



## 2026 Federal US Tax Update

Presented by  
InvestCloud

Version 1.0  
Revised: January 2026

# Revision History

Date	Revision	Author(s)	Description
11/19/2025	1.0	J. Chan	Creation of Document

## Version 1.0 Highlights

- 2026 Annual Inflation Updates
- Standard deduction updates
- Social Security annual updates
- Gift exclusion
- Estate exemption updates
- Pension and contribution limit updates
- Tax bracket updates
- Long-term care
- Per Diem amount
- Limitation on premium deduction
- AMT threshold and exemption updates
- Qualified Business Income deduction updates

# Table of Contents

<b>Part A - Glossary .....</b>	<b>4</b>
1. Glossary of Terms.....	4
<b>Part B - Executive Summary .....</b>	<b>4</b>
2. Introduction and Scope.....	4
3. Related Documents.....	5
4. Version Application.....	5
5. Project Contacts.....	5
<b>Part C - Functional Requirements.....</b>	<b>6</b>
6. FUNCTIONALITY .....	6
6.1 <i>Tax Items in both Average and Detailed</i> .....	6
6.1.1 Standard Deduction .....	6
6.1.2 Personal exemptions .....	6
6.1.3 Itemized Deduction Phase-outs.....	6
6.1.4 Social Security.....	7
6.1.5 Annual Gift Exclusion .....	8
6.1.6 GSTT Exemption.....	8
6.1.7 Pension & Contribution Limits .....	9
6.1.8 Inflation Rate .....	10
6.1.9 Life expectancy graph updates .....	11
6.1.10 Poverty Guidelines.....	14
6.2 <i>Average Tax Method Federal income tax brackets</i> .....	15
6.3 <i>Detailed Tax Federal income tax brackets</i> .....	16
6.3.1 Federal income tax brackets.....	16
6.3.2 Child and Family Tax Credit Earned Income Threshold.....	17
6.3.3 Coverdell Educational Savings Accounts.....	17
6.3.4 Child and Dependent Care Credit.....	18
6.3.5 Other Credits.....	18
6.3.6 Long-term Care .....	18
6.3.7 Kiddie Tax.....	18
6.3.8 AMT exemption amount .....	19
6.3.9 Qualified Business Deduction .....	19

# Part A - Glossary

## 1. Glossary of Terms

Term / Acronym	Description
Desktop	Windows-based application
Online/Offline	Browser-based application
AMT	Alternative Minimum Tax

# Part B - Executive Summary

## 2. Introduction and Scope

This document outlines the necessary changes that are required as part of the 2026 US federal tax updates. This document covers legislative changes in the following areas for both the average income tax and detailed income tax methods:

- A. Average Tax Method
  - i) Federal income tax brackets
  - ii) Social Security wage base
  - iii) Inflation
  - iv) Standard deduction
  - v) Personal exemptions
  - vi) Planning Assistant tests
  - vii)Poverty Update
  - viii) Report Updates
- B. Detailed Tax Method
  - i) Federal income tax brackets
  - ii) Social Security wage base
  - iii) Inflation
  - iv) Standard deduction
  - v) Personal exemption
  - vi) AMT Line numbers
  - vii)Help Updates

### 3. Related Documents

#### 3.1 Sources

- A. <https://www.ssa.gov/oact/cola/cbb.html>
- B. <https://www.ssa.gov/OACT/COLA/bendpoints.html>
- C. <https://www.irs.gov/newsroom/irs-releases-tax-inflation-adjustments-for-tax-year-2026-including-amendments-from-the-one-big-beautiful-bill>
- D. <https://www.irs.gov/pub/irs-dft/i8801--dft.pdf>

### 4. Version Application

Check all that apply	
Calculators	<input type="checkbox"/>
Forecaster Assessment	<input checked="" type="checkbox"/>
Online	<input checked="" type="checkbox"/>
Offline	<input checked="" type="checkbox"/>
Desktop	<input checked="" type="checkbox"/>
USA	<input checked="" type="checkbox"/>
CDN	<input type="checkbox"/>

### 5. Project Contacts

J. Chan, Senior Business Analyst

# Part C - Functional Requirements

## 6. Functionality

### 6.1 Tax Items in both Average and Detailed

#### 6.1.1 Standard Deduction

<https://www.irs.gov/pub/irs-drop/rp-25-32.pdf>

The Standard Deduction amounts are increased as of January 1, 2026.

Filing Status	Regular Deduction	Add'l: 65+ or blind
Single	\$16,100	\$2,050
MFJ	\$32,200	\$1,650
MFS	\$16,100	\$1,650
HOH	\$24,150	\$1,350

For tax years beginning in 2026, the standard deduction amount for an individual who may be claimed as a dependent by another taxpayer cannot exceed the greater of \$1,350 or the sum of \$450 and the individual's earned income. This is for your return if you are claimed as a dependent by someone else and is relatively unimportant for the case (this is not supported in the software).

#### 6.1.2 Personal exemptions

For tax year 2026, personal exemptions remain at 0, as in tax year 2025. The elimination of the personal exemption was a provision in the Tax Cuts and Jobs Act of 2017 and was made permanent by OBBB. (The personal exemption described here does not include the senior deduction added by OBBB.)

#### 6.1.3 Itemized Deduction Phase-outs

The limitation on itemized deductions was previously eliminated for tax years 2018-2025. The elimination of the limitation was made permanent by OBBB, although it imposes a limitation on the tax benefit from itemized deductions for those taxpayers in the highest tax bracket (37%).

### 6.1.4 Social Security

- The Social security wage base for 2026 is \$184,500 (2025 was \$176,100)  
<https://www.ssa.gov/oact/cola/cbb.html>
- Future maximum earnings (projected wage base) from 2021 OASDI Trustees Report are shown in column 5 of table below.
- Intermediate Cost-of-Living increases 2024 – 2034  
<https://www.ssa.gov/oact/TR/2025/index.html>

Calendar year	Cost-of-living benefit increase %	Average wage index (AWI)		Contribution and benefit base	Retirement earnings test exempt amount	
		Amount	Increase %		Under NRA	At NRA
Intermediate:	(Cost projections)					
2024	2.5	69,472.44	5.6	168,600	22,320	59,520
2025	2.7	72,255.52	4.0	176,100	23,400	62,160
2026	2.5	75,264.81	4.2	183,600	24,360	64,800
2027	2.4	78,304.32	4.0	190,800	25,320	67,440
2028	2.4	81,522.64	4.1	198,900	26,400	70,200
2029	2.4	84,736.18	3.9	207,000	27,480	73,080
2030	2.4	88,030.45	3.9	215,400	28,560	76,080
2031	2.4	91,479.46	3.9	223,800	29,760	79,080
2032	2.4	95,090.94	3.9	232,500	30,840	82,080
2033	2.4	98,856.61	4.0	241,800	32,040	85,320
2034	2.4	102,670.10	3.9	251,100	33,360	88,680

- Earnings Test Exempt Amounts for 2026: Lower at Normal Retirement Age (“NRA”): \$24,480; Higher (at NRA): \$65,160  
<https://www.ssa.gov/oact/cola/rtea.html>
- Benefit Formula “bend points” for 2026 are  
<https://www.ssa.gov/OACT/COLA/bendpoints.html>
- Dollar amounts in Primary Insurance Amount (PIA) formula  
<https://www.ssa.gov/OACT/COLA/piaformula.html>  
First: \$1,286 (2025 value was \$1,226)  
Second: \$7,749 (2025 value was \$7,391)
- Dollar amounts in maximum family benefit formula  
<https://www.ssa.gov/OACT/COLA/familymax.html>  
First: \$1,643 (2025 value was \$1,567)  
Second: \$2,371 (2025 value was \$2,262)  
Third: \$3,093 (2025 value was \$2,950)

### 6.1.5 Annual Gift Exclusion

- For tax year 2026, the annual exclusion amount for gifts remains at \$19,000.

### 6.1.6 GSTT Exemption

- The GSTT exemption for decedents dying or gifts made after December 31, 2013 is equal to the basic exclusion amount for estate tax purposes.
- The GSTT rate for transfers made after 2011 is equal to the highest estate and gift tax rate in effect for such year (35% for 2012 and 40% for 2013+).
- The Estate Exemption is increased for 2026 to \$15,000,000.
- The increase is scheduled to sunset Dec 31 2025. On January 1 2026, we will revert to the 2017 value (indexed).

Year	Exemption	GSTT
2010	\$5,000,000	same as applicable exclusion
2011	\$5,000,000	same as applicable exclusion
2012	\$5,120,000	same as applicable exclusion
2013	\$5,250,000	same as applicable exclusion
2014	\$5,340,000	same as applicable exclusion
2015	\$5,430,000	indexed after
2016	\$5,450,000	Indexed after
2017	\$5,490,000	Indexed. same as applicable exclusion
2018	\$11,180,000	Indexed. Same as applicable exclusion
2019	\$11,400,000	Indexed. Same as applicable exclusion
2020	\$11,580,000	Indexed. Same as applicable exclusion
2021	\$11,700,000	Indexed. Same as applicable exclusion
2022	\$12,060,000	Indexed. Same as applicable exclusion
2023	\$12,920,000	Indexed. Same as applicable exclusion
2024	\$13,610,000	Indexed. Same as applicable exclusion
2025	\$13,990,000	Indexed. Same as applicable exclusion
2026	\$15,000,000	Indexed. Same as applicable exclusion

Flat tax equal to maximum estate tax rate

Source for Annual Gift Exclusion and GSTT:

<https://www.irs.gov/pub/irs-drop/rp-25-32.pdf>

### 6.1.7 Pension & Contribution Limits

Item	2026	2025	2024	2023
402(g) – exclusion for elective deferrals for 401(k), 403(b), and most 457 plans	\$24,500	\$23,500	\$23,000	\$22,500
415(c) – defined contribution plan limit (including SEP & Keogh Plans)	\$72,000	\$70,000	\$69,000	\$66,000
414(v) – for catch up contributions to 401(k), 403(b), and most 457 plans.	\$8,000	\$7,500	\$7,500	\$7,500
Annual Compensation limit under section 401(a)(17) (includes SEP)	\$360,000	\$350,000	\$345,000	\$330,000
Annual defined benefit contribution limit 415(b)(1)(A) <sup>1</sup>	\$290,000	\$280,000	\$275,000	\$265,000
IRA contribution base limit 219(b)(5)(A)	\$7,500	\$7,000	\$7,000	\$6,500
IRA contribution catch-up limit	\$1,100	\$1,000	\$1,000	\$1,000
HSA single coverage base limit	\$4,400	\$4,300	\$4,150	\$3,850
HSA family coverage base limit	\$8,750	\$8,550	\$8,300	\$7,750
HSA contribution catch-up limit	\$1,000	\$1,000	\$1,000	\$1,000

IRA contribution limit for active participation 219(g)(3) MFJ	Start: More than \$129,000	End: Less than \$149,000
IRA contribution limit for active participation 219(g)(3) Single/HoH	Start: More than \$81,000	End: Less than \$91,000
IRA contribution limit for active participation for either the active or non-active participant spouse (Detailed Tax only) 219(g)(3) MFS	Start: More than \$0	End: Less than \$10,000
IRA contribution limit for non-active participation with active spouse MFJ	Start: More than \$242,000	End: Less than \$252,000
Roth IRA contribution limit (phase out limit) for MFJ	Start: More than \$242,000	End: Less than \$252,000
Roth IRA contribution limit (phase out limit) for Single	Start: More than \$153,000	End: Less than \$168,000
Roth IRA contribution limit (phase out limit) for MFS	Maximum \$10,000	

Note: Starting in 2007, these values have been indexed by inflation.

<https://www.irs.gov/pub/irs-drop/n-25-67.pdf>

<sup>1</sup> Used in some custom planning assistant tests

### 6.1.8 Inflation Rate

- The inflation rate is used for the inflation rate graph in Assumptions. All versions have tables and graphs to show inflation.

Values to use:

Year	Inflation
2025	2.60%
2024	2.95%
2023	4.12%
2022	8.00%
2021	4.75%
2020	1.18%
2019	1.81%
2018	2.44%
2017	2.13%
2015	1.26%
2015	0.12%
2014	1.62%

- References:  
<http://www.inflation.eu/inflation-rates/united-states/historic-inflation/cpi-inflation-united-states.aspx>
- Use the average inflation United States (CPI) – by year

### 6.1.9 Life expectancy graph updates

- The most recently updated life expectancy tables are from 2022 (verified Dec 2025):

Period Life Table, 2022

Exact age	Male			Female		
	Death probability <sup>a</sup>	Number of lives <sup>b</sup>	Life expectancy	Death probability <sup>a</sup>	Number of lives <sup>b</sup>	Life expectancy
0	0.006064	100,000	74.74	0.005119	100,000	80.18
1	0.000491	99,394	74.20	0.000398	99,488	79.60
2	0.000309	99,345	73.23	0.000240	99,449	78.63
3	0.000248	99,314	72.25	0.000198	99,425	77.65
4	0.000199	99,290	71.27	0.000160	99,405	76.66
5	0.000167	99,270	70.29	0.000134	99,389	75.67
6	0.000143	99,253	69.30	0.000118	99,376	74.68
7	0.000126	99,239	68.31	0.000109	99,364	73.69
8	0.000121	99,226	67.32	0.000106	99,353	72.70
9	0.000121	99,214	66.32	0.000106	99,343	71.71
10	0.000127	99,202	65.33	0.000111	99,332	70.72
11	0.000143	99,190	64.34	0.000121	99,321	69.72
12	0.000171	99,176	63.35	0.000140	99,309	68.73
13	0.000227	99,159	62.36	0.000162	99,295	67.74
14	0.000320	99,136	61.37	0.000188	99,279	66.75
15	0.000451	99,104	60.39	0.000224	99,260	65.76
16	0.000622	99,060	59.42	0.000276	99,238	64.78
17	0.000826	98,998	58.46	0.000337	99,211	63.80
18	0.001026	98,916	57.50	0.000395	99,177	62.82
19	0.001182	98,815	56.56	0.000450	99,138	61.84
20	0.001301	98,698	55.63	0.000496	99,094	60.87
21	0.001404	98,570	54.70	0.000532	99,044	59.90
22	0.001498	98,431	53.78	0.000567	98,992	58.93
23	0.001586	98,284	52.86	0.000610	98,936	57.97
24	0.001679	98,128	51.94	0.000650	98,875	57.00
25	0.001776	97,963	51.03	0.000699	98,811	56.04
26	0.001881	97,789	50.12	0.000743	98,742	55.08
27	0.001985	97,605	49.21	0.000796	98,669	54.12
28	0.002095	97,412	48.31	0.000855	98,590	53.16
29	0.002219	97,208	47.41	0.000924	98,506	52.20
30	0.002332	96,992	46.51	0.000988	98,415	51.25
31	0.002445	96,766	45.62	0.001053	98,318	50.30
32	0.002562	96,529	44.73	0.001123	98,214	49.35
33	0.002653	96,282	43.84	0.001198	98,104	48.41
34	0.002716	96,026	42.96	0.001263	97,986	47.47
35	0.002791	95,765	42.08	0.001324	97,863	46.53
36	0.002894	95,498	41.19	0.001403	97,733	45.59

Exact age	Male			Female		
	Death probability <sup>a</sup>	Number of lives <sup>b</sup>	Life expectancy	Death probability <sup>a</sup>	Number of lives <sup>b</sup>	Life expectancy
37	0.002994	95,222	40.31	0.001493	97,596	44.65
38	0.003091	94,937	39.43	0.001596	97,450	43.72
39	0.003217	94,643	38.55	0.001700	97,295	42.79
40	0.003353	94,339	37.67	0.001803	97,129	41.86
41	0.003499	94,022	36.80	0.001905	96,954	40.93
42	0.003642	93,693	35.93	0.002009	96,769	40.01
43	0.003811	93,352	35.05	0.002116	96,575	39.09
44	0.003996	92,997	34.19	0.002223	96,371	38.17
45	0.004175	92,625	33.32	0.002352	96,156	37.25
46	0.004388	92,238	32.46	0.002516	95,930	36.34
47	0.004666	91,833	31.60	0.002712	95,689	35.43
48	0.004973	91,405	30.75	0.002936	95,429	34.53
49	0.005305	90,950	29.90	0.003177	95,149	33.63
50	0.005666	90,468	29.05	0.003407	94,847	32.73
51	0.006069	89,955	28.22	0.003642	94,524	31.84
52	0.006539	89,409	27.39	0.003917	94,180	30.96
53	0.007073	88,825	26.56	0.004238	93,811	30.08
54	0.007675	88,196	25.75	0.004619	93,413	29.20
55	0.008348	87,520	24.94	0.005040	92,982	28.34
56	0.009051	86,789	24.15	0.005493	92,513	27.48
57	0.009822	86,003	23.37	0.005987	92,005	26.63
58	0.010669	85,159	22.59	0.006509	91,454	25.78
59	0.011548	84,250	21.83	0.007067	90,859	24.95
60	0.012458	83,277	21.08	0.007658	90,217	24.12
61	0.013403	82,240	20.34	0.008305	89,526	23.31
62	0.014450	81,138	19.61	0.008991	88,782	22.50
63	0.015571	79,965	18.89	0.009681	87,984	21.70
64	0.016737	78,720	18.18	0.010343	87,132	20.90
65	0.017897	77,402	17.48	0.011018	86,231	20.12
66	0.019017	76,017	16.79	0.011743	85,281	19.34
67	0.020213	74,572	16.11	0.012532	84,279	18.56
68	0.021569	73,064	15.43	0.013512	83,223	17.79
69	0.023088	71,488	14.76	0.014684	82,099	17.03
70	0.024828	69,838	14.09	0.016025	80,893	16.27
71	0.026705	68,104	13.44	0.017468	79,597	15.53
72	0.028761	66,285	12.80	0.019195	78,206	14.80
73	0.031116	64,379	12.16	0.021195	76,705	14.08
74	0.033861	62,376	11.53	0.023452	75,079	13.37
75	0.037088	60,263	10.92	0.025980	73,319	12.68
76	0.041126	58,028	10.32	0.029153	71,414	12.00
77	0.045241	55,642	9.74	0.032394	69,332	11.35
78	0.049793	53,125	9.18	0.035888	67,086	10.71

Exact age	Male			Female		
	Death probability <sup>a</sup>	Number of lives <sup>b</sup>	Life expectancy	Death probability <sup>a</sup>	Number of lives <sup>b</sup>	Life expectancy
79	0.054768	50,479	8.64	0.039676	64,678	10.09
80	0.060660	47,715	8.11	0.044156	62,112	9.49
81	0.067027	44,820	7.60	0.049087	59,370	8.90
82	0.073999	41,816	7.11	0.054635	56,455	8.34
83	0.081737	38,722	6.64	0.061066	53,371	7.79
84	0.090458	35,557	6.18	0.068431	50,112	7.26
85	0.100525	32,340	5.75	0.076841	46,683	6.76
86	0.111793	29,089	5.34	0.086205	43,095	6.28
87	0.124494	25,837	4.94	0.096851	39,380	5.83
88	0.138398	22,621	4.58	0.109019	35,566	5.40
89	0.153207	19,490	4.23	0.121867	31,689	5.00
90	0.169704	16,504	3.91	0.135805	27,827	4.62
91	0.187963	13,703	3.60	0.151108	24,048	4.27
92	0.208395	11,128	3.32	0.168020	20,414	3.94
93	0.230808	8,809	3.06	0.186340	16,984	3.64
94	0.253914	6,776	2.83	0.206432	13,819	3.36
95	0.277402	5,055	2.63	0.228086	10,967	3.10
96	0.300882	3,653	2.44	0.250406	8,465	2.87
97	0.324326	2,554	2.28	0.273699	6,346	2.66
98	0.347332	1,726	2.13	0.296984	4,609	2.47
99	0.369430	1,126	2.00	0.319502	3,240	2.30
100	0.391927	710	1.88	0.342716	2,205	2.14
101	0.414726	432	1.76	0.366532	1,449	2.00
102	0.437722	253	1.66	0.390844	918	1.87
103	0.460800	142	1.56	0.415531	559	1.75
104	0.483840	77	1.47	0.440463	327	1.63
105	0.508032	40	1.39	0.466891	183	1.52
106	0.533434	19	1.31	0.494904	97	1.42
107	0.560105	9	1.23	0.524599	49	1.32
108	0.588111	4	1.15	0.556075	23	1.23
109	0.617516	2	1.08	0.589439	10	1.14
110	0.648392	1	1.01	0.624805	4	1.05
111	0.680812	0	0.94	0.662294	2	0.97
112	0.714852	0	0.87	0.702031	1	0.89
113	0.750595	0	0.81	0.744153	0	0.82
114	0.788125	0	0.75	0.788125	0	0.75
115	0.827531	0	0.70	0.827531	0	0.70
116	0.868907	0	0.64	0.868907	0	0.64
117	0.912353	0	0.59	0.912353	0	0.59
118	0.957970	0	0.54	0.957970	0	0.54
119	1.000000	0	0.50	1.000000	0	0.50

Exact age	Male			Female		
	Death probability <sup>a</sup>	Number of lives <sup>b</sup>	Life expectancy	Death probability <sup>a</sup>	Number of lives <sup>b</sup>	Life expectancy
<sup>a</sup> Probability of dying within one year. <sup>b</sup> Number of survivors out of 100,000 born alive. Note: The period life expectancy at a given age for 2022 represents the average number of years of life remaining if a group of persons at that age were to experience the mortality rates for 2022 over the course of their remaining life.						

<https://www.ssa.gov/oact/STATS/table4c6.html>

### 6.1.10 Poverty Guidelines

- The poverty updates are used for social security calculations and state income tax calculations.
- 2025 poverty Guideline updates:

Federal poverty threshold base: \$15,650

Federal poverty threshold per additional exemption: \$5,500

NOTE: there are separate poverty guidelines for Alaska and Hawaii; however, these values are not currently supported.

<https://aspe.hhs.gov/poverty-guidelines>

## 6.2 Average Tax Method Federal income tax brackets

Single			Head of Household		
Start of Tax Bracket	End of Tax Bracket	Average Tax Rate	Start of Tax Bracket	End of Tax Bracket	Average Tax Rate
\$0	\$12,400	10.00%	\$0	\$17,700	10.00%
\$12,401	\$50,400	11.51%	\$17,701	\$67,450	11.47%
\$50,401	\$105,700	17.08%	\$67,451	\$105,700	15.28%
\$105,701	\$201,775	20.37%	\$105,701	\$201,750	19.43%
\$201,776	\$256,225	22.84%	\$201,751	\$256,200	22.10%
\$256,226	\$640,600	30.14%	\$256,201	\$640,600	29.84%
\$640,601	+	33.55%	\$640,601	+	33.42%

  

Married - Filing Separately			Married - Filing Jointly		
Start of Tax Bracket	End of Tax Bracket	Average Tax Rate	Start of Tax Bracket	End of Tax Bracket	Average Tax Rate
\$0	\$12,400	10.00%	\$0	\$24,800	10.00%
\$12,401	\$50,400	11.51%	\$24,801	\$100,800	11.51%
\$50,401	\$105,700	17.00%	\$100,801	\$211,400	17.00%
\$105,701	\$201,775	20.33%	\$211,401	\$403,550	20.33%
\$201,776	\$256,225	22.81%	\$403,551	\$512,450	22.81%
\$256,226	\$384,350	26.87%	\$512,451	\$768,700	26.87%
\$384,351	+	31.94%	\$768,701	+	31.94%

### 6.3 Detailed Tax Federal income tax brackets

#### 6.3.1 Federal income tax brackets

Single			Married Filing Jointly		
Start of Tax Bracket	End of Tax Bracket	Marginal Tax Rate	Start of Tax Bracket	End of Tax Bracket	Marginal Tax Rate
\$0	\$12,400	10.00%	\$0	\$24,800	10.00%
\$12,401	\$50,400	12.00%	\$24,801	\$100,800	12.00%
\$50,401	\$105,700	22.00%	\$100,801	\$211,400	22.00%
\$105,701	\$201,775	24.00%	\$211,401	\$403,550	24.00%
\$201,776	\$256,225	32.00%	\$403,551	\$512,450	32.00%
\$256,226	\$640,600	35.00%	\$512,451	\$768,700	35.00%
\$640,601	+	37.00%	\$768,701	+	37.00%

Head of Household			Married Filing Separately		
Start of Tax Bracket	End of Tax Bracket	Marginal Tax Rate	Start of Tax Bracket	End of Tax Bracket	Marginal Tax Rate
\$0	\$17,700	10.00%	\$0	\$12,400	10.00%
\$17,701	\$67,450	12.00%	\$12,401	\$50,400	12.00%
\$67,451	\$105,700	22.00%	\$50,401	\$105,700	22.00%
\$105,701	\$201,750	24.00%	\$105,701	\$201,775	24.00%
\$201,751	\$256,200	32.00%	\$201,776	\$256,225	32.00%
\$256,201	\$640,600	35.00%	\$256,226	\$384,350	35.00%
\$640,601	+	37.00%	\$384,351	+	37.00%

### 6.3.2 Child and Family Tax Credit Earned Income Threshold

- 2026 child tax credit: \$2,200
- Of this, \$1,700 would be refundable, with the refundable portion indexed to inflation.
- Applicable only to dependents < age 17
- The phase-out begins at \$200,000 (MFS, Single, HoH) and \$400,000 (MFJ) in AGI (not indexed)

Filing Status	Full Credit	Partial Credit	Phased out – No Credit
Single	\$0 - \$200,000	\$200,001 - \$240,000	\$240,001 +
MFJ	\$0 - \$400,000	\$400,001 - \$440,000	\$440,001+
HoH	\$0 - \$200,000	\$200,001 - \$240,000	\$240,001 +
MFS	\$0 - \$200,000	\$200,001 - \$240,000	\$240,001 +

- The phase-out is \$50 for each \$1,000 by which your MAGI exceed the threshold amount. This is rounded down to the next lowest multiple of \$100.
- The Refundable portion is applicable where the tax liability exceeds the credit. To claim the credit the taxpayer must have earned income of at least \$2,500.
- For purposes of the new Child Tax Credit, the refundable portion is equal to 15% of your earned income which exceeds \$2,500 up to the maximum credit of \$1,400.
- Example: Earned income is \$10,000, and you have 1 dependent. So you are entitled to \$2,200. But at \$10k, you would not owe any income tax. With the refundable piece of the credit, you can pocket up to \$1,125 since  $\$10,000 \text{ less } \$2500 \times 15\% = \$1,125$ .
- Family Tax Credit
  - In the reports, this will be referred to as the Qualifying Dependent Credit
  - All dependents ineligible for the child tax credit are eligible for a new \$500 per-person family tax credit
  - It is subject to the same income phase-out rule as the Child Tax Credit
  - The Qualifying Dependent Credit is applicable to dependents > 17 (where Permanently is selected for Keep Dependent in Plan(s) (Dependent Details) is selected).

### 6.3.3 Coverdell Educational Savings Accounts

- ATRA permanently extended enhancements to Coverdell education savings accounts. This includes a \$2,000 maximum contribution amount and treatment of elementary and secondary school expenses as well as postsecondary expenses as qualified expenditures.
- <https://www.irs.gov/taxtopics/tc310>

### 6.3.4 Child and Dependent Care Credit

- The American Taxpayer Relief Act permanently extended enhancements to the child and dependent care credit. The current 35% credit rate is made permanent along with the \$3,000 cap on expenses for one qualifying individual and the \$6,000 cap on expenses for two or more qualifying individuals. These figures are not adjusted for inflation.
- Expenses qualifying for the child and dependent care credit must be reduced by the amount of any dependent care benefits provided by the taxpayer's employer that are excluded from gross income.
- <https://www.irs.gov/taxtopics/tc602.html>

### 6.3.5 Other Credits

- All other current credits can be modeled under 'Enter Financial Data' > 'Tax Details'. There are options for above and below-the-line deductions as well as refundable or non-refundable tax credits. All credits can be included in the income tax details report in this fashion, although particular details or restrictions will not be included in this entry manner.

### 6.3.6 Long-term Care

Limits on premiums for 2026:

Limitation on Premiums	
Age	Limitation
40 or less	\$500
41-50	\$930
51-60	\$1,860
61-70	\$4,960
Over 70	\$6,200

- <https://www.irs.gov/pub/irs-drop/n-25-67.pdf>
- Per-diem Limit for 2026 is \$430 (2025 was \$420)

### 6.3.7 Kiddie Tax

- Children will pay tax at their own income tax rate on unearned income they receive above the threshold. Any amount above the threshold is taxed at their parents highest income tax rate as long as it is higher than the child's tax rate.
- Threshold: \$1,350 (2026)
- Note: Earned income for dependents is not supported, only unearned income on Non-Qualified and UTMA.

- Note: Support for the Kiddie tax will be included in a future version (is not supported as of v25).

### 6.3.8 AMT exemption amount

- <https://www.irs.gov/pub/irs-drop/rp-24-25.pdf>
- Estate and Trusts: <https://www.irs.gov/newsroom/irs-releases-tax-inflation-adjustments-for-tax-year-2026-including-amendments-from-the-one-big-beautiful-bill>

- AMT Exemption Schedule

Year	MFJ	Single/H OH	MFS	Estate and Trusts
2014	\$82,100	\$52,800	\$41,050	
2015	\$83,400	\$53,600	\$41,700	
2016	\$83,800	\$53,900	\$41,900	
2017	\$84,500	\$54,300	\$42,250	
2018	\$109,400	\$70,300	\$54,700	\$24,600
2019	\$111,700	\$71,700	\$55,850	\$25,000
2020	\$113,400	\$72,900	\$56,700	\$25,400
2021	\$114,600	\$73,600	\$57,300	\$25,700
2022	\$118,100	\$75,900	\$59,050	\$26,500
2023	\$126,500	\$81,300	\$63,250	\$28,400
2024	\$133,300	\$85,700	\$66,650	\$29,900
2025	\$137,000	\$88,100	\$68,500	\$30,700
2026	\$140,200	\$90,100	\$70,100	\$31,400

- AMT Exemption phase-out ranges for 2026 are:  
Single/HH: \$500,000  
MFJ: \$1,000,000  
MFS: \$500,000  
Estates and Trusts: \$104,800
- The AMT has 2 tax rates: 26% and 28%  
AMT Low-rate threshold values for 2026 are (known as the 26% tax on the IRS site):  
Single/HH: \$244,500  
MFJ: \$244,500  
MFS: \$122,250

### 6.3.9 Qualified Business Deduction

For the 2026 tax year, the U.S. Qualified Business Income (QBI) deduction has been made permanent, and the income thresholds have been modified and expanded under Public Law 119-21.

“Qualified Business Income” (QBI) deduction for pass-through entities that will effectively permit pass-through businesses to be taxed on only 80% of their income. The threshold and phased-in amount can be seen in the table below:

Year	Threshold Amount		
	MFJ	MFS	Single, HOH
2018	\$315,000	\$157,500	\$157,500
2019	\$321,400	\$160,700	\$160,700
2020	\$326,600	\$163,300	\$163,300
2021	\$329,800	\$164,925	\$164,900
2022	\$340,100	\$170,050	\$170,050
2023	\$364,200	\$182,100	\$182,100
2024	\$383,900	\$191,950	\$191,950
2025	\$394,600	\$197,300	\$197,300
2026	\$403,500	\$201,775	\$201,775