

## ***MEMORANDUM***

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**DATE:** December 17, 2025  
**TO:** All Clients  
**FROM:** Bender, Ciccotto & Co., CPA's, LLP  
**RE:** 2025 Year-End Tax Tips

The One Big Beautiful Bill Act was passed in July 2025 and permanently extended nearly all provisions set to expire at the end of 2025 under the Tax Cuts and Jobs Act. The following are important year-end tax tips:

- **State and Local Tax (SALT) Deduction**
  - The SALT deduction was retroactively increased for 2025 from \$10,000 to \$40,000 for married filing jointly (MFJ) and single taxpayers and \$20,000 for married filing separate (MFS) taxpayers.
  - The SALT deduction begins to be phased out for taxpayers with Modified Adjusted Gross Income (MAGI) of \$500,000 MFJ/single and is fully phased out to the deduction floor of \$10,000 at MAGI of \$600,000. For MFS, the phase out begins at MAGI of \$250,000 and the deduction floor is \$5,000 at MAGI of \$300,000.
  - MAGI for the SALT deduction refers to adjusted gross income plus any income excluded under the foreign earned income exclusion, the foreign housing exclusion, and any amounts excluded from gross income because they were received from sources in Puerto Rico, Guam, American Samoa and the Northern Mariana Islands.
- **No Tax on Tips**
  - Up to a \$25,000 annual deduction on qualified tips in a customarily tipped occupation. Phased out as MAGI increases above \$300,000 MFJ and \$150,000 for single taxpayers.
- **No Tax on Overtime**
  - Up to an annual deduction of \$25,000 MFJ and \$12,500 for single taxpayers on qualified overtime (only the premium portion of overtime pay – the “half” of time-and-a-half). Phased out as MAGI increases above \$300,000 MFJ and \$150,000 for single taxpayers.
  - The IRS is not enforcing the reporting requirements on employers for the no tax on tips/overtime as employers may not yet have procedures in place to meet the requirements; however, employers are encouraged to make the information available to help their employees with this tax filing season.
- **Enhanced Deduction for Seniors**
  - A \$6,000 annual deduction for all taxpayers aged 65 or older before the end of the year. Phased out as MAGI increases above \$150,000 MFJ and \$75,000 for single taxpayers.
- **Car Loan Interest Deduction**
  - Up to a \$10,000 annual deduction on qualified interest on loans for new vehicles purchased in 2025 and assembled in the U.S. Phased out as MAGI increases above \$200,000 MFJ and \$100,000 for single taxpayers.