

2025 Tax Law Changes for Individual (1040) Filers — Quick Summary of common topics

1. Standard Deduction (All Increased)

For tax year **2025**, the standard deduction rises to:

- **\$15,750** – Single / Married Filing Separately
 - **\$31,500** – Married Filing Jointly / Surviving Spouse
 - **\$23,625** – Head of Household
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2. Child Tax Credit

The major CTC changes took effect in **2025**:

- **\$2,200** maximum credit
 - **\$1,700** maximum refundable
 - **SSN required** for child
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3. “Trump Accounts” & New Form 4547

- New law allows creation of special children’s accounts with a **\$1,000 pilot contribution** for eligible children born 2025–2028.
Form **4547** is used to elect and report this.
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4. New Deductions Under OBBBA (2025–2028 Window)

These apply in **2025**:

- **Tip income deduction:** Up to **\$25,000**
- **Overtime pay deduction:** Up to **\$12,500** (or \$25,000 MFJ)
- **New Senior Deduction** – \$6,000 (phase-outs apply)
- **Qualified car loan interest deduction** – Up to **\$10,000** for U.S.-assembled personal-use vehicles

5. Estate & Gift Tax Changes (Relevant for high-income filers)

For 2025:

- Estate tax exclusion increased to **\$13.99M** per individual
- Annual gift exclusion remains **\$19,000**

6. The IRS has begun phasing out paper check refunds.

- The IRS began phasing out paper tax refund checks on September 30, 2025, as part of an executive order.
- This means most taxpayers must now provide routing and account numbers to receive refunds via direct deposit.

7. The IRS will accept paper check tax payments from taxpayers.

- The phase-out started in September 2025 applies to **IRS refund checks**, not taxpayer payments.
- The IRS has made no announcements eliminating paper check **payments**, and these remain a standard option for individuals, businesses, and estimated tax filers.