



Certified Public  
Accountants

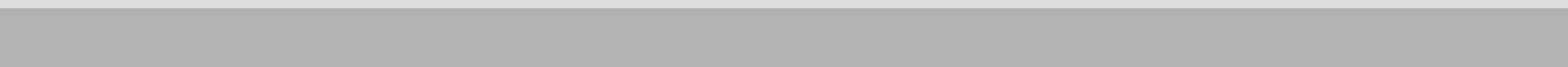
# **Elliott Advisory Group**

**Presents**

## **Federal Taxes 101**

# Tax Cuts and Jobs Act (TCJA)

---

- Went into effect on January 1, 2018
  - Set to expire December 31, 2025 and will result in major changes
  - Some changes are good, but many are not good
  - Per the Tax Foundation, expiration would result in more than 62% of tax filers experiencing tax increases in 2026.
- 

# What's Your Filing Status?

---

- Single

- Individuals who never married, divorced or legally separated individuals during the tax year, and widows/widowers

- Head of Household

- Must have paid more than half of the cost of having a home for a qualifying dependent such as children, grandchildren, stepchildren, nieces and nephews, or younger siblings under 19 (24 if a full-time student) who lived with you for over half the tax year. Dependents can also include adults supported by you, such as your parents and adult children.

***Filing status is determined on your status at December 31 of the tax year.***



# What's Your Filing Status?

---

- Married Filing Jointly
  - Must be legally married by the end of the tax year
- Married Filing Separately
  - Often happens when you live apart from your spouse for an extended period of time (but not legally separated), when one spouse has a financial situation that would result in a bigger refund if they file separately, or when it's preferred to keep finances separate from each other.
- Qualifying Widow(er)
  - Lost a spouse during the tax year
  - Can use this status for the next two tax years if you have a dependent child & are not remarried.

# Standard Deduction

---

Tax Year	Single	Married Filing Jointly	Married Filing Separately	Head of Household
2024	\$14,600	\$29,200	\$14,600	\$21,900
2025	\$15,000	\$30,000	\$15,000	\$22,500
2026*	\$8,350	\$16,700	\$8,350	\$12,250

\*If TCJA expires

*In addition to the above:*

Single/MFS/HOH seniors (65+), 2024/2025

- \$1,950, \$2,000
- \$3,900, \$3,200 if also blind

MFJ seniors (65+), 2024/2025

- \$1,550, \$1,600
  - \$3,100, \$3,200 if also blind
-

# Itemized Deductions

Tax Year	SALT Taxes	Charitable Donations	Mortgage Interest	Medical Expenses	Misc Deductions
2024	Up to \$10,000	Up to 60% of AGI	\$750k Debt Limit	7.5% of AGI	Most disallowed
2025	Up to \$10,000	Up to 60% of AGI	\$750k Debt Limit	7.5% of AGI	Most disallowed
2026*	No Cap	Up to 50% of AGI	\$1M Debt Limit	7.5% of AGI	Allowed

\*If TCJA expires

SALT – State & Local Tax (includes state income tax, local sales tax, property tax)

AGI = Adjusted Gross Income

# Miscellaneous Deductions (Itemizing)

---

## ***Currently Allowed:***

- Gambling losses (up to winnings)
- Investment loan interest

## ***Currently Disallowed:***

- Investment Expenses
  - Advisory & management fees
  - Legal/tax advice for investments
  - Trustee fees related to investments
- Fees associated with fighting the IRS
- Safe deposit box fees

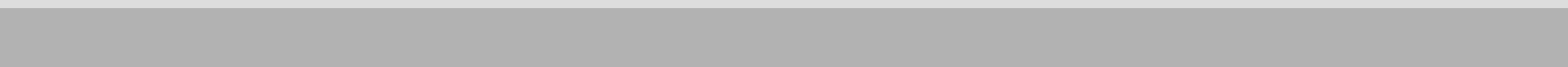
## ***Currently Disallowed (continued):***

### Unreimbursed Employee Expenses

- Work related travel/transportation/meals
- Union dues
- Computer/cell phone
- Professional Dues & subscriptions
- Home office expenses
- Work clothes (not suitable for everyday use)
- Hobby Expenses

# What Taxes Do We Pay to the IRS?

---

- Federal Income Tax
  - Social Security & Medicare Tax
  - Capital Gain Tax
  - Net Investment Income Tax
- 



# Federal Income Tax Brackets

## 2024 vs 2025

Tax Rate	2024	2025	2024	2025	2024	2025	2024	2025
	Single	Single	Married Filing Jointly	Married Filing Jointly	Married Filing Separately	Married Filing Separately	Head of Household	Head of Household
<b>10%</b>	\$0 - 11,600	\$0 - 11,925	\$0 - 23,200	\$0 - 23,850	\$0 - 11,600	\$0 - 11,925	\$0 - 16,550	\$0 - 17,000
<b>12%</b>	\$11,601 - 47,150	\$11,926 - 48,475	\$23,201 - 94,300	\$23,851 - 96,950	\$11,601 - 47,150	\$11,926 - 48,475	\$16,551 - 63,100	\$17,001 - 64,850
<b>22%</b>	\$47,151 - 100,525	\$48,476 - 103,350	\$94,301 - 201,050	\$96,951 - 206,700	\$47,151 - 100,525	\$48,476 - 103,350	\$63,101 - 100,500	\$64,851 - 103,350
<b>24%</b>	\$100,526 - 191,950	\$103,351 - 197,300	\$201,051 - 383,900	\$206,701 - 394,600	\$100,526 - 191,950	\$103,351 - 197,300	\$100,501 - 191,950	\$103,351 - 197,300
<b>32%</b>	\$191,951 - 243,725	\$197,301 - 250,525	\$383,901 - 487,450	\$394,601 - 501,050	\$191,951 - 243,725	\$197,301 - 250,525	\$191,951 - 243,700	\$197,301 - 250,500
<b>35%</b>	\$243,725 - \$609,350	\$250,526 - 626,350	\$487,451 - 731,200	\$501,051 - 751,600	\$243,725 - \$365,600	\$250,526 - 375,800	\$234,701 - 609,350	\$250,501 - 626,350
<b>37%</b>	Over \$609,350	Over \$626,351	Over \$731,200	Over \$751,601	Over \$365,600	Over \$375,801	Over \$609,350	Over \$626,351

# Tax Brackets if TCJA Expires

---

Rates Under TCJA	Rates if TCJA Expires
10.0%	10.0%
12.0%	15.0%
22.0%	25.0%
24.0%	28.0%
32.0%	33.0%
35.0%	35.0%
37.0%	39.6%

# Social Security & Medicare Tax

Taxed on W-2 and Self-Employment Income

---

- Social Security tax is 6.2%

Social Security rate hasn't changed since 1990!

Capped at \$168,600 for 2024

- was \$160,200 in 2023
- will be \$176,100 in 2025
- projected to be \$181,800 in 2026

- Medicare tax is 1.45%
- No cap

***For W-2 employees – the employee pays 7.65% & employer is required to also pay 7.65%.***

***Self-employed individuals pay both sides of this tax for a total of 15.3%, BUT “employer portion” is tax deductible.***

# Capital Gain Tax

---

Long-term capital gains are profits from the sale of an asset held for more than a year.

- Tax ranges from 0-20%, depending on taxable income.\*
- Most taxpayers pay 15%

Short-term capital gains are profits from the sale of an asset held for less than a year.

- Taxes on all short-term gains are taxed at ordinary tax rate
- Ordinary tax rates = federal income tax rate
- Federal tax brackets are 10-37%

\* LT Capital Gains on “collectible assets” such as coins, precious metals, antiques and fine art are taxed at 28%.

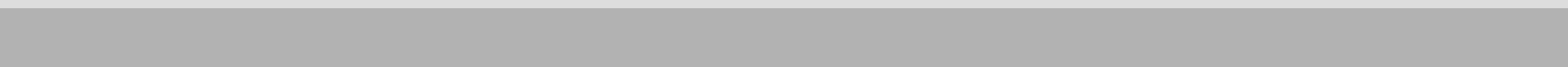
# Net Investment Income Tax

---

Additional tax on investment income if income thresholds are met

- Tax rate is 3.8%
- Modified Adjusted Gross Income
  - Single/Head of Household - \$200,000
  - Married Filing Jointly - \$250,000
  - Married Filing Separately - \$125,000

Investment Income

- Interest
  - Dividends
  - Capital Gains
  - Rental Income
- 

# Child Tax Credit & Child Care Credit

---

## Child Tax Credit

### **For 2024 and 2025:**

\$2,000 per qualifying child

Credit phases out based on income

- \$200,000 for single/MFS/HOH
- \$400,000 for MFJ

### **For 2026:**

\$1,000 per qualifying child

Credit phases out based on income

- \$75,000 for single/MFS/HOH
- \$110,000 for MFJ

## Child Care Credit

Can claim up to \$3,000 for one child, or \$6,000 for two or more children.

Generally results in a \$600 credit for one child and \$1,200 credit for two or more children.

Credit phases out based on income

- \$438,000

# Earned Income Credit 2024 vs 2025

Number of children	Maximum earned income tax credit	Max income: Single or head of household filers	Max income: Married joint filers
0	\$632	\$18,591	\$25,511
1	\$4,213	\$49,084	\$56,004
2	\$6,960	\$55,768	\$62,688
3 or more	\$7,830	\$59,899	\$66,819

Number of children	Maximum earned income tax credit	Max income: Single or head of household filers	Max income: Married joint filers
0	\$649	\$19,104	\$26,214
1	\$4,328	\$50,434	\$57,554
2	\$7,152	\$57,310	\$64,430
3 or more	\$8,046	\$61,555	\$68,675

# Selling Your Primary Home?

---

## Gain Exclusion on Sale of Primary Home

- Single/MFS/HOH - \$250,000
- Married Filing Jointly - \$500,000

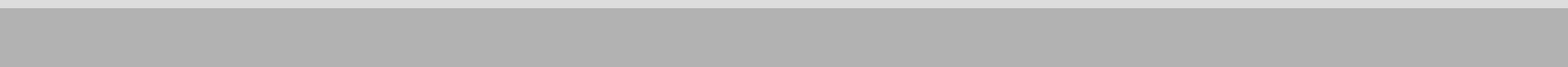
## Requirements

- Must have been your primary home 2 out of the last 5 years

## Calculating Gain:

Sales Price – Cost Basis

Cost Basis = Original Purchase Price + Closing Costs on Purchase & Sale + Major Improvements

- Must have receipts for major improvements
  - Always keep a copy of your Closing/HUD statements to know closing costs
- 



# Due Dates for 2025 Tax Filing

---

- **December 31, 2025**
  - Charitable Donations
  - 401(k) Contributions
  - Required Minimum Distributions
- **January 31, 2026**
  - W-2/W-3 or 1099/1096 for employers
- **March 15, 2026**
  - Partnership & S-Corporation Tax Returns Due
- **April 15, 2026**
  - Individual, Trusts, & Corporation Tax Returns Due
  - HSA & IRA Contributions
- **October 15, 2026**
  - SEP IRA & Simple IRA Contributions, if tax return is extended

# Additional Due Dates for 2025 Tax Filing

---

- **Extension Due Dates**

- September 15, 2026 for Partnership & S-Corporation Tax Returns
- October 15, 2026 for Individual & Corporate Tax Returns

- **Estimated Tax Payment due dates to apply to your 2025 tax return**

- April 15, 2025
  - June 15, 2025
  - September 15, 2025
  - January 15, 2026
- 

# Comments or Questions? I'm here to help!

---



**Nikki Elliott, CPA**

**Partner & CFO | Elliott Advisory Group**

**[NElliott@eagcpas.com](mailto:NElliott@eagcpas.com)**



**Elliott Advisory Group**  
Certified Public Accountants