



The below commentary from H&R Block tax experts is customized to support your tax season stories on the top tax tips for 2025. This document is frequently updated. If you have additional questions, please email mediadesk@hrblock.com.

Top Tips for Tax Season 2025

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1. Tax Season 2025 Overview

“There weren’t any major changes to tax laws this year, but there are some things you should know:

Life Changes = Tax Changes: In most cases, changes in someone’s personal life (getting married, having a child, going back to school or starting a business) mean tax changes. One of the most common mistakes we see people make on their taxes is not accounting for those life changes – and this often means they miss out on benefits and leave money on the table. If your life has changed, ensure you know what that means to your tax situation before you file.

Inflation Adjustments: The standard deduction and tax brackets have been updated for inflation. This could mean a lower tax bill or a bigger refund, even if your income didn’t change.

Child Tax Credit: The maximum additional Child Tax Credit has increased to \$1,700 per qualifying child, so you may be eligible for more money if you have kids.

Clean Vehicle Tax Credit: If you bought a new or used electric vehicle and transferred the credit to the dealer, you must file a tax return and report this on Form 8936. If you purchased a vehicle and have documentation from the dealership indicating it qualifies and you didn’t claim that credit at the time of purchase, you may be able to claim that on your tax return.

1099-K: Those who have sold on an online marketplace or have taken payments through third-party payment apps like Venmo or PayPal may receive a Form 1099-K. The threshold for issuing

Form 1099-K has lowered from \$20,000 to \$5,000. Those who receive the form need to know how to report this on their tax return and will want to take into account expenses or basis in what was sold.”

-Andy Phillips, Vice President of the Tax Institute at H&R Block

2. Mid-Year Care Check-In

“A mid-year review of your tax plan is essential to ensuring that your tax plan continues to adequately meet your needs. A change in life circumstances such as a birth, marriage, or new job, or the introduction of tax legislation may impact the efficacy of your tax plan. Tax year 2025 is expected to be a tumultuous year for tax planning due to a change in administration and the looming expiration of the Tax Cut and Jobs Act (TCJA), so a mid-year check in will help you stay ahead and take advantage of any of these changes.

Those who owed unexpectedly last tax season should consider a mid-year check in and tax assessment to ensure withholdings and financial setup will serve them well when filing taxes.”

- Alison Flores, Manager, the Tax Institute at H&R Block

3. 1099-DA for Digital Assets

If you sell or exchange digital assets, like crypto, you’ll want to keep good records in 2025 of your transactions, including capital gains or losses. The broker from the platform you use for trading will report that activity on the new Form 1099-DA, which taxpayers will receive in 2026.

-Andy Phillips, Vice President of the Tax Institute at H&R Block

4. 1099-K Threshold Reduction

Starting with the tax year 2024, more Americans who earn income through third-party payment apps (such as Venmo or Cash App) or online marketplaces (like Etsy) will receive a Form 1099-K due to a reduction in the current \$20,000 threshold. The IRS announced that it would reduce the threshold to \$5,000 for the 2024 tax year before transitioning to a \$2,500 threshold for tax year 2025 and \$600 threshold for tax year 2026. This change affects individuals with side hustles, small businesses, or those selling personal items and accepting payments via these platforms.

-Andy Phillips, Vice President of the Tax Institute at H&R Block

5. Clean Vehicle Tax Credit

If you bought an eligible new or used vehicle in 2024 and chose to transfer that credit to the dealership, bring that documentation when you file your taxes. You will need to file a tax return and attach a Form 8936 showing you applied for and received that credit. If you did not transfer the credit and you have that documentation from the dealership showing it's eligible, you may be able to claim the credit on your tax return.

-Andy Phillips, Vice President of the Tax Institute at H&R Block

6. Develop a Tax Plan

Developing a tax plan can help you minimize your tax liability by maximizing your credits and deductions. Tax planning allows you to adjust your financial situation to meet the criteria for these credits and deductions, potentially reducing how much you owe or increasing your refund.

Ensure the amount of money withheld from your paycheck and other income sources, such as social security benefits or stock sales, is sufficient to avoid penalties for underpayment of taxes. In some cases, your withholding may not be enough, requiring you to make quarterly estimated tax payments or adjust your withholding.

H&R Block has several online resources to help you in the process of tax planning. H&R Block also offers free Mid-Year Care Check-Ins to ensure tax filers are on track for their maximum refund next tax season.

- Alison Flores, Manager, the Tax Institute at H&R Block

7. Disaster Relief and Postponed Deadlines

There were many natural disasters declared in 2024, often followed by IRS filing relief. Those impacted by disasters in late 2024 may be able to postpone their 2024 tax returns and tax payments until after the April 15, 2025, deadline. Ask your tax professional if your area qualifies for relief.

New legislation provides additional benefits to taxpayers impacted by disasters, allowing them to claim an additional standard deduction. This will streamline the process for taxpayers with losses. New legislation also impacts taxpayers with settlement income from wildfires and those receiving payments from the East Palestine, Ohio derailment.

- Alison Flores, Manager, the Tax Institute at H&R Block

8. Duplicate Dependent Returns

Taxpayers are now able to e-file their tax returns even if they are claiming a dependent that has already been claimed on someone else's tax return. This change benefits those with dependents who have been claimed fraudulently by identity thieves or those in extended family and divorce situations where there has been confusion regarding which person should claim the dependent.

The primary taxpayer – that's you if you file as head of household or single, or the first spouse listed on the return if you file jointly - must obtain an Identity Protection Personal Identification Number (IP PIN) from the IRS if they do not already have one.

- Alison Flores, Manager, the Tax Institute at H&R Block

9. Early Retirement Distributions

- Generally, you'll wait until you are at least age 59½ to distribute money from your retirement plan, unless an exception applies. Otherwise, early distributions are subject to a 10% additional tax.
- Under the SECURE Act 2.0, there are two new exceptions to the 10% additional tax for 2024:
 - Emergency Expenses: You can take an early distribution to cover an unforeseen emergency expense of up to \$1,000 in one tax year.
 - Domestic Abuse: You can take an early distribution of the lesser of \$10,000 or 50% of your account value in cases of domestic abuse in 2024.
- In both cases, you may choose to repay this amount within 3 years to avoid tax on the early distribution.

- Alison Flores, Manager, the Tax Institute at H&R Block

10. Green Energy Credits

Beginning in 2025, for property to qualify for the Energy Efficient Home Improvement Credit it must be produced by a qualified manufacturer and have a product identification number. Qualified manufacturers are responsible for assigning the identification number to the product and ensuring it is labeled as qualifying property.

-Andy Phillips, Vice President of the Tax Institute at H&R Block

11. Inflation Amounts

Higher contribution limits apply to some retirement and other tax advantaged accounts in 2025, allowing you to save more if you already max out your contributions. Not at the max?

Considering increasing your contributions every year. Increasing your contributions can save money at tax time and help shore up your accounts for retirement.

- 401(k), 403(b), 457(b), and TSP accounts
 - The maximum you can contribute from your paycheck (called elective deferrals) increased to \$23,500 (up \$500) for 2025.
 - Catch up contributions, additional contributions allowed for employees aged 50 and over, are \$7,500 for both years.
 - However, employees aged 60 to 63 are allowed catch-up contributions of \$11,250 in 2025.
- IRA Contributions
 - The maximum IRA contribution remains \$7,000 for 2025.
 - The \$1,000 catch-up contribution for people aged 50 and over is not adjusted for inflation.
- Health Savings Accounts (HSAs):
 - The contribution limit to a health savings account, or HSA, depends on the type of high deductible health plan (HDHP) you are covered under and when you were covered by the HDHP.
 - For family coverage, you can contribute up to \$8,550 to your HSA in 2025 (up \$250 from 2024).
 - If your HDHP only covers you, you can contribute up to \$4,300 to your HSA (up \$150 from 2024).
 - Whether your HDHP covers you or your family, an additional catch-up contribution of \$1,000 is allowed if you are 55 or older.

- Alison Flores, Manager, the Tax Institute at H&R Block

12. Online Misinformation About Taxes

In recent years, we've seen increasing cases of misinformation online, particularly on social media, telling people they can claim tax benefits that are either nonexistent or that they're not eligible for. Taxpayers should exercise caution when relying on claims made on social media and should ensure they only use reliable sources when making tax decisions.

H&R Block has several resources to validate information, including our online Tax Information Center that houses thousands of helpful articles to help tax filers navigate their top filings questions

-Andy Phillips, Vice President of the Tax Institute at H&R Block

13. Refunds and Balance Due

Due to various tax law changes in recent years, more taxpayers may be noticing smaller refunds or may even owe taxes for the first time. If you are concerned about receiving a larger refund or not owing a balance, check your withholding to ensure your employer is withholding the proper amounts from your paychecks based on Form W-4. Consider submitting a new Form W-4 to ensure withholding is at the amount you need to cover your tax bill at the end of the year.

-Andy Phillips, Vice President of the Tax Institute at H&R Block

14. Required Minimum Distribution for Retirement

Under a new law called SECURE 2.0, if someone inherits an IRA or retirement plan, they must start taking annual required minimum distributions (RMDs) and fully withdraw the account balance by the end of the 10th year after the original account holder's death. This rule applies if the person who passed away was already taking RMDs or was supposed to start taking them.

However, there are exceptions for some beneficiaries, like a surviving spouse. The IRS is also giving transition relief, meaning beneficiaries don't have to start taking RMDs until 2025.

- Alison Flores, Manager, the Tax Institute at H&R Block

15. Tax on Excess Retirement Plan Accumulations

- If you're required to take a minimum distribution from your retirement plan and do not, you may be subject to an excise tax.
- Under a new law (SECURE 2.0), the excise tax is reduced from 50% to 25% starting in 2023. In addition, some taxpayers may be eligible for a further reduction to a 10% excise tax if they make up the shortfall within a "correction window."
- If you find yourself in this situation, work with your tax professional and plan trustee to determine the best way to minimize potential excise taxes.

- Alison Flores, Manager, the Tax Institute at H&R Block