



# 2025 Tax Changes

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Important Note

The must-know updates for families, business owners, and taxpayers

July 2025

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***The 2025 tax bill, signed into law on July 4, includes significant changes to deductions, credits, and filing categories.***

**You can [view the official bill summary here](#) for full legislative details.**

## What You Need to Know

### **A summarized update for individuals, families, and small business owners**

Taxes have changed for 2025, and while the updates can feel overwhelming, we've broken them down into what matters most. This summary highlights what's new, why it matters, and how you can use the changes to your advantage.

Whether you're a solo professional, business owner, or managing a household, here's how these tax law updates may impact your finances this year.

## For Individuals & Families

### **What's New, and How It Helps You**

#### **Tax Brackets Remain Lower**

→ The 2017 reduced tax rates have been made permanent, helping most taxpayers retain more income.

#### **Standard Deduction Continues at Elevated Levels**

→ \$13,850+ for individuals, \$27,700+ for couples.

#### **Child Tax Credit — Up to \$2,000**

→ The partially refundable credit remains available to qualifying families.

**Service Workers (restaurants, salons, etc.): Tip Exclusion**

→ Annual tip income under \$25,000 may be excluded from taxable income under certain conditions.

**Overtime Pay Deductions**

→ Employers may deduct up to \$25,000 for overtime wages paid, where applicable.

**Car Loan Interest — Business Use Deductibility**

→ Car loan interest may now be partially deductible based on documented business use.

**Senior Deduction Expanded**

→ An additional \$6,000 standard deduction is now available for individuals age 65 and older.

**Student Loan Forgiveness — No Taxation**

→ Loans discharged due to death or total disability are not considered taxable income.

# For Small Business Owners & Self-Employed

## Significant Impacts:

**20% Qualified Business Income (QBI) Deduction is Now Permanent**

→ A major benefit for pass-through entities (LLCs, S Corps, sole proprietors) that meet eligibility criteria.

**Employer-Provided Childcare Credit Enhanced**

→ Larger credits are available for offering childcare assistance as a workplace benefit.

**Paid Family and Medical Leave (PFML) Credit Extended**

→ Businesses can continue to claim tax credits when offering eligible paid leave programs.

**529 Plans — Expanded Use**

→ Qualified expenses now include K–12 tuition, homeschooling, and **credentialing programs** (not general job training).

# For Parents & Special Needs Families

## **Adoption Credit is Now Refundable**

→ Families can now receive the full adoption credit, even if they don't owe taxes.

## **ABLE Account Limits Increased**

→ Higher contribution limits allow families to save more while still qualifying for the Saver's Credit.

## **529-to-ABLE Rollovers Continue**

→ You can roll over unused college savings funds to an ABLE account without penalty.

## **529 Plans – Expanded Use**

→ Qualifying education expenses now include private K-12 tuition, homeschooling, and **credentialing programs** (per IRS definition).

# Ready to Put These Changes to Work?

Most people just “**hope**” their accountant catches everything, but smart business owners **plan** for changes. That's why we created the:

## **2025 Tax Law Planning Kit**

### **How to Adjust Your Accounting, Cash Flow & Business Structure**

Everything you need to turn these tax updates into actual savings.

- Know what to ask your accountant
- See if your business structure needs to change
- Plan ahead for cash flow & deductions
- Avoid common 2025 tax-time surprises

**Got questions? Want to know what this means for you personally?**



**Schedule a free session with the team at CLN Equity Management, and we'll walk you through how to make the most of 2025.**

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