RubinBrown 2026 Individual Tax Planning Guide

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2026 NUMBERS TO KNOW

$32,200 **Standard deduction** MFJ	**$40,400** **SALT cap** before phase-down	**$24,500** **401(k)/403(b)/457** employee deferral	**$7,500** **IRA contribution** per taxpayer
$8,750 **HSA family** self-only: $4,400	**$19,000** **Annual gift exclusion** per recipient	**$15M** **Estate & gift exemption** per person	**$111,000** **QCD limit** per taxpayer

KEY CHANGES & REFRESHER FOR 2026

NEW FOR 2026 Itemized Deductions

New limits make deduction timing more important.

- **Charitable floor:** Charitable gifts are deductible only above a 0.5%-of-AGI floor for itemizers.
- **Top-bracket limit:** For taxpayers in the 37% bracket, the value of itemized deductions is effectively capped at 35 cents per deduction dollar.
- **Other changes:** Mortgage insurance premiums are deductible again, subject to income limits.

NEW FOR 2026 Charitable Giving

Use structure, not just timing, to preserve tax value.

- **Standard-deduction filers:** Non-itemizers may deduct up to $1,000 of qualifying cash gifts, or $2,000 on a joint return.
- **Planning:** Consider bunching gifts, appreciated stock, or a QCD. A 2026 QCD can be up to $111,000 per taxpayer age 70½ or older.
- **Cash gifts:** The 60%-of-AGI ceiling for cash gifts to public charities is permanent.

2026 SALT Deduction

The temporary higher cap continues, but phases down for higher-income taxpayers.

- **Cap:** $40,400 cap ($20,200 MFS).
- **Phase-down:** Phase-down begins above $505,000 MAGI ($252,500 MFS); the deduction will not fall below $10,000 ($5,000 MFS).
- **Watch AGI:** Income timing can affect both the tax bracket and the SALT deduction.

2026 Retirement & HSA Savings

Contribution limits rise and new HSA eligibility rules begin.

- **Retirement:** 401(k)/403(b)/governmental 457: $24,500 + $8,000 catch-up age 50+; $11,250 catch-up ages 60-63.
- **Roth catch-up:** If 2025 FICA wages from the plan sponsor exceeded $150,000, 2026 catch-up contributions generally must be Roth.
- **HSA:** $4,400 self-only / $8,750 family + $1,000 age 55+. Eligibility expands to certain bronze, catastrophic and direct primary care arrangements.

2026 CHANGE AMT

Higher exemptions remain, but the exemption phaseout becomes much more aggressive.

- **Exemption:** $140,200 joint / $90,100 single.
- **Key change:** Phaseout starts at $1,000,000 of AMT income for joint filers ($500,000 others) and phases out at 50 cents per dollar.

2026 CHANGE Family & Wealth Transfer

Several 2026 provisions expand planning choices.

- **Gifts & estate:** Estate/gift and GST exemption: $15 million per person. Annual exclusion: $19,000 per recipient.
- **529 expansion:** 529 plans: up to $20,000 annually may be used tax-free for qualifying K-12 tuition and related expenses.
- **Dependent care:** Dependent care FSA limit increases to $7,500 if the employer plan adopts it.

2025-2028 New Deductions Through 2028

These deductions can be available even to standard-deduction filers.

- **Four deductions:** Tips: up to $25,000. Overtime: up to $12,500 ($25,000 joint). Car loan interest: up to $10,000. Seniors: $6,000 per qualifying taxpayer age 65+.
- **Limits apply:** Each has income phaseouts and eligibility rules; joint filing is required for the tips, overtime and senior deductions when married.
- **Check forms:** 2026 W-2 reporting separately identifies cash tips and qualified overtime; qualifying vehicle loan interest of $600+ may be reported on new Form 1098-VLI.

NEW FOR 2026 Trump Accounts

A new child-focused savings/retirement account began accepting contributions in 2026.

- **Contributions:** Beginning July 4, 2026, parents and others may contribute up to $5,000 per child annually after tax; qualifying employer contributions can be up to $2,500 per employee and count toward the limit.
- **Treasury contribution:** Eligible U.S.-citizen children born in 2025-2028 may receive a one-time $1,000 Treasury contribution if elected.
- **Long-term account:** Funds generally remain invested until the year the child turns 18.

IMPORTANT 2026 Opportunity Zone Investors

The original Qualified Opportunity Zone program reaches a major tax event at year-end.

- **Recognize deferred gain:** Remaining gain deferred under the original program generally must be recognized on December 31, 2026, unless an earlier inclusion event occurred.
- **Plan cash:** Build liquidity for the related federal tax and consider capital-loss harvesting.
- **New program:** The new permanent program applies to investments made after December 31, 2026; the mandatory 12/31/26 gain itself cannot be rolled into the new program.

EXPIRED Energy Credits

Most individual clean energy credits ended under the OBBBA; limited relief remains for 2026.

- **Clean vehicles:** New, used and commercial clean vehicle credits ended for vehicles acquired after September 30, 2025.
- **Home energy:** Residential clean energy (such as solar) and energy-efficient home improvement credits ended for property installed or placed in service after December 31, 2025.
- **Still available:** Home EV charging property placed in service by June 30, 2026 in a qualifying location may qualify, and unused prior-year residential clean energy credits can still be carried forward.

BUSINESS OWNERS Passthrough & Business

OBBBA changed several provisions that affect 2026 individual returns.

- **Assets:** 100% bonus depreciation is permanent for qualifying property acquired after Jan. 19, 2025; 2026 §179 limit is $2.56M, phasing out above $4.09M.
- **R&E:** Domestic R&E is immediately deductible beginning in 2025; taxpayers using the two-year catch-up method claim the second half in 2026.
- **1099 reporting:** For payments after 2025, the Form 1099-NEC/MISC threshold rises to $2,000; the Form 1099-K threshold returns to more than $20,000 and 200 transactions.

BUSINESS OWNERS Business Owner Reminders

- **QSBS (§1202):** For C corporation stock issued after July 4, 2025, gain exclusion is 50% after three years, 75% after four and 100% after five; the per-issuer cap rises to $15 million and the gross asset limit to $75 million.
- **QBI:** Deduction is permanent. 2026 phase-in range expands to $150,000 joint / $75,000 others; a $400 minimum deduction can apply with at least $1,000 of qualifying active QBI.
- **Loss limit:** Excess business loss threshold: $512,000 joint / $256,000 others.
- **PTET:** The OBBBA did not restrict passthrough entity tax elections, which can still help owners whose SALT deduction is capped or phased down.

2026 YEAR-END PLANNING ROADMAP

Use the changes and refreshers above, along with other relevant tax law, to build your plan before December 31.

STEP 1 · PROJECT

Estimate where 2026 will land

- **Reforecast income:** Update 2026 taxable income, AGI and tax for year-to-date results and one-time items, such as the December 31, 2026 Opportunity Zone gain, bonuses, asset sales or Roth conversions.
- **Compare to thresholds:** Note where you fall relative to the SALT phase-down ($505,000 MAGI), the NIIT thresholds ($250,000 MFJ, $200,000 single/HOH, $125,000 MFS), the 37% bracket and the AMT exemption phaseout.
- **Look ahead:** Estimate 2027 (or beyond) as well to see whether this year or next is the lower-bracket year.

STEP 2 · MODEL

Test timing choices

- **Bracket management:** If 2026 is the lower-bracket year compared to a future year, consider accelerating income (Roth conversions, retirement distributions, self-employment income) and deferring deductions. If 2026 is the higher year, do the reverse.
- **Loss harvesting:** Harvest capital losses to offset gains and up to $3,000 of ordinary income; watch the wash-sale rule, including IRA purchases.
- **Itemize or not:** Compare itemized deductions to the standard deduction, and consider bunching gifts to clear the 0.5%-of-AGI charitable floor.
- **NIIT:** NIIT is 3.8% when applicable; timing gains and Roth conversions can help manage MAGI.

STEP 3 · ACT

Finalize year-end moves

- **Execute by 12/31:** Complete loss sales, Roth conversions, 401(k) deferrals, charitable gifts, DAF funding and QCDs. IRA and HSA contributions are due April 15, 2027, even with an extension. If extended, a SEP IRA or new profit-sharing/401(k) plan can be adopted and employer contributions made until October 15, 2027; tax is still due April 15.
- **Penalty planning:** Safe harbor from the federal estimated tax underpayment penalty is generally 90% of 2026 tax or 100% of 2025 tax; 110% of 2025 tax applies if 2025 AGI exceeded $150,000 ($75,000 MFS).
- **Withholding:** Late-year wage or retirement-distribution withholding is treated as paid evenly during the year and can help cover a shortfall.
- **IRS payments/refunds:** Confirm direct-deposit information and consider IRS electronic payment options.

Important: This summary is a planning overview, not a substitute for analysis of your specific facts. Please contact your RubinBrown representative to develop a tax plan for your situation.