

2025 tax changes and new rules to know about

As tax season kicks off, it's time to see what changes happened in the tax code from 2024 to 2025. Well, what changed? A lot—and most of the changes came from the One Big Beautiful Bill Act (OBBA or the Big Bill).

So, what's new this tax season that can save you money? From tax breaks on overtime and tips to bigger deductions and credits, these changes and updates could make a real difference in your refund.

Let's dive in!

In 2025, did you ...

Sell crypto/digital assets?

An IRS new tax rule for digital income/assets means you may see Form 1099-DA if you traded in crypto or used crypto or other digital assets to pay for goods or services through a broker. While digital asset sales have always been taxable, the form is brand new this year. It will be sent at the end of January or mid-February depending on the activity it's reporting. Keep in mind, even if you don't get a , you'll still need to report your income.

Earn overtime?

If you put in extra hours in 2025, you could keep more of what you earned. A new tax rule from OBBBA will allow eligible workers to claim a deduction for qualified overtime pay—up to \$12,500 for unmarried taxpayers, and \$25,000 for married filing joint taxpayers. Review all the details about this deduction, dubbed .

Earn tips?

One of the tax changes for 2025 lets certain tipped workers get a tax break on up to \$25,000 of tip income. The new rule covers a wide variety of workers, from food service and the hospitality industry to digital content creators and much more. If that sounds like you, find out the details on what tips count for this new deduction.

Pay state and local taxes (SALT)?

Homeowners and property owners may have heard the SALT deduction cap increased. The cap is now \$40,000—up from \$10,000. This bumped cap may make it more advantageous for some to . This change could be one of the strategies to minimize taxes under 2025 tax rules—especially for those in states with higher state taxes.

Turn 65 or older?

Another one of the 2025 tax changes to take note of is for seniors. Eligible taxpayers in this age group can now take an extra deduction of \$6,000. While the provision is not a Social Security deduction, any income—including taxable Social Security income—could be lowered with this (Tax rules for Social Security did not change).

Receive payments from third-party platforms?

If you sold items online via platforms like Etsy or Ebay or you were paid through apps like Venmo or PayPal, you could receive Form 1099-K. The new tax laws in 2025 increased the reporting threshold for this form back to \$20,000 and 200 transactions. Keep in mind, you still need to report this income even if you don't get a form.

Have children?

Families with children could see bigger tax breaks this year. Changes in the Big Bill resulted in updates for the (increased to \$2,200) and (up to \$5,000 is now refundable). For those with kids over 17 or adult dependents, the credit for Other dependents was made permanent. Lastly, families with children under 18 can open a new as part of their tax return.

Get a loan for a new American-made car?

If you bought a qualifying vehicle after December 31, 2024, you might be able to deduct the interest on your car loan. The value of the deduction is up to \$10,000, so it's worth checking if your car meets the requirements for the car loan interest deduction. .

Make a major purchase for your business?

Self-employed taxpayers and business owners, this one's for you: you can deduct 100% of the cost of qualifying equipment in 2025, if the property was placed into service on or after January 20, 2025. This 100% bonus deduction applies to investments such as machinery, equipment, technology upgrades and more.

More OBBBA changes and new tax documentation for 2025

The bill makes the larger standard deduction created under the Tax Cuts and Jobs Act permanent. What's more, the amounts for 2025 are slightly expanded:

- Single or Married Filing Separately — \$15,750
- Head of Household — \$23,625
- Married Filing Jointly or Qualifying Surviving Spouse — \$31,500

Learn more about the standard deduction at [IRS.gov](https://www.irs.gov).

In addition to expanded standard deduction, federal tax brackets and other amounts are typically adjusted each year for inflation. Review 2025 federal and state tax brackets online at [IRS.gov](https://www.irs.gov).

New tax forms and other documents for 2025 taxes

Depending on your tax situation, you may need to gather the following new forms and documents due to the new tax laws in 2025.

- **Form 1099-DA** for crypto or digital asset sales
- **Form 1098-VLI** or a statement provided by your lender for vehicle loan interest paid on cars that qualify for the car loan interest deduction
- **Paystubs** if you've worked overtime. See.
- **W-2 or tip records** if you have eligible tip income. See
- **Proof of state and local taxes paid** (SALT deduction). This deduction isn't new, but the new cap may make it relevant for you.

- **Social Security numbers** for newborns and children for Trump savings accounts.

• Do tax cuts expire?

Yes, it's common for tax provisions to have a start and end date as rules evolve. Here are a few tax provisions that ended or are ending in 2025.

- Electric Vehicle Tax Credits ended September 30, 2025.
- Home Energy Tax Credits end December 31, 2025.

New tax laws 2025: FAQs

What credits apply for new parents this tax season?

New parents may be eligible for the Child Tax Credit, Earned Income Tax Credit (EITC), and Adoption Credit.

- The Child Tax Credit has increased to \$2,200 per child.
- The Earned Income Credit amount varies based on income and number of children.
- The Adoption Credit is worth up to \$17,670 for qualified expenses (and up to \$5,000 is refundable)

How will 2025 tax changes impact my family budget?

The 2025 tax changes could benefit your family budget through expanded Child Tax Credits and other provisions. The increased Child Tax Credit and adjusted Earned Income Tax Credit may result in higher refunds or lower tax liability. The exact savings depend on your income, number of children, and other tax benefits you qualify for.

What's the easiest way to understand 2025 tax changes for students?

The main tax law changes for 2025 for students are that there are more ways to use 529 Plan dollars. With the One Big Bill, students and families can use up to \$20,000 toward a larger list of K-12 expenses. And for college students, there are more expenses covered under the new rules. Find out more about these .

What is the impact of new tax laws on investment income for 2025?

While there are typically annual inflation updates for income and , the big change this year is for digital asset reporting for investments like crypto and Non-fungible tokens.

For 2025 taxes, the law requires digital asset brokers to issue Form 1099-DA for cryptocurrency and other digital transactions. The form will reflect the 2025 tax year but will be sent in early 2026. You'll need to report these transactions on your tax return, calculating gains or losses.

What tax deductions are expected to change in 2025?

Changes include a higher SALT cap (\$40,000), a senior deduction (\$6,000 for those 65+), car loan interest deduction (up to \$10,000 for new U.S.-assembled vehicles), and 100% bonus depreciation for businesses.

See our client information sheet for more info.