

# How Your Tax Bill or Refund May Be Different For the 2025 Tax Year



The **One, Big, Beautiful Bill** brings many changes for this tax filing season. Several new deductions were introduced and updates to certain credits were made. Some changes are retroactive to the beginning of 2025. Which suggests taxpayers may not have adjusted their withholdings or recalculated their estimated income tax obligations. **One or more of these factors may reduce tax bills or increase refunds.**

Here are some key additions and changes that may affect taxable income or a refund:

## New deductions

- Seniors age 65 and older may be eligible to claim an additional **\$6,000** deduction.
- Tipped workers may be eligible to deduct up to **\$25,000** for qualified tips.
- Individuals may be eligible to deduct up to **\$12,500** (**\$25,000** for joint filers) for qualified overtime.
- Individuals may deduct up to **\$10,000** in qualified passenger vehicle loan interest.

Each of these deductions phase out based on income level for individual and joint filers and has specific eligibility requirements. More information can be found on the [One, Big, Beautiful Bill provisions](https://www.irs.gov/newsroom/one-big-beautiful-bill-provisions) ([www.irs.gov/newsroom/one-big-beautiful-bill-provisions](https://www.irs.gov/newsroom/one-big-beautiful-bill-provisions)) page on IRS.gov.



## Updates to Refundable Credits

- A portion of the Adoption Credit is refundable up to **\$5,000** per eligible child beginning in tax year 2025 and indexed for inflation annually.
- Taxpayers (or their spouse if filing jointly) and each qualifying child must have a Social Security number valid for employment and issued before the return's due date, including extensions, to claim the Child Tax Credit.