Your Federal Income Tax

Your Financial Complexities Simplified

Filing requirements, deductions, credits, and payment options.

A quick-reference overview of how the federal income tax system works — covering who needs to file, how deductions and credits reduce what you owe, and the ways you can pay.

Who Needs to File

Whether you're required to file a federal return depends on your filing status, age, and gross income. General 2025 thresholds:

Filing Status	Filing Threshold (under 65)
Single	$14,600
Married Filing Jointly	$29,200
Married Filing Separately	$5
Head of Household	$21,900
Qualifying Surviving Spouse	$29,200

Even if you're below the threshold, you may want to file to claim a refund of withheld taxes or refundable credits like the EITC.

Standard vs. Itemized Deductions

Every taxpayer reduces their taxable income by either the standard deduction (a flat amount based on filing status) or itemized deductions (adding up specific expenses like mortgage interest, charitable gifts, and medical costs). You take whichever is larger.

Filing Status	2025 Standard Deduction
Single	$14,600
Married Filing Jointly	$29,200
Head of Household	$21,900

Common Tax Credits

· Child Tax Credit: Up to $2,000 per qualifying child under 17

· Earned Income Tax Credit (EITC): For low-to-moderate income workers, especially with children

· Child and Dependent Care Credit: For childcare expenses that allow you to work

- American Opportunity / Lifetime Learning Credit: For qualified education expenses
- Saver's Credit: For contributions to a retirement account, based on income

Credits reduce your tax bill dollar-for-dollar — more powerful than a deduction, which only reduces taxable income.

Understanding Your Tax Bracket

The U.S. uses a progressive, marginal tax bracket system. This means only the income within each bracket is taxed at that bracket's rate — not your entire income. Moving into a higher bracket doesn't mean all your income is taxed higher, only the portion above that threshold.

Payment Options

- Direct Pay: Pay directly from a bank account for free at IRS.gov
- IRS Online Account: View your balance, payment history, and set up a plan
- Installment Agreement: Monthly payment plan if you can't pay in full
- Debit/Credit Card: Pay via an IRS-authorized processor (fees apply)
- Check or Money Order: Mailed with a payment voucher (Form 1040-V)

Numbers above reflect 2025 figures and are provided for general reference. We'll confirm the exact figures that apply to your specific return.

Questions about this worksheet? Contact AskHolmes at askholmes.info or (786) 550-5959.