What's New for U.S. Personal and Corporate Tax Filing

2025 and 2026 Filing Seasons

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At a glance

2025 filing season (individual + corporate)	2026 changes (effective for 2026 tax year)
• Tip income exclusion up to $25,000 (phaseouts apply). • Overtime income exclusion up to $12,500 Single / $25,000 MFJ (phaseouts apply). • Updated 2025 federal brackets. • New senior deduction up to $6,000 (phaseouts apply). • Temporary SALT cap increase to $40,000 MFJ (income-based phaseout). • Business updates: 100% bonus depreciation reinstated; R&D expensing restored; interest limit eased (EBITDA); Section 199A made permanent.	• Child Tax Credit increases to $2,200 per qualifying child (phaseout thresholds apply). • Above-the-line charitable deduction for non-itemizers: $1,000 Single / $2,000 MFJ. • Itemizers: charitable deduction limited to amounts over 0.5% of AGI; deduction capped at 35% for high earners. • Most energy-efficiency and EV credits expire after 12/31/2025. • Dependent-Care FSA increases from $5,000 to $7,500. • New 1% excise tax on certain electronic foreign transfers.

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1.01 Introduction

As the 2025 and 2026 filing seasons approach, Serbinski Accounting Firms PC reviews changes introduced by the Internal Revenue Service (IRS) and the federal government that impact individual and corporate taxpayers. This summary identifies relevant updates, their phaseout levels, explanations for the changes, and planning considerations.

1.02 Personal tax-return changes (2025 filing season)

The One Big Beautiful Bill Act (OBBBA) introduces significant personal tax updates beginning in 2025.

Reduction in certain income categories

Beginning in 2025, new exclusions apply to certain tip and overtime income. Phaseouts are based on income and filing status.

Category	Maximum exclusion	Phaseout - Single	Phaseout - MFJ
Tip income	Up to $25,000	$100,000-$150,000	$200,000-$300,000
Overtime income	Up to $12,500 (Single) / $25,000 (MFJ)	$125,000-$175,000	$250,000-$350,000

Federal tax-bracket comparison

Below is a summary of the 2024 and 2025 federal bracket thresholds as presented in this update.

Rate	2024 (taxable income)	2025 (taxable income)
10%	Up to $11,600	Up to $12,000
12%	$11,601-$47,150	$12,001-$48,700
22%	$47,151-$100,525	$48,701-$103,500
24%	$100,526-$191,950	$103,501-$195,900

32%	$191,951-$243,725	$195,901-$249,500
35%	$243,726-$609,350	$249,501-$618,300
37%	Over $609,350	Over $618,300

Senior deduction

A new senior deduction of up to $6,000 is available beginning in 2025.

Phaseout ranges:
- Single: $75,000-$95,000
- Married filing jointly (MFJ): $150,000-$190,000

SALT deduction increase (temporary)

For 2025, the SALT deduction limit increases to $40,000 for married filing jointly (MFJ).

Phaseout begins at $500,000 AGI and ends at $700,000 AGI.

Corporate tax-return changes (2025)

Important corporate measures effective for 2025 include:

- Permanent reinstatement of 100% bonus depreciation
- R&D expensing fully restored
- Interest-deduction limitations eased (EBITDA standard)
- Section 199A made permanent

1.03 Changes beginning in 2026

The 2026 tax year introduces additional adjustments under the OBBBA.

Child Tax Credit (CTC)

The credit increases to $2,200 per qualifying child.

Phaseout thresholds: $200,000 Single; $400,000 MFJ.

Charitable-contribution deduction

Above-the-line deduction for non-itemizers:

- $1,000 Single
- $2,000 MFJ

Itemizers: only charitable amounts exceeding 0.5% of AGI qualify; deduction capped at 35% for high earners.

Energy and EV credits end after 2025

Most energy-efficiency and EV credits expire December 31, 2025. Taxpayers planning upgrades or purchases should act before year-end.

Dependent-Care FSA increase

Beginning in 2026, Dependent-Care FSAs rise from $5,000 to $7,500.

International transfer excise tax

A new 1% excise tax applies to certain electronic foreign transfers beginning in 2026.

1.04 Planning considerations

Practical planning steps to consider:

- Monitor income to avoid unintended phaseout impacts.
- Review timing for energy credits expiring after 2025.
- Businesses should revisit depreciation and R&D strategies.
- Maintain proper documentation for all new deductions.
- Schedule a year-end planning appointment.

Recommended next steps

- Confirm filing status and projected AGI early (phaseouts appear in multiple provisions).
- If planning EV/energy upgrades, consider completing qualifying purchases before 12/31/2025.
- For closely held businesses, model depreciation, interest-limitation, and R&D treatment under current-year projections.

1.05 Conclusion

The 2025-2026 tax years introduce meaningful changes for individual and corporate taxpayers. Serbinski Accounting Firms PC remains committed to providing accurate preparation, professional compliance review, and strategic guidance aligned with the evolving U.S. tax environment.

Please contact us for a confidential review of your individual situation.

Disclosures

This summary has been designed to provide a concise overview of the subjects addressed, and may not be complete. Reference should be made to original legislation prior to acting on any matter, and professional advice should also be obtained.

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