



November 21, 2025

Re: Year-End Tax Planning for Individuals

As year-end approaches, now is the ideal time to review your financial picture and take steps to capture available tax savings. With significant new legislation under the One Big Beautiful Bill Act (OBBBA), expiring incentives, and evolving personal and economic circumstances, thoughtful planning before December 31 can make a meaningful difference.

Our goal is to help you navigate these changes confidently and position yourself for continued financial success. Below you'll find an overview of key 2025 tax developments, important deadlines, and actionable planning strategies.

Charitable Contribution Planning

Beginning with tax year 2026, several changes take effect:

- Itemized charitable deductions only apply to contributions exceeding 0.5% of AGI.
- For taxpayers in the 37% bracket, deduction benefits will be capped at a 35% effective rate.
- Non-itemizers will receive an above-the-line deduction (up to \$1,000 single / \$2,000 joint) for cash gifts to qualified charities.
- The 60%-of-AGI limit for cash gifts remains permanent.

Planning actions for 2025:

- ❖ Accelerate charitable gifts into 2025 to capture full deductibility.
- ❖ Consider bunching multiple years of giving or funding a donor-advised fund (DAF) in 2025.
- ❖ Evaluate qualified charitable distributions (QCDs) if over age 70½.
- ❖ Maintain proper documentation for all donations.

Energy Tax Credits and Green Incentives

Many federal clean-energy incentives expire after December 31, 2025:

- Residential Clean Energy Credit (solar, geothermal, heat pumps).
- Energy-Efficient Home Improvement Credit (insulation, windows, HVAC).

If you plan to install or upgrade systems, ensure the project is placed in service by year-end 2025 to secure credits.

State and Local Tax (SALT) Deduction

The OBBBA increased the SALT deduction cap to \$40,000 (\$20,000 MFS) for 2025–2029. Consider prepaying state income or property taxes by December 31 if advantageous under your circumstances.

Itemized Deduction Limitation Returns in 2026

Starting 2026, high-income taxpayers will face a Pease-style limitation reducing itemized deductions by $2/37$ of the lesser of total deductions or taxable income within the 37% bracket. This effectively limits the deduction value to about 35%. Accelerate deductible expenses into 2025 to maximize value under current rules.

New Temporary Deductions for Auto Loan Interest

For 2025 – 2028, new temporary deductions apply:

- Up to \$10,000 of interest on loans for new U.S.-assembled vehicles – subject to income limit of \$100,000-\$149,000 single and \$200,000-\$249,000 joint (preliminary)

Estate and Gift Tax Planning

The federal estate and gift exemption rises to approximately \$15 million per person (\$30 million per couple) after December 31, 2025. The annual gift exclusion is \$19,000 per recipient for 2025–2026. Review estate and gifting strategies to utilize higher exemptions.

Digital Assets and Virtual Currency

Beginning in 2025, brokers will issue Form 1099-DA for certain digital asset transactions. You are responsible for accurate reporting even without a 1099. Maintain detailed records of all crypto and NFT transactions.

Electronic IRS Payments and Refunds

All IRS disbursements, including refunds, must be electronic after September 30, 2025. Review your direct-deposit and payment methods to avoid processing delays.

Additional Tax and Financial Planning Considerations

- Maximize IRA, 401(k), and HSA contributions.
- Notify us of life changes (marriage, divorce, dependents, major purchases, etc.).
- Harvest losses to offset capital gains before year-end.
- Review 529 plan contributions and beneficiary designations.
- Take required minimum distributions (RMDs) by year-end.
- Review estimated payments and withholding to avoid penalties.

Summary of Key Federal Year-End Opportunities

Key actions before December 31, 2025:

- Accelerate charitable gifts.
- Prepay state and property taxes.
- Complete energy improvements.
- Consider Roth conversions.
- Finalize gifts using the 2025 exemption.
- Review digital asset reporting compliance.
- Update payment methods for IRS e-pay requirements.

Year-end planning can help minimize surprises and improve your financial outcomes. Please contact our office if you have any questions. Thank you for trusting us as your advisors. We look forward to supporting you now and in the year ahead

Sincerely,

CG Uhlenberg LLP