



2025 Tax Brackets and Rates

On a yearly basis the IRS adjusts more than 40 tax provisions for inflation. This is done to prevent what is called "bracket creep," when people are pushed into higher income tax brackets or have reduced value from credits and deductions due to inflation, instead of from an increase in real income.

The IRS historically used to use the Consumer Price Index (CPI) to calculate the past year's inflation.¹ However, with the Tax Cuts and Jobs Act of 2017, the IRS will now use the Chained Consumer Price Index (C-CPI) to adjust income thresholds, deduction amounts, and credit values accordingly.²

As always, personal taxes can be influenced by shifting political winds in Washington. However, this reference guide uses the official projections from IRS Revenue Procedure 2024-40 for 2025 personal income tax rates. In the event of relevant legislative changes for 2025 personal tax information, we will provide further guidance. In the meantime, we are providing this guide on select provisions of the 2025 inflation adjusted figures from the IRS. The following pages include a sampling of what we believe are mostly broadly relevant tax brackets, rates, and related information for 2025. If you're interested in the complete IRS adjustment release, please click the hyperlink in the first footnote below.

Federal Income Tax

Income Tax Brackets and Rates

In 2025, the income limits for all tax brackets and all filers will be adjusted for inflation and will be as follows. The top marginal tax rate remains 37% for individual single taxpayers with incomes greater than \$626,350 (\$751,600 for married couples filing jointly). It is worth noting that Estate & Trust Incomes are taxed using different brackets than ordinary income (shown in Table 8).

TABLE 1.
Tax Brackets and Rates – 2025 – MFJ, Individuals

Married Filing Jointly		Individuals	
If Taxable Income Is	The Tax Due Is	If Taxable Income Is	The Tax Due Is
\$0 - \$23,850	10% of taxable income	\$0 - \$11,925	10% of taxable income
\$23,850 - \$96,950	\$2,385 + 12% of the amount over \$23,850	\$11,925 - \$48,475	\$1,192.50 + 12% of the amount over \$11,925
\$96,950 - \$206,700	\$11,157 + 22% of the amount over \$96,950	\$48,475 - \$103,350	\$5,578.50 + 22% of the amount over \$48,475
\$206,700 - \$394,600	\$35,302 + 24% of the amount over \$206,700	\$103,350 - \$197,300	\$17,651 + 24% of the amount over \$103,350
\$394,600 - \$501,050	\$80,398 + 32% of the amount over \$394,600	\$197,300 - \$250,525	\$40,199 + 32% of the amount over \$197,300
\$501,050 - \$751,600	\$114,462 + 35% of the amount over \$501,050	\$250,525 - \$626,350	\$57,231 + 35% of the amount over \$250,525
over \$751,600	\$202,154.50 + 37% of the amount over \$751,600	Over \$626,350	\$188,769.75 + 37% of the amount over \$626,350

Source: Internal Revenue Service

¹Internal Revenue Service, "Revenue Proc. 2024-40;" <https://www.irs.gov/pub/irs-drop/rp-24-40.pdf>.

²Robert Cage, John Greenlees, and Patrick Jackman, "Introducing the Chained Consumer Price Index;" U.S. Bureau of Labor Statistics, May 2003, <https://www.bls.gov/cpi/additional-resources/chained-cpi-introduction.pdf>.

Standard Deduction and Personal Exemption

The standard deduction will increase by \$400 for single filers, \$600 for heads of household, and \$800 for married couples filing jointly. The personal exemption for 2025 remains eliminated.

TABLE 2.

Standard Deduction - 2025

Filing Status	Deduction Amount
Single	\$15,000
Married Filing Jointly	\$30,000
Head of Household	\$22,500

Source: Internal Revenue Service

Alternative Minimum Tax

The Alternative Minimum Tax (AMT) was created in the 1960s to prevent high-income taxpayers from avoiding the individual income tax. This parallel tax income system requires high-income taxpayers to calculate their tax bill twice: once under the ordinary income tax system and again under the AMT. The taxpayer then needs to pay the higher of the two.

The AMT uses an alternative definition of taxable income called Alternative Minimum Taxable Income (AMTI). To prevent low- and middle-income taxpayers from being subject to the AMT, taxpayers may exempt a significant amount of their income from AMTI. However, this exemption phases out for high-income taxpayers. The AMT is levied at two rates: 26 percent and 28 percent.

The AMT exemption amount for 2025 is increased by \$2,400 for singles and \$3,700 for married couples filing jointly.

TABLE 3.

Alternative Minimum Tax Exemptions - 2025

Filing Status	Exemption Amount
Single	\$88,100
Married Filing Jointly	\$137,000

Source: Internal Revenue Service

In 2025, the 28 percent AMT rate applies to excess AMTI of \$239,100 for all taxpayers (\$119,550 for married couples filing separate returns). AMT exemptions phase out at 25 cents per dollar earned once taxpayer AMTI hits a certain threshold.

TABLE 4.

Alternative Minimum Tax Exemption Phaseout Thresholds - 2025

Filing Status	Phaseout Threshold
Single	\$626,350
Married Filing Jointly	\$1,252,700

Source: Internal Revenue Service

Earned Income Tax Credit

The tax year 2025 maximum Earned Income Credit amount is \$8,046 for qualifying taxpayers who have three or more qualifying children, up from a total of \$7,830 for tax year 2024. The maximum credits for 2025 are \$649 for those with no qualifying children, \$4,328 for those with one child, \$7,152 if you have two children, and \$8,046 for those with three or more children.

TABLE 5.
Earned Income Tax Credit Parameters – 2025

		No Children	One Child	Two Children	Three or More Children
Single or Head of Household	Income at Max Credit	\$8,490	\$12,730	\$17,880	\$17,880
	Maximum Credit	\$649	\$4,328	\$7,152	\$8,046
	Phaseout Begins	\$10,620	\$23,350	\$23,350	\$23,350
	Phaseout Ends (Credit Equals Zero)	\$19,104	\$50,434	\$57,310	\$61,555
Married Filing Jointly	Income at Max Credit	\$8,490	\$12,730	\$17,880	\$17,880
	Maximum Credit	\$649	\$4,328	\$7,152	\$8,046
	Phaseout Begins	\$17,730	\$30,470	\$30,470	\$30,470
	Phaseout Ends (Credit Equals Zero)	\$26,214	\$57,554	\$64,460	\$68,675

Source: Internal Revenue Service

Capital Gains

Long-term capital gains are taxed using different brackets and rates than ordinary income.

TABLE 6.
Capital Gains Brackets - 2025

Rate	For Individuals, Taxable Capital Gains over:	For Married Couples Filing Joint, Taxable Capital Gains over:	For Heads of Household, Taxable Capital Gains over:
0%	\$0	\$0	\$0
15%	\$48,350	\$96,700	\$64,750
20%	\$533,400	\$600,050	\$566,700

Source: Internal Revenue Service

Qualified Business Income Deduction (Sec. 199A)

The Tax Cuts and Jobs Act includes a 20 percent deduction for pass-through businesses against up to \$197,300 of qualified business income for unmarried taxpayers and \$394,600 for married taxpayers, \$383,900 in 2024.

TABLE 7.
Qualified Business Income Deduction Thresholds - 2025

Filing Status	Deduction Threshold	2024
Single Individuals	\$197,300	\$191,950
Married Filing Jointly	\$394,600	\$383,900

Source: Internal Revenue Service

Federal Gift & Estate Tax

Trust & Estate Income Tax Brackets

For the tax year 2025, Trust & Estate income is taxed at 10%, 24%, 35%, and 37%, with income exceeding \$15,650 being taxed at the 37% rate. As illustrated below, Trust & Estate income brackets are significantly more compressed than personal income brackets, and as a result tend to pay more taxes than individual or married taxpayers. The table below highlights the comparative income tax disadvantage for trusts and estates relative to married filers³.

TABLE 8.

Income Tax Brackets and Rates – 2025 – Trusts and Estates, MFJ

Trusts & Estates		Married Filing Jointly	
If Taxable Income Is	The Tax Due Is	If Taxable Income Is	The Tax Due Is
\$0 - \$3,150	10% of taxable income	\$0 - \$23,850	10% of taxable income
		\$23,850 - \$96,950	\$2,385 + 12% of the amount over \$23,850
		\$96,950 - \$206,700	\$11,157 + 22% of the amount over \$96,950
\$3,150 - \$11,450	\$315 + 24% of the amount over \$3,150	\$206,700 - \$394,600	\$35,302 + 24% of the amount over \$206,700
		\$394,600 - \$501,050	\$80,398 + 32% of the amount over \$394,600
\$11,450 - \$15,650	\$2,307 + 35% of the amount over \$11,450	\$501,050 - \$751,600	\$114,462 + 35% of the amount over \$501,050
Over \$15,650	\$3,777 + 37% of the amount over \$15,650	over \$751,600	\$202,154.50 + 37% of the amount over \$751,600

Source: Internal Revenue Service

Annual Exclusion for Gifts

In 2025, the first \$19,000 of gifts to any person are excluded from gift tax. This is an increase of \$1,000 from the 2024 exclusion of \$18,000. The exclusion is increased to \$190,000 for gifts to spouses who are not citizens of the United States, up from \$185,000 in 2024.

Estate Gift Tax Exemption

In 2025, the federal estate and gift tax exemption is increased to \$13,990,000 (\$27,980,000 for married couples), up from \$13,610,000 in 2024 (\$27,220,000 for married couples). Gifts or bequests in excess of these thresholds remain subject to gift or estate tax at the highest marginal rate of 40%.

It is worth noting that – without any legislative action – the Tax Cuts and Jobs Act (aka the “Trump Tax Cuts”) is set to sunset on December 31, 2025. Among other dramatic changes to the tax code that would ensue, the current estate and gift tax exemption thresholds would effectively be cut in half starting in 2026. The 2026 estate and gift tax exemption amount in such an instance would be \$5,490,000, adjusted for inflation from 2017, which would likely set exemptions back to approximately \$7mm per taxpayer. The sunset of the Trump Tax Cuts would also impact income tax brackets, SALT caps, the measuring stick for inflation, and other important elements. Of course, given the election results, many tax practitioners speculate that the risk of sunset has been significantly diminished, but it remains the current status without any changes.

³ [65 Day Election](#) – Section 663(b) of the tax code states that any distribution of income by an estate or irrevocable trust within the first 65 days of a tax year can be treated as having been made on the final of the preceding year and will be taxed at the recipients tax bracket rather than compressed trust/estate brackets. Data provided in this article is for informational purposes only and is adapted from sources we believe to be reliable. MBL Advisors does not offer tax advice. Please consult your personal tax advisor.

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