

2026 Federal Tax Guide

INCOME	
If Taxable Income is Between:	The Tax Due is:
Unmarried Individuals	
Not over \$12,400	10% of taxable income
Over \$12,400 to \$50,400	\$1,240 + 12% of the excess over \$12,400
Over \$50,400 to \$105,700	\$5,800 + 22% of the excess over \$50,400
Over \$105,700 to \$201,775	\$17,996 + 24% of the excess over \$105,700
Over \$201,775 to \$256,225	\$41,024 + 32% of the excess over \$201,775
Over \$256,225 to \$640,600	\$58,448 + 35% of the excess over \$256,225
Over \$640,600	\$192,979.25 + 37% of the excess over \$640,600
Married Filing Jointly and Surviving Spouses	
Not over \$24,800	10% of taxable income
Over \$24,800 to \$100,800	\$2,480 + 12% of the excess over \$24,800
Over \$100,800 to \$211,400	\$11,600 + 22% of the excess over \$100,800
Over \$211,400 to \$403,550	\$35,932 + 24% of the excess over \$211,400
Over \$403,550 to \$512,450	\$82,048 + 32% of the excess over \$403,550
Over \$512,450 to \$768,700	\$116,896 + 35% of the excess over \$512,450
Over \$768,700	\$206,583.50 + 37% of the excess over \$768,700
Heads of Household	
Not over \$17,700	10% of taxable income
Over \$17,700 to \$67,450	\$1,770 + 12% of the excess over \$17,700
Over \$67,450 to \$105,700	\$7,740 + 22% of the excess over \$67,450
Over \$105,700 to \$201,750	\$16,155 + 24% of the excess over \$105,700
Over \$201,750 to \$256,200	\$39,207 + 32% of the excess over \$201,750
Over \$256,200 to \$640,600	\$56,631 + 35% of the excess over \$256,200
Over \$640,600	\$191,171 + 37% of the excess over \$640,600
Married Filing Separately	
Not over \$12,400	10% of taxable income
Over \$12,400 to \$50,400	\$1,240 + 12% of the excess over \$12,400
Over \$50,400 to \$105,700	\$5,800 + 22% of the excess over \$50,400
Over \$105,700 to \$201,775	\$17,996 + 24% of the excess over \$105,700
Over \$201,775 to \$256,225	\$41,024 + 32% of the excess over \$201,775
Over \$256,225 to \$384,350	\$58,448 + 35% of the excess over \$256,225
Over \$384,350	\$103,291.75 + 37% of the excess over \$384,350

Additional 3.8% Net Investment Income Tax (NIIT), including but not limited to, interest, dividends, capital gains, rent, and royalties for Individuals over \$200,000 or Married/Joint over \$250,000. Additional .9% applies to earned income over same amounts. -Affordable Care Act and Medicare.

ESTATES & TRUSTS		
Annual Exclusion		
Exclusions	Amount	
Individual	\$19,000	
Non-Citizen Spouse	\$194,000	
<i>Annual exclusion requires a "present interest" to the donee. This includes gifts made outright, and certain trusts, like minor's trusts, simple trusts, and trusts with Crummey withdrawal powers.</i>		
Gift, Estate, and Generation Skipping Exemptions & Rates		
Year	Basic Exclusion Amount	Maximum Rate
2011	5,000,000	35%
2012	5,120,000	35%
2013	5,250,000	40%
2014	5,340,000	40%
2015	5,430,000	40%
2016	5,450,000	40%
2017	5,490,000	40%
2018	11,180,000	40%
2019	11,400,000	40%
2020	11,580,000	40%
2021	11,700,000	40%
2022	12,060,000	40%
2023	12,920,000	40%
2024	13,610,000	40%
2025	13,990,000	40%
2026	15,000,000	40%

Estates & Trusts over top tax bracket \$16,000 in 2026) also pay 3.8% NIIT on undistributed NII.

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2013	5,250,000	40%
2014	5,340,000	40%
2015	5,430,000	40%
2016	5,450,000	40%
2017	5,490,000	40%
2018	11,180,000	40%
2019	11,400,000	40%
2020	11,580,000	40%
2021	11,700,000	40%
2022	12,060,000	40%
2023	12,920,000	40%
2024	13,610,000	40%
2025	13,990,000	40%
2026	15,000,000	40%

Basic/Applicable Exclusion/Portability

The Basic Exclusion Amount (BEA) is what an individual can pass gift/estate tax free. Applicable Exclusion Amount is the BEA plus any Deceased Spousal Unused Exclusion (DSUE), often referred to as 'portability'. DSUE applies for GIFT and ESTATE, but not GSTT. Portability is elected by timely filing the estate tax return.

Generation-Skipping Transfer Tax (GSTT)

GSTT is imposed on gifts or bequests to persons two or more generations below the transferor ("skip persons") upon the occurrence of one of three events: "direct skip," "taxable termination," or "taxable distribution." GSTT is in addition to gift or estate tax. The GSTT exemption is equal to the BEA.



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OTHER INCOME ISSUES	
Standard Deductions	
Filing Status	Amount
Unmarried Individuals	\$16,100
Married / Joint	\$32,200
Married / Separate	\$16,100
Head of Household	\$24,150
Dependent	\$1,350 or \$450 + earned income
Additional Deduction	
• Blind or over 65 (Single or head of household)	\$2,050
• Blind or over 65 (All other filing statuses)	\$1,650

Exemptions / Exclusions	
Exemption or Exclusion	Amount
Individual Personal Exemption and Grantor Trusts	0
Estates	\$600
Simple Trusts (required to distribute all income)	\$300
Complex Trusts (may accumulate income)	\$100

Kiddie Tax	
Unearned income for children under age 19, or full-time students under age 24, is as follows:	
Income	Tax
First \$1,350	Tax Free
Next \$1,350	Child's Rate
Over \$2,700	Parent's Marginal Rate

Alternative Minimum Tax (AMT) Exemptions	
Filing Status	Tax
Unmarried Individuals	\$90,100
Married Filing Jointly & Surviving Spouses	\$140,200
Married Filing Separately	\$70,100
Estates and Trusts	\$31,400

This guide is accurate to current law as of 1/1/2026. Legislation passed by the new President and Congress could affect the rules in this guide based on changes in the law.

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TAX CUTS, JOBS ACT, AND OBBBA

Standard Deduction generally doubled to \$16,100 Single \$32,200 Married filing jointly. The OBBBA makes this permanent.

Personal exemptions suspended for individuals, not for estates and trusts IRC 642(b).

Miscellaneous itemized deductions suspended. Trusts & estates cannot deduct investment fees and expenses, unreimbursed business expenses, etc. The 2% limit does not apply to administration expenses incurred solely because property is in an estate or trust, so trustee fees are still deductible. IRC 67(e).

State and Local Tax (SALT) deduction (e.g. sales tax, income tax, and property tax) capped at \$40,000 with income limits that can bring it back down to \$10,000.

Repealed the Affordable Care Act Individual Mandate in 2019.

Long-term Capital Gains and Qualified Dividends

Single	Married/Joint	Estates and Trusts	Rate
Up to \$49,450	Up to \$98,900	Up to \$3,300	0
\$49,450 to \$545,500	\$98,900 to \$613,700	\$3,300 - \$16,250	15%
Over \$545,500	Over \$613,700	Over \$16,250	20%

Primary residence sale capital gain exemption remains \$250,000 Single, \$500,000 Married.

Mortgage Interest deduction on new acquisition indebtedness and/or Home Equity Line used to buy, build, or substantially improve primary and/or second homes combined capped at \$750,000.

529 plans include K-12 up to \$10,000/year, and \$15,000/year may move to a 529 ABL account (may be subject to State Medicare clawback at death).

Charitable deductions percentage of AGI limit on cash donations to public charity increased to 60% of AGI through 2025 and Pease limits used to phase-out deductions of high-income taxpayers were eliminated, but other upper limit deduction reductions were passed.

Qualified Charitable Distributions from IRAs allowed over age 70 ½ up to \$111,000 (indexed) annually.

Unreimbursed Medical Expenses exceeding 7.5% of AGI are deductible.

Alimony is not deductible by payor, nor taxable to recipient for divorce decrees issued after 12/31/18.

SECURE Act Tax Final Regulations

Retirement Accounts must, generally be distributed within 10 years after death of the participant if there is a "designated beneficiary" (DB). Distributions must be made during the 10-year period "at least as rapidly" (ALAR) as before if the participant-decedent was over RMD age. For non-designated beneficiaries (non-DB), the same rules apply but with a 5 year maximum term, and exceptions are permitted for Eligible Designated Beneficiaries (EDB) for life expectancy distributions to spouse, person not more than 10 years younger, disabled or chronically ill person, and for minors to age 31.

Trusts are tested by determining the beneficiaries, using the definitions above for the countable beneficiaries and then whether the trust is a "see-through trust" and if so, whether it is a Conduit trust (passes through all receipts from retirement plans) or an Accumulation trust (Not a Conduit). The final regulations provide guidance as to countable beneficiaries. RMD shortfall penalties are waived for 2021-2024 but return in 2025 at 25%, reduced to 10% for timely correction.

Roth accounts have no lifetime RMD but must follow the above rules **after death** of the participant.

RETIREMENT

Government Benefits

Social Security or Medicare	2025	2026
Cost of Living Adjustment	2.50%	2.80%
Social Security Wage Base (OASDI only)	\$176,100	\$184,500
Social Security Tax Rate	6.20%	6.20%
Medicare Tax Rate up to \$200,000	1.45%	1.45%
Medicare Tax Rate over \$200,000 add .9%	2.35%	2.35%

Retirement Plans Limits

Internal Revenue Code (IRC) limits on benefits and contributions for retirement plans. IRC also limits the amount of compensation considered to compute benefits and contributions. Limits are adjusted for cost-of-living increases.

Type or Limit	2025	2026
Employee Deferral Limit to 401(k), 403(b) and 457 plans	\$23,500	\$24,500
• 401(k), 403(b) and 457 Catch-up Contribution, age 50+	\$7,500	\$8,000
• 401(k), 403(b) and 457 Catch-up Contribution, age 60-63	\$11,250	\$11,250
Defined Benefit plan Dollar Limit	\$280,000	\$290,000
Defined Contribution plan Dollar Limit	\$70,000	\$72,000
Compensation Limit	\$350,000	\$360,000
SIMPLE Retirement Accounts	\$16,500	\$17,000
• SIMPLE Catch-up Contribution, age 50+	\$3,500*	\$4,000*
• SIMPLE Catch-up Contribution, age 60-63	\$5,250	\$5,250
IRA Contribution Limit	\$7,000	\$7,500
• IRA Catch-up Contribution, age 50+	\$1,000	\$1,100
HSA annual contribution limit – Single Coverage	\$4,300	\$4,400
HSA annual contribution limit – Family Coverage	\$8,550	\$8,750

*\$3,850 for plans with 25 or fewer employees, or that elect this higher limit.



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