

2025 Federal Income Tax Brackets – Video Transcript

The IRS automatically adjusts federal income tax brackets and the standard deduction each year to account for inflation.

Here is a table of the 2025 federal income tax brackets for single and joint filers, along with the standard deduction amounts.

There are seven brackets in total, ranging from 10% to 37%.

The U.S. tax system is progressive, which means that the tax rate increases as your income goes up.

Your *marginal* tax rate corresponds to the highest tax bracket that your last dollar of taxable income falls into.

For example, a single filer with a taxable income of \$80,000 would have a marginal tax rate of 22%.

Your *effective* tax rate is the actual percentage of tax that you pay on *all* your taxable income, not just the rate you pay on your last dollar. It is almost always lower than your marginal tax rate.

For example, our single filer won't pay a 22% tax rate on all income, only on the amount over the previous bracket's top amount.

To determine your effective tax rate, divide total taxes paid by your taxable income, then multiply by 100. In our example, the effective tax rate is lower than the marginal rate.

These tax brackets will come into play when you file your 2025 tax return next year.

This hypothetical example is used for illustration purposes only. Actual results will vary. This information is not intended as tax, legal, investment, or retirement advice or recommendations, and it may not be relied on for the purpose of avoiding any federal tax penalties. You are encouraged to seek guidance from an independent tax or legal professional.