

# Federal Income Tax Brackets & Rates

## The New 2025 Federal Income Tax Brackets & Rates

Federal income tax brackets and rates for 2025 are shown below.

	Single	Married, Filing Jointly or Surviving Spouse	Married Filing Separately	Head of Household	Trusts & Estates
<b>10%</b>	\$0 - \$11,925	\$0 - \$23,850	\$0 - \$11,925	\$0 - \$17,000	\$0 - \$3,150
<b>12%</b>	\$11,926 - \$48,475	\$23,851 - \$96,950	\$11,926 - \$48,475	\$17,001 - \$64,850	—
<b>22%</b>	\$48,476 - \$103,350	\$96,951 - \$206,700	\$48,476 - \$103,350	\$64,851 - \$103,350	—
<b>24%</b>	\$103,351 - \$197,300	\$206,701 - \$394,600	\$103,351 - \$197,300	\$103,351 - \$197,300	\$3,151 - \$11,450
<b>32%</b>	\$197,301 - \$250,525	\$394,601 - \$501,050	\$197,301 - \$250,525	\$197,301 - \$250,500	—
<b>35%</b>	\$250,526 - \$626,350	\$501,051 - \$751,600	\$250,526 - \$375,800	\$250,501 - \$626,350	\$11,451 - \$15,650
<b>37%</b>	\$626,351 or more	\$751,601 or more	\$375,801 or more	\$626,351 or more	\$15,651 or more

## Medicare Part B Premiums for 2025

Medicare Part B premiums are determined by your income **modified adjusted gross income (MAGI)** that is reported on your IRS tax return from two years prior. If your income is higher than certain limits, then the Income Related Monthly Adjustment Amount (IRMAA) will apply as detailed in the table below. The amount shown is per month, per person.

Single	Married, Filing Jointly or Surviving Spouse	Married Filing Separately	Medicare Premiums
\$0 - \$106,000	\$0 - \$212,000	\$0 - \$106,000	\$185.00
\$106,001 - \$133,000	\$212,001 - \$266,000	—	\$259.00
\$133,001 - \$167,000	\$266,001 - \$334,000	—	\$370.00
\$167,001 - \$200,000	\$334,001 - \$400,000	—	\$480.90
\$200,001 - \$500,000	\$400,001 - \$750,000	\$106,001 - \$394,000	\$591.90
\$500,001 or more	\$750,001 or more	\$394,001 or more	\$628.90

## The New 2025 Federal Income Tax Bracket & Rates for Capital Gains

Capital gains are taxed at different rates from ordinary income. For example, while there are seven tax brackets for ordinary income, ranging from 10% to 37%, there are three for capital gains, ranging from 0%, 15% and 20%.

This is a major advantage for anyone who has substantial capital gains income. The capital gains tax rate is considerably lower than the tax rate on a comparable amount of ordinary income.

Just as is the case with the income brackets for ordinary income, the income brackets for capital gains have also increased from 2024.

	Single	Married, Filing Jointly or Surviving Spouse	Married Filing Separately	Head of Household	Trusts & Estates
<b>0%</b>	\$0 - \$48,350	\$0 - \$96,700	\$0 - \$48,350	\$0 - \$64,750	\$0 - \$3,250
<b>15%</b>	\$48,351 - \$533,400	\$96,701 - \$600,050	\$48,351 - \$300,000	\$64,751 - \$566,700	\$3,251 - \$15,900
<b>20%</b>	\$533,401 or more	\$600,051 or more	\$300,001 or more	\$566,701 or more	\$15,901 or more

## The Standard Deduction for 2025

As you probably know – or you’ll find out when you file your 2024 tax return – personal exemptions were eliminated under the Tax Cut and Jobs Act (TCJA) in 2017. The \$4,050 you could claim up until 2017 for yourself, your spouse and any eligible dependents is now history, although, TCJA is set to expire after 2025, so we could see the previous rules return.

In its place, the standard deduction was increased substantially. That will work out well for singles and couples with no dependents, but it could be a negative for anyone with dependents because the value of the personal exemption may have been greater than the increase in the standard deduction.

Like other numbers in the tax code, the standard deduction will increase for 2025. Here’s how that will look:

	2024	2025
Single	\$14,600	\$15,000
Married, Filing Jointly & Surviving Spouse	\$29,200	\$30,000
Head of Household	\$21,900	\$22,500
Married Individuals Filing Separate	\$14,600	\$15,000

## Other Tax Numbers Changing in 2025

**199A Qualified Business Income Deduction.** Having begun in the 2018 tax year, TCJA provides business owners with a 20% deduction against qualified business income. It’s officially referred to as the Section 199A deduction, and it applies to qualified business income attributable to a business owner of a pass-through entity like an S-Corporation or partnership.

There are income limits, which, depending on your type of business, could impact your ability to take the deduction. For single filers and all other returns, the full phase out is \$50,000 over the below thresholds. For those married, filing jointly, it is \$100,000 over the below thresholds:

	2024	2025
Single	\$191,950	\$197,300
Married, Filing Jointly	\$383,900	\$394,600
All Other Returns	\$191,950	\$197,300

## Alternative Minimum Tax (AMT)

The AMT was created in the 1960s to impose taxes on taxpayers who claim an excessive amount of tax preferences. It provides a second set of tax rates that will be imposed if their taxes calculated under this alternative method is greater than the taxes imposed under the normal calculation.

The tax code provides an income exemption to the AMT, below which the tax will not apply. There is also an income phase-out beyond which the exemption no longer applies. Both are indexed for inflation. The income exemption figures are as follows:

	2024	2025
Single	\$85,700	\$88,100
Married, Filing Jointly & Surviving Spouse	\$133,300	\$137,000
Married, Filing Separately	\$66,650	\$68,500
Trusts & Estates	\$29,900	\$30,700

Below are the thresholds where the rate goes from 26% to 28%:

	2024	2025
Married, Filing Separately	\$116,600	\$119,550
All Other Returns	\$232,600	\$239,100

## Retirement Contributions and Benefit Limits

A number of retirement related contribution amounts and benefit calculation limits will change for 2025.

	2024	2025
<b>415 limits – DC plan</b>	\$69,000	\$70,000
<b>415 limits – DB plan</b>	\$275,000	\$280,000
<b>Maximum Includible Compensation</b>	\$345,000	\$350,000
<b>Social Security Taxable Wage Basis</b>	\$168,600	\$176,100
<b>HCE Pay</b>	\$155,000	\$160,000
<b>Key EE: Officer</b>	\$220,000	\$230,000
<b>Key EE: 1% Owner</b>	\$150,000	\$150,000
<b>SEP Minimum Compensation</b>	\$750	\$750
<b>Maximum Elective Contributions</b> For 401(k), 403(b), 457(b)	\$23,000	\$23,500
“Catch-up contribution”	\$7,500	\$7,500
“Super Catch-up Contribution” Ages 60-63	<i>Effective in 2025 by Secure Act 2.0</i>	\$11,250
<b>Simple IRA</b>	\$16,000	\$16,500
“Catch-up contribution”	\$3,500	\$3,500
“Super Catch-up Contribution” Ages 60-63	<i>Effective in 2025 by Secure Act 2.0</i>	\$5,250
<b>IRA Contribution</b>	\$7,000	\$7,000
“Catch-up contribution”	\$1,000	\$1,000
<b>SEP-IRA</b>	25% of net compensation or \$69,000, whichever is less	25% of net compensation or \$70,000, whichever is less

## Estate Planning

The lifetime gift and estate tax exemption is scheduled to increase from \$13.61 million in 2024 to \$13.99 million in 2025. The annual gift tax exclusion will increase from \$18,000 in 2024 to \$19,000 in 2025.

## Social Security Changes for 2025

Maximum Taxable Earnings	2024	2025
<b>Social Security (OASDI only)</b>	\$168,600	\$176,100
<b>Quarter of Coverage</b>	\$1,730	\$1,810
<b>Retirement Earnings Test Exempt Amounts Under Full Retirement Age</b>	\$22,320/year (\$1,860/month) \$1 in benefits will be withheld for every \$2 in earnings above the limit	\$23,400/year (\$1,950/month) \$1 in benefits will be withheld for every \$2 in earnings above the limit
<b>Retirement Earnings Test Exempt Amounts at Full Retirement Age</b>	\$59,250/year (\$4,937.50/month) Applies only to earnings for months prior to attaining full retirement age. \$1 in benefits will be withheld for every \$3 in earnings above the limit.	\$62,160/year (\$5,180/month) Applies only to earnings for months prior to attaining full retirement age. \$1 in benefits will be withheld for every \$3 in earnings above the limit.
<b>Maximum Social Security Benefit if Retiring at Full Retirement Age</b>	\$3,822/month	\$4,018/month

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## Health Savings Accounts

	2024	2025
<b>HSA Contribution Limit</b>	Self only: \$4,150/year Family: \$8,300/year	Self only: \$4,300/year Family: \$8,550/year
"Catch-up contribution" for age 55+	\$1,000	\$1,000
<b>High Deductible Health Plan (HDHP) Minimum Deductible</b>	Self only: \$1,600/year Family: \$3,200/year	Self only: \$1,650/year Family: \$3,300/year
<b>HDHP Maximum Out-of-Pocket Amounts</b>	Self only: \$8,050/year Family: \$16,100/year	Self only: \$8,300/year Family: \$16,600/year
<b>Health FSA Contribution</b>	\$3,200/year with maximum carryover of \$640	\$3,300/year with maximum carryover of \$660

## Additional Medicare Tax

An Additional Medicare Tax of 0.9% will be imposed on all wage and self-employment income in excess of the following thresholds. Note that employers are not required to match the 0.9%.

	2024	2025
Single	\$200,000	\$200,000
Married, Filing Jointly & Surviving Spouse	\$250,000	\$250,000
All Other Returns	\$125,000	\$125,000

## Net Investment Income Tax

The Net investment Income Tax of 3.8% will apply to net investment income that exceeds the MAGI threshold below:

	2024	2025
Single	\$200,000	\$200,000
Married, Filing Jointly & Surviving Spouse	\$250,000	\$250,000
All Other Returns	\$125,000	\$125,000

### Sources:

- <https://www.irs.gov/newsroom/irs-releases-tax-inflation-adjustments-for-tax-year-2025>
- <https://www.irs.gov/pub/irs-drop/n-24-80.pdf>
- <https://www.irs.gov/pub/irs-drop/rp-24-25.pdf>
- <https://ferenczylaw.com/flashpoint-2025-cost-of-living-adjustments-2-2/>
- <https://www.ssa.gov/oact/cola/rtea.html>
- <https://www.federalregister.gov/documents/2024/10/25/2024-24871/cost-of-living-increase-and-other-determinations-for-2025#:~:text=Quarter%20of%20Coverage%20Amount,-General&text=The%20earnings%20required%20for%20a,under%20the%20Social%20Security%20program>

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