

Adjustments to income (above the line → AGI)

- ✓ Adjustments:
 - Traditional IRA
 - Student loan interest
 - Educator expenses
 - Early-withdrawal penalty
 - ½ SE tax
 - Pre-2019 alimony
- ✓ **MAGI** = AGI + certain add-backs; gates IRA deductions, education credits, PTC and CTC
- ✓ **Rates (2025)**: ordinary 10%—37%; long-term capital gain (held >1 yr) 0/15/20%

Social Security taxability

Combined income = AGI + nontaxable interest + ½ of SS benefits

Filing status	Combined income	Taxable
Single	Under \$25,000	None
Single	\$25,000—\$34,000	Up to 50%
Single	Over \$34,000	Up to 85%
MFJ	Under \$32,000	None
MFS, living with spouse	\$0 threshold	Up to 85%

Senior deduction: extra \$6,000 per person age 65+ (2025—2028), itemizing or not; phases out above MAGI \$75,000 / \$150,000 MFJ

Capital gains and losses

- ✓ **Short-term** (held ≤1 yr): ordinary rates. **Long-term** (>1 yr): capital gain rates
- ✓ Net capital loss deduction limited to **\$3,000/yr**; excess carries forward. **Sch D / Form 8949**
- ✓ **Amount realized** = value received; **amount recognized** (taxable) = realized – (basis + sale expenses)
- ✓ **Wash sale**: loss **disallowed** if a substantially identical security is repurchased within **30 days**; the disallowed loss is added to the new basis. **Does not apply to digital assets**
- ✓ **Inherited securities basis** = FMV at date of death
- ✓ **Personal-use** items: gains taxable, losses **not** deductible

Retirement distributions

- ✓ **Traditional IRA**: fully taxable if no basis
- ✓ **Roth**: tax-free if qualified (**5-year** rule)
- ✓ **SEP, SIMPLE, 401(k), 403(b)**: fully taxable unless there is after-tax basis
- ✓ **Trump accounts** (OBBBA): tax-deferred IRA for minors
 - \$1,000 federal seed (born 2025—2028)
 - No contributions before **July 4, 2026**; then \$5,000/yr limit
 - After 18, traditional-IRA rules (10% penalty before 59½)

Digital assets and installment sales

- ✓ **Digital assets** = property (not securities); taxed on sale or exchange and when received via fork, staking or mining; **Form 8949 → Sch D; 1099-DA**
- ✓ **Installment sale** (Form 6252): taxable gain each year = payment × **gross profit %** (gross profit ÷ contract price)

Required minimum distributions

- ✓ Begin at age **73** (born 1951—1959) or **75** (born 1960+)
- ✓ First RMD may be deferred to **April 1** of the next year
- ✓ Still-working exception if not a **>5% owner**
- ✓ **Uniform Lifetime Table** (joint table if the spouse is >10 years younger)
- ✓ Missed RMD: **25% excise** (10% if fixed within 2 years); **Form 5329**

Rental and pass-through income

- ✓ **Rental** (Sch E): passive; **\$25,000** loss allowance against ordinary income, phased out at **MAGI \$100,000—\$150,000**
- ✓ **Real estate professional**: ≥750 hrs and >½ of working time in real estate
- ✓ Services rented with it (meals, laundry) → **Sch C + SE tax**
- ✓ **Vacation home** rented ≤14 days: income not taxable, expenses not deductible
- ✓ **Schedule K-1**: reports a pass-through owner's share (partnership, S corp, estate, trust)