Tax Updates-Individual

October 2025

Major Tax Changes Ahead: What They Mean for You – Big Beautiful Bill Update

Sweeping updates to the tax code are coming with the recent passage of the *Big Beautiful Bill*, a landmark tax reform package that brings some of the most significant changes for individual taxpayers in years. Whether you're a homeowner, a parent, a retiree, or simply planning ahead, these reforms are set to impact how you file, what you can deduct, and how much you may owe or receive as a refund.

From updated income thresholds and expanded credits to changes in deduction eligibility and filing requirements, understanding these updates is key to making informed financial decisions. In this issue, we highlight the most important changes — and how you can get ahead of them.

Plan Ahead: Book Your Year-End Tax Review
Now is the time to take action. Don't wait until tax season to understand how these changes affect your return. Schedule a consultation with your tax advisor or connect with our team for a personalized planning session to ensure you're prepared and making the most of the new regulations.

"The Big Beautiful Bill offers tax cuts and investment incentives."

Other Changes:

1. Opportunity Zones
2. Estate Tax Exemption
3. And more……

Please note that this newsletter covers only a selection of the key provisions. For personalized guidance, be sure to reach out to your tax advisor or connect with our team.

Top 5 Tax Changes You Need to Know (Non-Business Returns)

1. Lower Tax Rates Made Permanent

2. Higher Standard Deduction Locked In

3. New Deduction for Overtime & Tips

4. New Senior Age Deduction

5. Expanded SALT Deduction Limit

6. Qualified Business Income (QBI) Deduction for Passthroughs

Lower Tax Rates Made Permanent

What's New: The lower income tax brackets originally set to expire in 2025 will now remain in place permanently.

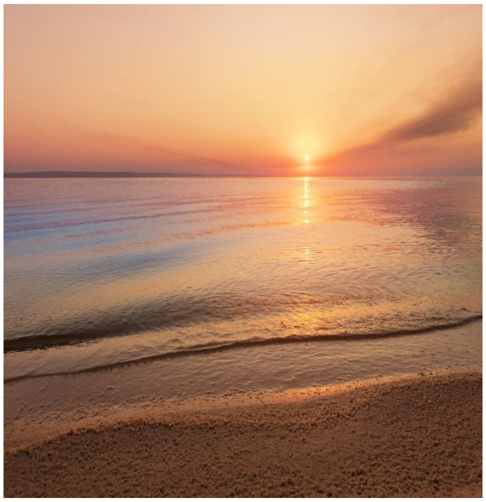
Why It Matters: You may continue to benefit from lower tax rates across income levels — long-term planning just got a bit easier.

Higher Standard Deduction is now permanent, eliminating the need to plan around its sunset.

2025 Amounts:

- $15,750 – Single
- $31,500 – Married Filing Jointly
- $23,625 – Head of Household

What to Consider: Many filers will continue to benefit from not itemizing. However, higher-income filers may still find it beneficial to itemize, especially with SALT changes (see below).



Opportunity Zones (OZ)

Investments in OZs are now permanent. Additional benefits for those who make qualified investments. Provides greater opportunities for tax advantaged investments while benefiting rural areas through increased investment and economic development.

Estate Tax Exemption

2025: No Change

2026: $15,000,000

Increased exemptions allow individuals to transfer wealth tax-free, thus reducing potential federal estate tax liabilities.

Deduction for Car Loan Interest

Allows for a deduction for up to $10,000 for auto loans on qualified passenger vehicles (final assembly in the U.S.)

Limited availability based on income, phasing out starting $100,000 in income ($200,000 married filing joint).

Deduction available after December 31, 2024, through tax years beginning before January 1, 2029.

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New Senior Deduction (Age 65 +)

What's New: An **extra $6,000 deduction** (on top of the standard deduction) for those age 65 or older.

When: Tax years 2025–2028

Limits: Phases out for incomes over $75,000 (single) or $150,000 (joint)

Planning Tip: If you're nearing retirement, this could significantly lower your tax liability for a few years.

Expanded SALT Deduction Limit

What's New: The State and Local Tax (SALT) deduction cap is temporarily raised from $10,000 to **$40,000** ($20,000 if MFS) through 2029.

Phaseouts Apply: For higher-income taxpayers.

Why It Matters: Those in high-tax states (CA, NY, NJ, etc.) may benefit from itemizing again.

Plan Ahead: Evaluate whether itemizing will now reduce your tax bill.

QBI Deduction for Passthroughs

What's New: Deduction was made permanent. A new floor provides for a minimum deduction of $400 for taxpayers with > $1,000 qualified active business income. Deduction limit phase-in range increased to $75,000 ($150,000 for joint filers).

Why It Matters: More taxpayers will benefit from the QBI deduction because of the increased limits on phase-in ranges. Effective for tax years beginning after December 31, 2025.

Let's Talk Strategy

To schedule an appointment and explore how we can assist with planning and preparing your tax return, please contact Lisa Stone at lisa@lstonegroupllc.com. We're here to help you navigate new opportunities and maximize your benefits.

https://www.lstonegroupllc.com/