a result, some clients have asked us to analyze if it makes more sense not to own a primary residence and to concentrate their real estate holdings on rental properties instead of homes. This could produce current-year tax savings, but you would forfeit capital gain exclusions of $500,000 ($250,000 if single owner).

4. you can no longer deduct unreimbursed business expenses as an employee. You are better off negotiating an expense reimbursement plan with your employer as part of your compensation.

TCJA Summary (effective 2018-2025)

The Tax Cuts and Jobs Act (TCJA) became effective January 1, 2018, and will expire at the end of 2025. President Trump has expressed his desire to extend the TCJA and enhance some of its business-friendly provisions. TCJA brought us Section 199A Qualified Business Income Deduction (QBID), numerous business tax law changes, lower individual rates, limited itemized deductions, and changes to AMT, making it non-applicable unless you have significant capital gains. Below, we summarize the current state of QBID and changes in business tax law.

Section 199A QBID: 20% Deduction for Pass-Through Income

Section 199A Qualified Business Income Deduction (QBID) is a complex formula that provides tax relief to business owners and investors who receive ordinary income from business activities on a Schedule C, Schedule E or K-1 pass-through, including passive investors in REITs and MLPs. While Congress sold Section 199A QBID as a method to provide tax relief to small business owners organized as sole proprietors, LLCs, partnerships and S corporations in conjunction with lowering the C corporation tax rate to 21%, it is a complicated set of calculations that limit the deduction.

Section 199A taxes different professions and industries at different tax rates. Professionals in accounting, law, medicine, brokerage, investment advising, athletics, performing arts and consulting (producing advice instead of tangible deliverables) are deemed "specialized service trade or business" (SSTB) that are subject to income phase-outs presented below. Architects, engineers and real estate professionals are expressly excluded from the SSTB income limitations by statute.

Non-service businesses, such as rental property, hotels/resorts, and K-1 ordinary income from publicly traded partnerships, are subject to wage and capital tests, which provide advantages to capital-intensive businesses, including commercial real estate.

QBID is limited by income tests for SSTB service businesses, a wage and capital test for non-service businesses, and overall limitations based on taxable income.

1. Taxable income limits apply to specialized service trade of businesses (SSTB) claiming Section 199A QBI deduction.
   - Single/HOH/MFS filer starts phasing out at $191,950 ($197,300 in 2025) and is completely phased out at $241,250 ($247,300 for 2025).
   - Married filing jointly (MFJ) filers start phasing out at $383,900 ($394,600 in 2025) and completely phased out at $483,900 ($494,600 in 2025).
   - If taxable income is within the phaseout range, then a partial deduction is available based on wage and capital test applicable to non-service businesses.

2. Income from non-service pass-through businesses is limited by your share of wages paid and unadjusted cost basis of property once your taxable income exceeds SSTB limits:
   - Taxpayers claim 50% of employer wages paid or 25% of wages plus 2.5% of the value of the qualified property purchased and compare it to 20% of the taxpayer's qualified business income. You can claim the lower amount of the adjustment.

3. The overall limitation that applies to all scenarios is that QBID cannot exceed 20% of taxable income, which is income after adjustments to income and standard or itemized

deductions. Suppose the taxpayer is Schedule C with a $100,000 net profit, fully funds SEP/IRA at $20,000, has self-employed health insurance premiums of $6,000, can automatically claim half self-employment tax ($7,500) and claims a standard deduction of $12,950. That results in a taxable income of $54,300. While 20% of QBI is $20,000, 20% of taxable income is $10,860, so you can only claim the lower amount of $10,860 as the QBID deduction. These numbers would flow a bit differently on an S corporation.

4. QBID losses carryforward, so if you are self-employed or have qualified rental property that lost $10,000 in 2022 but made $15,000 in 2023, your qualified business income for 2023 decreases to $5,000 due to loss carryforward.

The 20% Section 199A QBID can be a meaningful tax benefit when appropriately structured. If you earn $100,000 of income from pass-through business, rental real estate or estate/trust, you receive a $20,000 tax deduction before applying the abovementioned limitations. When multiplied against a 22% marginal tax rate, that's $4,400 in federal tax savings.

IRS Reg 107892-18 and Publication 535 Business Expenses added a QBID section and clarified what types of businesses are SSTBs. When phase-outs apply, we can speculate on how the IRS will develop audit programs for QBID, especially SSTB classifications.

Tax Planning Tips to Maximize QBID Benefits and Avoid Limitations

The S corporation is now a more powerful tax savings tool. As before, the pass-through income from an S corporation is not subject to FICA tax (15.3% for self-employed until you reach the income limit on the Social Security portion). QBID of approximately 20% of net qualified business income provides significant tax savings, especially when in a higher federal tax bracket and living in a state with high-income taxes. An estimate of savings is the QBID times your combined tax rate.

Should everyone seek to become an S corporation? Not so fast. There are a lot of rules on different entities that have unforeseen effects. Most professionals do well under an S corporation. S corporation audit risk is higher than that of a C corporation because of the ambiguous rule that officer-owners must pay themselves "reasonable compensation" (i.e., wages). However, an S corporation has a lower audit risk than a single-member LLC or sole proprietor reporting on Schedule C.

A C corporation can be a better option for those who plan to grow and scale their business so it can be sold for a significant capital gain five years or more from now. In that case, a C corporation may be a better option because of Section 1202, which provides zero or lower capital gains tax on a portion of small business stock sales that are domestic C corporations meeting size and industry-type requirements.

Small businesses with net profits under $100,000 will likely receive greater QBID as a single-member LLC reporting on Schedule C instead of an S corporation but are at higher audit risk. Planning and calculations are necessary to optimize.

Some clients prioritize maximum retirement plan funding over maximizing QBID. It is essential to look at the big picture over multiple years to obtain the optimal business structure to minimize taxes and maximize wealth in the long term. We are here to help you.

Businesses Tax Law Changes in TCJA (2018-2025)

The TCJA significantly changed business taxation (including self-employed income on Schedule C and K-1 and rental income on Schedule E). The CARES Act reversed some provisions designed to increase revenue to offset lower rates. The most significant changes in TCJA with 2020 revisions are summarized below.

Lower Corporate Tax Rate: The corporate income tax rate (C corporations) for 2018-2025 is a 21% flat rate, down from a graduated rate structure with a 35% top rate reached quickly. President Trump is seeking to reduce that corporate rate to 15% as a tool to make business investment in the USA more competitive. While owner-operators of C corporations typically drain income as salary and retirement plan contributions to avoid double taxation, larger enterprises cannot do so. They will substantially benefit from the rate reduction. Accumulated Earnings Tax still applies to prevent businesses from hoarding income beyond the reasonable needs of the business (a complicated subject and subjective standard that will not apply to most C corporation small business owners).

Personal Tax Deduction for 20% of Pass-Through Qualified Business Income: There continues to be a "below the line" (i.e., after calculation of adjusted gross income) equal to 20% of qualified business income from a pass-through entity such as a sole proprietorship, S Corp. or a partnership (Section 199A detailed above).

Businesses Can Immediately Expense More Property Under TCJA: Qualified business property can be expensed faster than generally accepted accounting principles using either **Section 179** immediate expensing or **bonus depreciation**. Section 179 allows for immediate expensing of qualified business property up to $1,220,000 in 2024 and $1,250,000 in 2025. Many states do not recognize Section 179 or have much lower limits. Section 179 depreciation on an S corporation or partnership flows to the owners' personal returns on a K-1. Bonus depreciation is a different accelerated depreciation formula. The bonus depreciation rate was 100% for property placed in service from September 2, 2017 – January 1, 2023, then declined annually: 80% for 2023, 60% for 2024, 40% for 2025, 20% for 2026 and 0% thereafter. President Trump has expressed a desire to expand and extend depreciation.

TCJA removed the "new property" requirement for bonus depreciation and replaced it with the taxpayer's first use. Bonus depreciation applies to eligible personal property under section 1245 of the tax code, generally considered movable property such as equipment and furniture. Special rules and limitations apply to vehicles. To qualify for bonus depreciation, all of the following conditions must be met: (i) the taxpayer or its predecessor did not use the property at any time before acquiring it; (ii) the taxpayer did not acquire the property from a related party; (iii) the taxpayer did not acquire the property from a component member of a controlled group of corporations; (iv) the taxpayer's basis of the used property is not figured in whole or in part by reference to the adjusted basis of the property in the hands of the seller or transferor; (v) the taxpayer's basis of the used property is not figured under the provision for deciding basis of property acquired from a decedent; and (vi) the cost of the used property eligible for bonus depreciation does not include basis of property determined by reference to the basis of other property held at any time by the taxpayer (e.g. in a like-kind exchange or involuntary conversion).

These provisions allow new investments in qualified property, plant and equipment (excluding real estate) to be immediately expensed when the taxpayer's first use occurs after September 27, 2017, and before January 1, 2023.

Nonresidential Real Estate – TCJA rules for Qualified Improvement Property:
Depreciation for real estate has several components. First, you must separate the value of land and are prohibited from depreciating land. Next, residential real estate has depreciated over 27.5 years, and nonresidential real estate has over 39 years. There are no changes in new tax laws to these rules. What has changed is what qualifies for bonus depreciation (see above) and how you treat nonresidential leasehold improvements.

TCJA has a new term, "Qualified Improvement Property," which consists of improvements to the interior of nonresidential real property. These improvements must have been made after the building was first placed in service. Qualified improvement property excludes enlargements to the building, a building's elevators and escalators, changes to the internal structural framework of the building, roofs, HVAC, fire protection systems, alarm systems and security systems. Qualified Improvement Property placed in service after January 1, 2018, is generally eligible for bonus depreciation. This was to encourage commercial interior remodeling.

Individual Tax Rates for 2024 and 2025

Tax brackets are inflation-adjusted every year. Below are two tables with 2024 and 2025 brackets and tax rates for each filing status.

Individual Tax Rates for 2024

Single Filers Individual Tax Rates 2024

Tax Rate	Taxable Income Bracket	Tax Owed
10%	$0 to $11,600	10% of taxable income
12%	$11,601 to $47,150	$1,160 plus 12% of the amount over $11,600
22%	$47,151 to $100,525	$5,426 plus 22% of the amount over $47,150
24%	$100,526 to $191,950	$17,169 plus 24% of the amount over $100,525
32%	$191,951 to $243,725	$39,111 plus 32% of the amount over $191,950
35%	$243,726 to $609,350	$55,679 plus 35% of the amount over $243,725
37%	$609,351 or more	$183,647 plus 37% of the amount over $609,350

Married Filing Jointly Individual Tax Rates 2024

Tax Rate	Taxable Income Bracket	Tax Owed
10%	$0 to $23,200	10% of taxable income
12%	$23,201 to $94,300	$2,320 plus 12% of the amount over $23,200
22%	$94,301 to $201,050	$10,852 plus 22% of the amount over $94,300
24%	$201,051 to $383,900	$34,337 plus 24% of the amount over $201,050
32%	$383,901 to $487,450	$78,221 plus 32% of the amount over $383,900
35%	$487,451 to $731,200	$111,357 plus 35% of the amount over $487,450
37%	$731,201 or more	$196,670 plus 37% of the amount over $731,200

Married Filing Separately Individual Tax Rates 2024

Tax Rate	Taxable Income Bracket	Tax Owed
10%	$0 to $11,600	10% of taxable income
12%	$11,601 to $47,150	$1,160 plus 12% of the amount over $11,600
22%	$47,151 to $100,525	$5,426 plus 22% of the amount over $47,150
24%	$100,526 to $191,950	$17,169 plus 24% of the amount over $100,525
32%	$191,951 to $243,725	$39,111 plus 32% of the amount over $191,950
35%	$243,726 to $365,600	$55,679 plus 35% of the amount over $243,725
37%	$365,601 or more	$98,335 plus 37% of the amount over $365,600

House of Household Individual Tax Rates 2024

Tax Rate	Taxable Income Bracket	Tax Owed
10%	$0 to $16,550	10% of taxable income
12%	$16,551 to $63,100	$1,655 plus 12% of the amount over $16,500
22%	$63,101 to $100,500	$7,241 plus 22% of the amount over $63,100
24%	$100,501 to $191,950	$15,469 plus 24% of the amount over $100,500
32%	$191,951 to $243,700	$37,417 plus 32% of the amount over $191,950
35%	$243,701 to $609,350	$53,977 plus 35% of the amount over $243,700
37%	$609,350 or more	$181,955 plus 37% of the amount over $609,350

Individual Tax Rates for 2025

Single Filers Individual Tax Rates 2025

Tax Rate	Taxable Income Bracket	Tax Owed
10%	$0 to $11,925	10% of taxable income
12%	$11,926 to $48,475	$1,193 plus 12% of the amount over $11,925
22%	$48,476 to $103,350	$5,579 plus 22% of the amount over $48,475
24%	$103,351 to $197,300	$17,651 plus 24% of the amount over $103,350
32%	$197,301 to $250,525	$40,199 plus 32% of the amount over $197,300
35%	$250,526 to $626,350	$57,231 plus 35% of the amount over $250,525
37%	$626,351 or more	$188,769 plus 37% of the amount over $626,350

Married Filing Jointly Individual Tax Rates 2025

Tax Rate	Taxable Income Bracket	Tax Owed
10%	$0 to $23,850	10% of taxable income
12%	$23,851 to $96,950	$2,385 plus 12% of the amount over $23,850
22%	$96,951 to $206,700	$11,157 plus 22% of the amount over $96,950
24%	$206,701 to $394,600	$35,302 plus 24% of the amount over $206,700
32%	$394,601 to $501,050	$80,398 plus 32% of the amount over $394,600
35%	$501,051 to $751,600	$114,462 plus 35% of the amount over $501,050
37%	$751,601 or more	$202,155 plus 37% of the amount over $751,600

Married Filing Separately Individual Tax Rates 2025

Tax Rate	Taxable Income Bracket	Tax Owed
10%	$0 to $11,925	10% of taxable income
12%	$11,926 to $48,475	$1,193 plus 12% of the amount over $11,925
22%	$48,476 to $103,350	$5,579 plus 22% of the amount over $48,475
24%	$103,351 to $197,300	$17,651 plus 24% of the amount over $103,350
32%	$197,301 to $250,525	$40,199 plus 32% of the amount over $197,300
35%	$250,526 to $375,800	$57,231 plus 35% of the amount over $250,525
37%	$375,801 or more	$101,077 plus 37% of the amount over $375,800

House of Household Individual Tax Rates 2025

Tax Rate	Taxable Income Bracket	Tax Owed
10%	$0 to $17,000	10% of taxable income
12%	$17,001 to $64,850	$1,700 plus 12% of the amount over $17,000
22%	$64,851 to $103,350	$7,442 plus 22% of the amount over $64,850
24%	$103,351 to $197,300	$15.912 plus 24% of the amount over $103,350
32%	$197,301 to $250,500	$38,460 plus 32% of the amount over $197,300
35%	$250,501 to $626,350	$55,484 plus 35% of the amount over $250,500
37%	$626,351 or more	$187,032 plus 37% of the amount over $626,250