

2025 TAX LAW CHANGES WITH HUNGERFORD: WHAT THEY MEAN FOR YOU AND YOUR BUSINESS

WHAT'S NEW

A Quick Overview

The One Big Beautiful Bill Act (H.R. 1), signed July 4, 2025, makes permanent many provisions from the 2017 Tax Cuts and Jobs Act (TCJA) and introduces new tax benefits and deductions.



LET'S CONNECT

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616-949-3200



info@hungerford.com

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PLANNING IDEAS FOR INDIVIDUALS & FAMILIES:

- **Tax Credits Sunsetting:** Various clean vehicle (EV), clean electricity, and energy efficient credits are sunsetting in the next year.
- **Permanent tax rate cuts and inflation-indexed brackets** across seven tiers (10%–37%).
- **Boosted standard deduction**, now permanent:
 - \$15,750 for Single
 - \$31,500 for Married Filing Jointly
- **Expanded Child Tax Credit:** Increased to \$2,200 per child, with \$1,400 refundable in 2025; inflation-adjusted thereafter.
- **New Above-the-Line Deductions (2025–2028):**
 - **Tip Income Deduction:** up to \$25,000 (phases out at AGI \$150K/\$300K joint).
 - **Overtime Pay Deduction:** up to \$12,500 single / \$25,000 joint; same phase-out thresholds.
 - **Senior Deduction:** Additional \$6,000 for taxpayers age 65+; temporary (2025–2028), with phase-outs.
 - **Auto Loan Interest Deduction:** Up to \$10,000 interest on qualified new U.S.-assembled vehicle (2025–2028); phased out above AGI thresholds.
- **Expanded SALT Deduction Cap:** Raised to \$40,000 through 2029 (phasing out at higher AGI); reverts to \$10,000 after 2029.
- **Charitable Giving:**
 - Non-itemizers: Above-the-line deduction of up to \$1,000 (single) / \$2,000 (joint).
 - Itemizers: Subject to a 0.5% of AGI floor and benefit reduction (35% for top bracket).
- **Estate & Gift Tax Exemption Increase:** Permanently raised to \$15 million per person; indexing starting 2026.
- **Qualified Small Business Stock (QSBS):** Enhanced gain exclusions and shorter holding periods (3–5 years tiers); effective for acquisitions after July 4, 2025.
- **New "Trump Accounts":** Tax-exempt savings accounts for minors—\$1,000 initial credit per child; employer and individual contributions allowed.
- **Planning Considerations**
 - Reevaluate **itemize vs. standard** deduction strategies in light of boosted thresholds.
 - Evaluate ability to claim **tip, overtime, and senior deductions** where applicable.
 - Consider **accelerating charitable donations**, especially for non-itemizers.
 - Update **estate plans** to leverage expanded exemptions.
 - Evaluate potential **QSBS investments** or restructure to optimize gain exclusions.
 - Promote saving via **Trump Accounts** for children.

PLANNING IDEAS FOR BUSINESSES (SMALL & MID-SIZE):

Key Business Tax Benefits:

- **Tax Credits Sunsetting:** Various clean vehicle (EV), clean electricity, and energy efficient credits are sunsetting in the next year.
- **100% Bonus Depreciation:** Immediately expense qualified property placed in service after Jan 19, 2025; permanently restored.
- **Qualified Production Property Expensing:** Full expensing for new manufacturing facilities meeting certain criteria.
- **Section 179 Deduction Increase:** Max deduction now \$2.5 million, with \$4 million phase-out threshold (indexed).
- **QBI Deduction (Section 199A):** Made permanent; expanded phase-in ranges, minimum \$400 deduction.
- **Immediate R&D Expensing:** Domestic R&E costs can be expensed immediately instead of amortizing.
- **Business Loss Limitation:** Excess business loss caps (\$313k single/ \$626k joint), now permanent, with NOL carryforward preserved.
- **Opportunity Zones:** Program extended permanently (with future adjustments).

Strategic Planning Actions for Businesses:

- Consider **accelerated capital investments** (equipment, R&D, and manufacturing facilities) to leverage bonus depreciation and Section 179 expensing.
- Reassess legal and entity structures to maximize **QBI deductions**.
- For startups & small corp clients, assess **QSBS advantages** for founders and investors.
- Plan R&D spending to benefit from **immediate expensing**.
- Monitor **loss carryforwards** and integrate into future tax projections.
- Revisit **Opportunity Zone investments** for strategic, long-term tax planning.