

**1040
Quickfinder[®] Handbook
(2025 Tax Year)**

Post-publication Updates

Instructions: This packet contains “marked up” changes to the pages in the *1040 Quickfinder[®] Handbook* that were affected by developments after the *Handbook* was published. To update your *Handbook*, you can make the same changes in your *Handbook* or print the revised page and paste over the original page.

GENERAL

Tab 2 is for reference purposes and is not intended to include all necessary information to prepare a state income tax return. Its purpose is to provide tax preparers with general information. More detailed information is available in the *All States Quickfinder® Handbook*. You can also use the phone numbers or website addresses provided here to obtain forms and instructions for a particular state.

Many states allow or require electronic filing of returns and/or extensions as well as electronic payment of taxes. Some states have a different due date for electronically filed returns, which is usually later than a paper filed return.

Return due date. The return due dates for filing returns shown in this tab are the statutory due dates. When the statutory due date falls on a weekend or holiday, many states extend the due date until the next working day.

Caution: Tax preparers should check the respective state's instructions to determine the return's exact due date when the statutory due date falls on a weekend or holiday. For federal tax, the 2025 Form 1040 is due on April 15, 2026.

The Quick Tax Method. Use the Quick Tax Method to calculate tax due. In the appropriate state section, find the taxpayer's taxable income bracket and multiply the taxpayer's state taxable income by the given tax rate. Next, subtract the "minus" amount to arrive at the tax due.

Example: Assume MFJ Alabama taxpayers with taxable income of \$57,500.
 $\$57,500 \times 5.0\% - \$80 = \$2,795$ Tax

ALABAMA

Website: <https://revenue.alabama.gov>

Tax assistance: 334-242-1170



2025 Quick Tax Method—For Taxable Income of:

Single, MFS, Head of Family	\$ 0 – 500	× 2%	minus	\$ 0.00 = Tax
	501 – 3,000	× 4	minus	10.00 = Tax
	3,001 and over	× 5	minus	40.00 = Tax
MFJ	\$ 0 – 1,000	× 2%	minus	\$ 0.00 = Tax
	1,001 – 6,000	× 4	minus	20.00 = Tax
	6,001 and over	× 5	minus	80.00 = Tax

Filing requirements. Residents must file if:

Filing status:	Gross income of at least:
Single.....	\$ 4,500
Head of Family	8,200
MFJ.....	11,500
MFS.....	5,750

Part-year residents must file if:

Filing status:	Gross income of at least:
Single.....	\$ 4,500 (while an Alabama resident)
Head of Family	8,200 (while an Alabama resident)
MFJ.....	11,500 (while an Alabama resident)
MFS.....	5,750 (while an Alabama resident)

Nonresidents must file if gross income is over the allowable pro-rated exemption. To calculate, multiply the full exemption amount of \$3,000 for MFJ and Head of Family, or \$1,500 for Single and MFS, by the Alabama percentage of adjusted total income.

Alabama form to file:

- Resident and part-year resident: Form 40 (Alabama Individual Income Tax Return). **Note:** Part-year residents who receive Alabama-source income while a nonresident may also be required to file Form 40NR.
- Nonresident: Form 40NR (Alabama Individual Income Tax Return).

Return due date: April 15

Allowable extension. Alabama allows an automatic six-month extension without written request. If additional tax is due, file Form 40V (Individual Income Tax Payment Voucher) by the original return due date.

ALASKA

Website: <https://tax.alaska.gov>

Tax assistance: 907-269-6620

Filing requirements. The state of Alaska does not have an individual income tax.



ARIZONA

Website: <https://azdor.gov>

Tax assistance: 602-255-3381, 800-352-4090



2025 Tax Rate

Income tax rate.....	2.50%
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Filing requirements. Residents, part-year, and nonresidents must file if:

Filing status is:	and gross income is at least:
Single, MFS	\$ 15,750
MFJ	31,500
HOH	23,625

Arizona form to file:

- Resident: Form 140 (Resident Personal Income Tax Return).
- Part-year resident: Form 140PY (Part-Year Resident Personal Income Tax Return).
- Nonresident: Form 140NR (Nonresident Personal Income Tax Return).

Return due date: April 15

Extension form. Form 204 (Application for Filing Extension).

Allowable extension. Arizona allows up to a six-month extension if:

- Taxpayer files federal Form 4868 with the IRS *or*
- Taxpayer files Form 204.

Also use Form 204 to make a payment, if necessary.

- Recapture taxes.
- Deferred tax on certain installment obligations.
- Tax on an accumulation distribution of a trust.

California form to file:

- Resident: Form 540 (California Resident Income Tax Return).
- Nonresident and part-year resident: Form 540NR (California Nonresident or Part-Year Resident Income Tax Return).

Return due date: April 15

Allowable extension. California allows an automatic six-month extension without written request. Tax due is required to be paid with Form FTB 3519 (Payment for Automatic Extension for Individuals) or online at www.ftb.ca.gov/pay/index.html?WT.mc_id=akPayChoices by the original return due date to avoid penalties and interest.

COLORADO

Website: <https://tax.colorado.gov>

Tax assistance: 303-238-7378

2025 Tax Rate

Income tax rate.....	4.40%
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Filing requirements. Colorado income tax return must be filed if the taxpayer is a:

- Full-year resident of Colorado, part-year resident of Colorado with taxable income while a resident or nonresident of Colorado with Colorado-source income *and*
- Is required to file a federal income tax return or has a current-year Colorado income tax liability.

Colorado form to file:

- Resident, part-year, and nonresident: Form 104 (Colorado Individual Income Tax).
- Part-year and nonresident: Form 104PN (Part-Year Resident/Nonresident Tax Calculation Schedule)—attachment to Form 104.

Return due date: April 15

Allowable extension. Colorado allows an automatic six-month extension without written request. To make a payment, use Form DR 0158-I (Extension Payment Voucher for Colorado Individual Income Tax) or pay online at www.colorado.gov/revenueonline.

CONNECTICUT

Website: <https://portal.ct.gov/drs>

Tax assistance: 860-297-5962, CT 800-382-9463

2025 Quick Tax Method—For Taxable Income of:

Single, MFS	\$ 0 – 10,000	x 2.0% ¹	minus \$ 0.00 = Tax
	10,001 – 50,000	x 4.5%	minus 250.00 = Tax
	50,001 – 100,000	x 5.5%	minus 750.00 = Tax
	100,001 – 200,000 ²	x 6.0%	minus 1,250.00 = Tax
	200,001 – 250,000	x 6.5%	minus 2,250.00 = Tax
	250,001 – 500,000	x 6.9%	minus 3,250.00 = Tax
MFJ, or QSS	\$ 0 – 20,000	x 2.0% ¹	minus \$ 0.00 = Tax
	20,001 – 100,000	x 4.5%	minus 500.00 = Tax
	100,001 – 200,000	x 5.5%	minus 1,500.00 = Tax
	200,001 – 400,000 ²	x 6.0%	minus 2,500.00 = Tax
	400,001 – 500,000	x 6.5%	minus 4,500.00 = Tax
	500,001 – 1,000,000	x 6.9%	minus 6,500.00 = Tax
1,000,001 and over	x 6.99%	minus 7,400.00 = Tax	
HOH	\$ 0 – 16,000	x 2.0% ¹	minus \$ 0.00 = Tax
	16,001 – 80,000	x 4.5%	minus 400.00 = Tax
	80,001 – 160,000	x 5.5%	minus 1,200.00 = Tax
	160,001 – 320,000 ²	x 6.0%	minus 2,000.00 = Tax
	320,001 – 400,000	x 6.5%	minus 3,600.00 = Tax
	400,001 – 800,000	x 6.9%	minus 5,200.00 = Tax
800,001 and over	x 6.99%	minus 5,920.00 = Tax	

¹ The 2% rate is phased out and amount is taxed at 4.5% for taxpayers with CT AGI > \$56,500 Single, \$50,250 MFS, \$78,500 HOH and \$100,500 MFJ/QSS.

² Additional tax of up to \$3,400 Single/MFS, \$5,320 HOH and \$6,800 MFJ/QSS for taxpayers with CT AGI in excess of \$105,000 Single/MFS, \$168,000 HOH and \$210,000 MFJ/QSS.

Filing requirements. Residents must file if they:

- Have Connecticut income taxes withheld,
- Made estimated or extension tax payment to Connecticut,
- Meet the gross income test (see below),
- Have a federal alternative minimum tax liability or
- Claim the Connecticut earned income tax credit.

Filing status:	Gross income exceeds:
Single.....	\$ 15,000
Filing Separately.....	12,000
HOH.....	19,000
Filing Jointly or QSS.....	24,000

Part-year residents and nonresidents must file if they meet the gross income test and have any Connecticut-source income, have Connecticut withholding or estimated payments or had a federal AMT liability.

Connecticut form to file:

- Resident: Form CT-1040 (Connecticut Resident Income Tax Return).
- Part-year and nonresident: Form CT-1040NR/PY (Connecticut Nonresident and Part-Year Resident Income Tax Return).

Return due date: April 15

Allowable extension. Connecticut allows an automatic six-month extension to file if (1) no additional tax due and a federal extension request filed with IRS or (2) the taxpayer pays his expected Connecticut income tax due using a credit card on or before the due date. If additional tax is due and paid with the extension request (or no federal extension was filed), file Form CT-1040 EXT (Application for Extension of Time to File Connecticut Income Tax Return for Individuals).

DELAWARE

Website: <https://revenue.delaware.gov>

Tax assistance: 302-577-8200

2025 Quick Tax Method—For Taxable Income of:

All Filing Statuses	\$ 0 – 2,000	x 0.00%	minus \$ 0.00 = Tax
	2,001 – 5,000	x 2.20	minus 44.00 = Tax
	5,001 – 10,000	x 3.90	minus 129.00 = Tax
	10,001 – 20,000	x 4.80	minus 219.00 = Tax
	20,001 – 25,000	x 5.20	minus 299.00 = Tax
	25,001 – 60,000	x 5.55	minus 387.50 = Tax
	60,001 and over	x 6.60	minus 1,017.51 = Tax

Filing requirements. Residents must file if:

Filing status:	Age:	Delaware AGI exceeds:
Single, MFS, HOH, CU ¹ filing separate	Under 60.....	\$ 9,400
	60 to 64.....	12,200
	65 and over or blind.....	14,700
	65 and over and blind.....	17,200
MFJ, CU ¹ filing joint	Under 60.....	\$ 15,450
	60 to 64.....	17,950
	65 and over or blind.....	20,450
	65 and over and blind.....	22,950
Dependent on another person's return	Under 60.....	\$ 5,250
	60 to 64.....	5,250
	65 and over or blind.....	7,750
	65 and over and blind.....	10,250

¹ Civil Union.

Note: 2025 amounts not available at time of publication. Amounts shown are for 2024.

Filing requirements. Residents must file if their income exceeds the following amounts: Single—\$14,950; MFS—\$14,950; MFJ/QSS—\$29,900; HOH—\$22,500. Add \$2,000 if age 65 or older or blind (\$1,600 if MFJ/MFS/QSS).

Part-year and nonresidents must file if Minnesota gross income is \$14,950 or more.

Minnesota form to file:

- Resident, part-year, and nonresident: Form M1 (Minnesota Individual Income Tax).
- Part-year and nonresident: Schedule M1NR (Nonresidents/Part-Year Residents)—attachment to Form M1.

Return due date: April 15

Allowable extension. If no tax is due, an automatic six-month extension is granted. If tax is due, it must be paid using the e-Services Payment System at <https://www.mndor.state.mn.us/tp/onlineservices/> or by credit/debit card or check/money order (using a payment voucher created on e-Services).

Reciprocity agreements. Michigan and North Dakota. Full-year residents of these states who returned to their home state at least once a month and whose only Minnesota income was from performing personal services are not subject to Minnesota tax.

MISSISSIPPI

Website: <https://dor.ms.gov>

Tax assistance: 601-923-7700



2025 Quick Tax Method—For Taxable Income of:			
All Filing Statuses	\$ 0 – 10,000	× 0%	minus \$ 0 = Tax
	10,001 and over	× 4.4%	minus 440 = Tax

Note: Married individuals filing a combined return apply the tax rate schedule separately and combine the separate tax amounts to calculate total income tax.

Filing requirements. Residents must file if:

Filing status:	Gross income exceeds:
Single.....	\$8,300 plus \$1,500 for each dependent.
Married	\$16,600 (both spouses) plus \$1,500 per dependent.

Part-year and nonresidents must file if they receive income taxed by Mississippi. Part-year residents are taxed on income earned while a resident of Mississippi. Nonresidents are taxed on income earned from Mississippi sources (other than gambling income).

Mississippi form to file:

- Resident: Form 80-105 (Mississippi Resident Individual Income Tax Return).
- Part-year and nonresident: Form 80-205 (Mississippi Non-Resident/Part-Year Resident Individual Income Tax Return).

Return due date: April 15

Allowable extension. Mississippi allows an automatic six-month extension if a federal extension is filed. If tax is due, it must be paid by the original return due date using Form 80-106 (Individual/Fiduciary Income Tax Payment Voucher).

MISSOURI

Website: <https://dor.mo.gov>

Tax assistance: 573-751-3505



2025 Quick Tax Method—For Taxable Income of:			
All filing statuses	\$ 0 – 1,313	× 0.00%	minus \$ 0.00 = Tax
	1,314 – 2,626	× 2.00%	minus 26.26 = Tax
	2,627 – 3,939	× 2.50%	minus 39.39 = Tax
	3,940 – 5,252	× 3.00%	minus 59.09 = Tax
	5,253 – 6,565	× 3.50%	minus 85.35 = Tax
	6,566 – 7,878	× 4.00%	minus 118.17 = Tax
	7,879 – 9,191	× 4.50%	minus 157.56 = Tax
9,192 and over	× 4.70%	minus 175.94 = Tax	

Note: If filing a combined return and both persons have income, apply the tax rate schedule separately and combine the separate tax amounts to calculate total income tax.

Filing requirements. Taxpayers must file a Missouri return if required to file a federal income tax return unless the taxpayer:

- Is a resident with less than \$1,200 of Missouri AGI,
- Is a nonresident with less than \$600 of Missouri income or
- Has Missouri AGI that is less than his standard deduction.

Missouri form to file:

- Resident, part-year, and nonresident: Form MO-1040 (Individual Income Tax Return).
- Part-year and nonresident: Form MO-NRI (Missouri Income Percentage)—attachment to Form MO-1040. Alternatively, part-year residents can file Form MO-CR (Credit for Income Taxes Paid to Other States).

Return due date: April 15

Extension form. Form MO-60 (Application for Extension of Time to File).

Allowable extension. Missouri allows an automatic six-month extension if a federal extension is filed. File Form MO-60 to remit any tax due.

MONTANA

Website: <https://mtrevenue.gov>

Tax assistance: 406-444-6900



2025 Quick Tax Method—For Taxable Income of:			
Single, MFS	\$ 0 – 21,100	× 4.7%	minus \$ 0 = Tax
	21,101 – —	× 5.9%	minus 253 = Tax
MFJ, QSS	\$ 0 – 42,200	× 4.7%	minus \$ 0 = Tax
	42,201 – —	× 5.9%	minus 506 = Tax
HOH	\$ 0 – 31,700	× 4.7%	minus \$ 0 = Tax
	31,701 – —	× 5.9%	minus 380 = Tax

Note: These tax brackets apply to ordinary income only. Montana taxes long-term capital gains at different rates, ranging from 3.0%–4.1%, based on a taxpayer's ordinary income.

Filing requirements. Residents, part-year, and nonresidents must file if they have Montana-source income and:

Filing status:	and gross income is at least:
Single, MFS	\$ 15,750
HOH.....	\$ 23,625
MFJ, QSS	\$ 31,500

- Not required to file a federal return, but:

Federal filing status would have been:	Federal AGI plus New York additions exceeds:
Single and can be claimed as dependent on another person's return	\$ 3,100
All others.....	4,000

- To claim a refund of state or city income taxes withheld from taxpayer's pay.
 - To claim any of the refundable or carryover credits available.
- Part-year and nonresidents are required to file if:

Federal filing status:	Received New York-source income and New York AGI exceeds:
Single and can be claimed as dependent on another person's return	\$ 3,100
Single and cannot be claimed as dependent on another person's return	8,000
MFJ.....	16,050
MFS.....	8,000
HOH.....	11,200
QSS.....	16,050

Part-year and nonresidents are also required to file if any of the following apply:

- They are subject to separate tax on lump-sum distributions derived from or connected to New York sources (part-year residents).
- They incurred a New York NOL without incurring a similar federal NOL.
- To claim a refund of state or city income taxes withheld from taxpayer's pay.
- To claim any of the refundable or carryover credits available.

New York form to file:

- Resident: Form IT-201 (Resident Income Tax Return).
- Part-year and nonresident: Form IT-203 (Nonresident and Part-Year Resident Income Tax Return).

Return due date: April 15

Extension form. Form IT-370 (Application for Automatic Six-Month Extension of Time to File for Individuals).

Allowable extension. To request an automatic six-month extension, file Form IT-370 and remit any tax due. A copy of the federal extension is not accepted.

NORTH CAROLINA

Website: <https://ncdor.gov>
Tax assistance: 877-252-3052



2025 Tax Rate	
Income tax rate.....	4.25%

Filing requirements. Every resident whose income for the year exceeds the amount for his filing status as shown in the following chart must file a return:

Filing status	A return is required if federal gross income exceeds
Single.....	\$ 12,750
MFJ.....	25,500
MFS if spouse does not claim itemized deductions.....	12,750
MFS if spouse claims itemized deductions.....	0
HOH.....	19,125
QSS.....	25,500
Nonresident alien.....	0

Note: 2025 amounts not available at time of publication. Amounts shown are for 2024.

An individual not required to file a federal income tax return but who has gross income from all sources—both inside and outside of North Carolina—that equals or exceeds the amount for his filing status shown in the chart above is required to file a North Carolina return. He must complete a federal return and attach it to his North Carolina income tax return to show how his adjusted gross income and deductions were determined.

A part-year resident must file if his total income for the tax year exceeds the amount for his filing status shown in the chart above and he:

- Received income while a resident of North Carolina or
- Received income while a nonresident that is:
 - Attributable to ownership of any interest in real or tangible personal property in North Carolina;
 - Derived from a business, trade, profession or occupation carried on within North Carolina or
 - Derived from gambling activities in North Carolina.

A nonresident must file if his total income from all sources—both inside and outside of North Carolina—exceeds the amount for his filing status as shown in the chart above and he received income for the tax year from North Carolina sources that was:

- Attributable to ownership of any interest in real or tangible personal property in North Carolina;
- Derived from a business, trade, profession, or occupation carried on in North Carolina or
- Derived from gambling activities in North Carolina.

North Carolina form to file:

- Resident, part-year, and nonresident: Form D-400 (Individual Income Tax Return).
- Part-year and nonresidents: D-400 Schedule PN (Part-Year Resident and Nonresident Schedule).

Return due date: April 15

Extension form. Form D-410 (Application for Extension for Filing Individual Income Tax Return).

Allowable extension. North Carolina allows an automatic six-month extension if granted a federal extension. Only file Form D-410 to make a payment or if Form 4868 was not filed.

NORTH DAKOTA

Website: <https://tax.nd.gov/>
Tax assistance: 701-328-7088; 877-328-7088




2025 Quick Tax Method—For Taxable Income of:					
Single	\$ 0 – 48,475	× 0.00%	minus \$ 0.00	= Tax	
	48,476 – 244,825	× 1.95%	minus 945.26	= Tax	
	244,826 and over	× 2.50%	minus 2,291.80	= Tax	
MFJ, QSS	\$ 0 – 80,975	× 0.00%	minus \$ 0.00	= Tax	
	80,976 – 298,075	× 1.95%	minus 1,579.01	= Tax	
	298,076 and over	× 2.50%	minus 3,218.43	= Tax	
MFS	\$ 0 – 40,475	× 0.00%	minus \$ 0.00	= Tax	
	40,476 – 149,025	× 1.95%	minus 789.26	= Tax	
	149,026 and over	× 2.50%	minus 1,608.90	= Tax	
HOH	\$ 0 – 64,950	× 0.00%	minus \$ 0.00	= Tax	
	64,951 – 271,450	× 1.95%	minus 1,266.53	= Tax	
	271,451 and over	× 2.50%	minus 2,759.50	= Tax	

Filing requirements. Residents must file if they are required to file a federal income tax return.

Allowable extension. West Virginia allows up to a six-month extension if tax liability is paid and the taxpayer either:

- Attaches a copy of federal Form 4868 or
- Files Form WV 4868 (Application for Extension of Time to File) if tax owed or federal Form 4868 not filed.

Reciprocity agreements. Kentucky, Maryland, Ohio, Pennsylvania, and Virginia residents may file Form IT-140NRS (Special Nonresident Income Tax Return) to claim a refund if the only West Virginia income is from wages and salaries.

 **Note:** Pennsylvania and Virginia residents qualify only if they did not spend more than 183 days within West Virginia in 2025.

WISCONSIN

Website: <https://www.revenue.wi.gov/>

Tax assistance: 608-266-2486



2025 Quick Tax Method—For Taxable Income of:	
Single, HOH	\$ 0 – 14,680 × 3.50% minus \$ 0.00 = Tax
	14,681 – 50,480 × 4.40% minus 132.12 = Tax
	50,481 – 323,290 × 5.30% minus 586.44 = Tax
	323,291 and over × 7.65% minus 8,183.76 = Tax
MFJ	\$ 0 – 19,580 × 3.50% minus \$ 0.00 = Tax
	19,581 – 67,300 × 4.40% minus 176.22 = Tax
	67,301 – 431,060 × 5.30% minus 781.92 = Tax
	431,061 and over × 7.65% minus 10,911.83 = Tax
MFS	\$ 0 – 9,790 × 3.50% minus \$ 0.00 = Tax
	9,791 – 33,650 × 4.40% minus 88.11 = Tax
	33,651 – 215,530 × 5.30% minus 390.96 = Tax
	215,531 and over × 7.65% minus 5,455.92 = Tax

Filing requirements. Residents must file if:

Filing status:	Age:	Gross income is at least:
Single	Under 65.....	\$ 14,260
	65 or older.....	14,510
MFJ	Under 65 (both spouses).....	\$ 26,510
	65 or older (one spouse).....	26,760
	65 or older (both spouses).....	27,010
MFS	Under 65.....	\$ 12,630
	65 or older.....	12,880
HOH	Under 65.....	\$ 18,220
	65 or older.....	18,470

Note: 2025 amounts not available at time of publication. Amounts shown are for 2024.

Residents must also file if they owe a Wisconsin penalty on an IRA, retirement plan, ABLE account, medical or health savings account or Coverdell education savings account (excess contribution).

Part-year and nonresidents must file if gross income is at least \$2,000.

Wisconsin form to file:

- Resident: Form 1, Wisconsin Income Tax.
- Part-year and nonresident: Form 1NPR (Nonresident and Part-Year Resident Wisconsin Income Tax).

Return due date: April 15

Allowable extension. Wisconsin allows an extension based on the federal extension. Use Form 1-ES to make any payments. If federal Form 4868 not filed, attach a statement to the Wisconsin tax return indicating which federal extension provision (for example, federal automatic six-month provision) the taxpayer is applying for.

Reciprocity agreements. Illinois, Indiana, Kentucky, and Michigan residents are not required to file a Wisconsin return if the only Wisconsin income is from personal services.

WYOMING

Website: <http://revenue.wyo.gov>

Tax assistance: 307-777-5200

Filing requirements. Wyoming does not have a personal income tax.

Notes

Quick Facts Data Sheet (Continued)

	2026	2025	2024	2023	2022
Business Deductions					
Section 179 deduction:					
Overall limit	\$ 2,560,000	\$ 2,500,000	\$ 1,220,000	\$ 1,160,000	\$ 1,080,000
SUV limit (per vehicle)	32,000	31,300	30,500	28,900	27,000
Qualifying property phase-out threshold	4,090,000	4,000,000	3,050,000	2,890,000	2,700,000
Depreciation limit—autos, trucks, and vans (1st year)	^{2,7}	12,200 ²	12,400 ²	12,200 ²	11,200 ²
Standard mileage allowances:					
Business	72.5¢	70¢	67¢	65.5¢	58.5¢/62.5¢ ⁶
Charity work	14¢	14¢	14¢	14¢	14¢
Medical/moving	20.5¢	21¢	21¢	22¢	18¢/22¢ ⁶
Qualified business income (QBI) deduction taxable income thresholds:					
MFJ	\$ 403,500	\$ 394,600	\$ 383,900	\$ 364,200	\$ 340,100
Single, HOH, or QSS	201,750	197,300	191,950	182,100	170,050
MFS	201,775	197,300	191,950	182,100	170,050
Excess business loss disallowance limits:					
MFJ	\$ 512,000	\$ 626,000	\$ 610,000	\$ 578,000	\$ 540,000
Single, HOH, QSS, or MFS	256,000	313,000	305,000	289,000	270,000
Health Care Deductions/Exclusions/Credits					
Health savings accounts (HSAs):					
Self-only coverage:	Contribution limit	\$ 4,400	\$ 4,300	\$ 4,150	\$ 3,850
	Plan minimum deductible	1,700	1,650	1,600	1,500
	Plan out-of-pocket limit	8,500	8,300	8,050	7,500
Family coverage:	Contribution limit	8,750	8,550	8,300	7,750
	Plan minimum deductible	3,400	3,300	3,200	3,000
	Plan out-of-pocket limit	17,000	16,600	16,100	15,000
Additional contribution limit—age 55 or older		1,000	1,000	1,000	1,000
Long-term care insurance—deduction limits:					
Age 40 and under	\$ 500	\$ 480	\$ 470	\$ 480	\$ 450
Age 41 – 50	930	900	880	890	850
Age 51 – 60	1,860	1,800	1,760	1,790	1,690
Age 61 – 70	4,960	4,810	4,710	4,770	4,510
Age 71 and older	6,200	6,020	5,880	5,960	5,640
Long-term care—excludible per diem	\$ 430	\$ 420	\$ 410	\$ 420	\$ 390
Medical savings accounts (MSAs):					
Self-only coverage:	Plan minimum deductible	\$ 2,900	\$ 2,850	\$ 2,800	\$ 2,650
	Plan maximum deductible	4,400	4,300	4,150	3,950
	Plan out-of-pocket limit	5,850	5,700	5,550	5,300
Family coverage:	Plan minimum deductible	5,850	5,700	5,550	5,300
	Plan maximum deductible	8,750	8,550	8,350	7,900
	Plan out-of-pocket limit	10,700	10,500	10,200	9,650
Health flexible spending arrangement—contribution limit	\$ 3,400	\$ 3,300	\$ 3,200	\$ 3,050	\$ 2,850
Advance payment of health insurance premium tax credit—repayment limit:³					
Household income < 200% of federal poverty line (FPL)	N/A	\$ 750	\$ 750	\$ 700	\$ 650
Household income ≥ 200% of FPL, but < 300%	N/A	1,950	1,900	1,800	1,650
Household income ≥ 300% of FPL, but < 400%	N/A	3,250	3,150	3,000	2,800
Qualified small employer HRA reimbursement limits:					
Employee only	\$ 6,450	\$ 6,350	\$ 6,150	\$ 5,850	\$ 5,450
Employee and family	13,100	12,800	12,450	11,800	11,050
Small employer health insurance credit—average wage limit	\$ 34,100	\$ 33,300	\$ 32,400	\$ 30,700	\$ 28,700
Education Tax Incentives					
Education savings accounts (ESAs) phase-out begins at AGI of:					
MFJ	\$ 190,000	\$ 190,000	\$ 190,000	\$ 190,000	\$ 190,000
Single, HOH, QSS, or MFS	95,000	95,000	95,000	95,000	95,000
American opportunity credit—maximum credit (per student)	\$ 2,500	\$ 2,500	\$ 2,500	\$ 2,500	\$ 2,500
Lifetime learning credit (LLC)—maximum credit (per return)	\$ 2,000	\$ 2,000	\$ 2,000	\$ 2,000	\$ 2,000
Education credit phase-out begins at AGI of:					
MFJ:	American opportunity	\$ 160,000	\$ 160,000	\$ 160,000	\$ 160,000
	LLC	160,000	160,000	160,000	160,000
Single, HOH, or QSS:	American opportunity	80,000	80,000	80,000	80,000
	LLC	80,000	80,000	80,000	80,000
MFS		Not Allowed	Not Allowed	Not Allowed	Not Allowed
Student loan interest deduction limit	\$ 2,500	\$ 2,500	\$ 2,500	\$ 2,500	\$ 2,500
Student loan interest deduction phase-out begins at AGI of:					
MFJ	\$ 175,000	\$ 170,000	\$ 165,000	\$ 155,000	\$ 145,000
Single, HOH, or QSS	85,000	85,000	80,000	75,000	70,000
MFS	Not Allowed	Not Allowed	Not Allowed	Not Allowed	Not Allowed

Quick Facts Data Sheet (Continued)

	2026	2025	2024	2023	2022
Savings bonds income exclusion phase-out begins at AGI of:					
MFJ or QSS	\$ 152,650	\$ 149,250	\$ 145,200	\$ 137,800	\$ 128,650
Single or HOH	101,800	99,500	96,800	91,850	85,800
MFS	Not Allowed	Not Allowed	Not Allowed	Not Allowed	Not Allowed
Additional Taxes					
AMT exemption:					
MFJ or QSS	\$ 140,200	\$ 137,000	\$ 133,300	\$ 126,500	\$ 118,100
Single or HOH	90,100	88,100	85,700	81,300	75,900
MFS	70,100	68,500	66,650	63,250	59,050
Child subject to kiddie tax—earned income plus	9,750	N/A ⁴	N/A ⁴	N/A ⁴	N/A ⁴
Net investment income tax begins at AGI of:					
MFJ or QSS	\$ 250,000	\$ 250,000	\$ 250,000	\$ 250,000	\$ 250,000
Single or HOH	200,000	200,000	200,000	200,000	200,000
MFS	125,000	125,000	125,000	125,000	125,000
Retirement Plans					
IRA contribution limits:					
Under age 50 at year end	\$ 7,500	\$ 7,000	\$ 7,000	\$ 6,500	\$ 6,000
Age 50 or older at year end	8,600	8,000	8,000	7,500	7,000
Traditional IRA deduction phase-out begins at AGI of (taxpayer or spouse covered by employer retirement plan):					
MFJ and QSS (covered spouse)	\$ 129,000	\$ 126,000	\$ 123,000	\$ 116,000	\$ 109,000
MFJ (non-covered spouse)	242,000	236,000	230,000	218,000	204,000
Single and HOH	81,000	79,000	77,000	73,000	68,000
MFS	0	0	0	0	0
Roth IRA contribution phase-out begins at AGI of:					
MFJ or QSS	\$ 242,000	\$ 236,000	\$ 230,000	\$ 218,000	\$ 204,000
Single or HOH	153,000	150,000	146,000	138,000	129,000
MFS	0	0	0	0	0
SIMPLE IRA plan elective deferral limits:					
Under age 50 at year end	\$ 17,000	\$ 16,500	\$ 16,000	\$ 15,500	\$ 14,000
Age 50–59 or 64 and older at year-end	21,000	20,000	19,500	19,000	17,000
Age 60–63 at year-end	22,250	21,750	N/A	N/A	N/A
401(k), 403(b), 457, and SARSEP elective deferral limits:					
Under age 50 at year end	\$ 24,500	\$ 23,500	\$ 23,000	\$ 22,500	\$ 20,500
Age 50–59 or 64 and older at year-end	32,500	31,000	30,500	30,000	27,000
Age 60–63 at year-end	35,750	34,750	N/A	N/A	N/A
Profit-sharing plan/SEP contribution limits	\$ 72,000	\$ 70,000	\$ 69,000	\$ 66,000	\$ 61,000
Compensation limit (for employer contributions to profit sharing plans)	\$ 360,000	\$ 350,000	\$ 345,000	\$ 330,000	\$ 305,000
Defined benefit plans—annual benefit limit	\$ 290,000	\$ 280,000	\$ 275,000	\$ 265,000	\$ 245,000
Retirement saver's credit phased-out when AGI exceeds:					
MFJ	\$ 80,500	\$ 79,000	\$ 76,500	\$ 73,000	\$ 68,000
HOH	60,375	59,250	57,375	54,750	51,000
Single, MFS, or QSS	40,250	39,500	38,250	36,500	34,000
Key employee compensation threshold	\$ 235,000	\$ 230,000	\$ 220,000	\$ 215,000	\$ 200,000
Highly compensated threshold	\$ 160,000	\$ 160,000	\$ 155,000	\$ 150,000	\$ 135,000
Social Security					
Maximum earnings and still receive full social security benefits:					
Under full retirement age (FRA) at year-end, benefits reduced by \$1 for each \$2 earned over	\$ 24,480	\$ 23,400	\$ 22,320	\$ 21,240	\$ 19,560
Year FRA reached, benefits reduced \$1 for each \$3 earned over (months up to FRA only)	65,160	62,160	59,520	56,520	51,960
Month FRA reached and later	No Limit	No Limit	No Limit	No Limit	No Limit
Estate and Gift Taxes					
Estate and gift tax exclusion	\$ 15,000,000 ⁵	\$ 13,990,000 ⁵	\$ 13,610,000 ⁵	\$ 12,920,000 ⁵	\$ 12,060,000 ⁵
GST tax exemption	\$ 15,000,000	\$ 13,990,000	\$ 13,610,000	\$ 12,920,000	\$ 12,060,000
Gift tax annual exclusion	\$ 19,000	\$ 19,000	\$ 18,000	\$ 17,000	\$ 16,000

Note: The exemption deduction amount is zero; however, for other Code provisions that refer to the Section 151 exemption amount (for example, the definition of qualifying relative when determining dependents under IRC Sec. 152), the amount is \$5,300 for 2026, \$5,200 for 2025, \$5,050 for 2024, \$4,700 for 2023, and \$4,400 for 2022.

¹ Phaseout amount for all other filers (except MFS) is amount shown reduced by: \$7,270 (\$7,280 if no children) for 2026, \$7,120 (\$7,110 if no children) for 2025, \$6,920 for 2024, \$6,560 (\$6,570 if no children) in 2023; \$6,130 in 2022.

² Add \$8,000 if special depreciation claimed.

³ For single filing status, the amount is half of the amount shown. For tax years 2021–2025, no additional income tax is imposed on advance credit payments exceeding the taxpayer's PTC. Beginning in 2026, the 2025 Act (formerly known as One Big Beautiful Bill or OBBA) eliminates the cap on repayment of excess advance PTC. For tax years 2026 and after, taxpayers must repay the full excess amount.

⁴ The 2019 SECURE Act suspended the provision limiting the exemption amount for children subject to the kiddie tax to the sum of the child's earned income plus \$5,000 (indexed annually for inflation) for tax years 2018–2025 [IRC Sec. 55(d)(4)(A)(iii)]. The 2025 Act removed the limitation. Beginning in 2026, the AMT exemption amount for a child subject to the kiddie tax will again be capped at the sum of the child's earned income for the year plus \$9,750 (for 2026).

⁵ Plus the amount of any deceased spousal unused exclusion and/or any restored exclusion related to lifetime gifts to a same-sex spouse.

⁶ The first amount applies to 1/1/22–6/30/22 and the second amount applies to 7/1/22–12/31/22.

⁷ Amount not available at time of publication.

Where to File 2025 Form 1040

Due Date: April 15, 2026

	Address to: <i>"Department of the Treasury Internal Revenue Service"</i>	Address to: <i>"Internal Revenue Service"</i>
Taxpayer lives in:	Without payment	With payment
AL, FL, GA, LA, MS, NC, SC, TN, TX	Austin, TX 73301-0002	P.O. Box 1214 Charlotte, NC 28201-1214
AK, CA, CO, HI, ID, KS, MI, MT, NE, NV, ND, OH, OR, SD, UT, WA, WY	Ogden, UT 84201-0002	P.O. Box 931000 Louisville, KY 40293-1000
AR, AZ, NM, OK	Austin, TX 73301-0002	P.O. Box 931000 Louisville, KY 40293-1000
CT, DC, DE, IL, IN, IA, KY, ME, MD, MA, MN, MO, NH, NJ, NY, PA, RI, VT, VA, WV, WI	Kansas City, MO 64999-0002	P.O. Box 931000 Louisville, KY 40293-1000
A foreign country, U.S. possession or territory; or uses an APO or FPO address; or files Form 2555 or 4563; or is a dual-status alien. If taxpayer lives in American Samoa, Puerto Rico, Guam, U.S. Virgin Islands, or the Northern Mariana Islands, see Pub 570.	Austin, TX 73301-0215 USA	P.O. Box 1303 Charlotte, NC 28201-1303 USA

Where to File Form 1040-ES for 2026

Due Dates: See *Estimated Tax Payments—Due Dates* on Page 16-7.

Address to: *"Internal Revenue Service"*

Taxpayer lives in:	Send to:
AL, AK, CA, CO, FL, GA, HI, ID, KS, LA, MI, MS, MT, NE, NV, NM, NC, ND, OH, OR, PA, SC, SD, TN, TX, UT, WA, WY	P.O. Box 1300 Charlotte, NC 28201-1300
AR, CT, DE, DC, IL, IN, IA, KY, ME, MD, MA, MN, MO, NH, NJ, NY, OK, RI, VT, VA, WV, WI	P.O. Box 931100 Louisville, KY 40293-1100
A foreign country, American Samoa, or Puerto Rico (or is excluding income under IRC Sec. 933); or uses an APO or FPO address; or files Form 2555 or 4563; or is a dual-status alien or nonpermanent resident of Guam or the U.S. Virgin Islands	P.O. Box 1303 Charlotte, NC 28201-1303, USA
Address to: <i>"Department of Revenue and Taxation, Government of Guam"</i>	
Guam: Bona fide residents*	P.O. Box 23607 GMF, GU 96921
Address to: <i>"Virgin Islands Bureau of Internal Revenue"</i>	
U.S. Virgin Islands: Bona fide residents*	6115 Estate Smith Bay, Suite 22 St. Thomas, VI 00802

*Bona fide residents must prepare separate vouchers for estimated income tax and self-employment tax payments. Send the income tax vouchers to the address for bona fide residents and the self-employment tax vouchers to the address for non-bona fide residents.

Where to File Form 4868 for 2025 Return

Due Date: April 15, 2026

	Address to: <i>"Department of the Treasury, Internal Revenue Service Center"</i>	Address to: <i>"Internal Revenue Service"</i>
Taxpayer lives in:	Without payment	With payment
AL, FL, GA, LA, MS, NC, SC, TN, TX	Austin, TX 73301-0045	P.O. Box 1302 Charlotte, NC 28201-1302
AK, CA, CO, HI, ID, KS, MI, MT, NE, NV, ND, OH, OR, SD, UT, WA, WY	Ogden, UT 84201-0045	P.O. Box 931300 Louisville, KY 40293-1300
CT, DE, DC, IL, IN, IA, KY, ME, MD, MA, MN, MO, NH, NJ, NY, PA, RI, VT, VA, WV, WI	Kansas City, MO 64999-0045	P.O. Box 931300 Louisville, KY 40293-1300
AR, AZ, NM, OK	Austin, TX 73301-0045	P.O. Box 931300 Louisville, KY 40293-1300
A foreign country, American Samoa, or Puerto Rico; or is excluding income under IRC Sec. 933; or using an APO or FPO address; or filing Form 2555 or 4563; or is a dual-status alien; or is a nonpermanent resident of Guam or the U.S. Virgin Islands.	Austin, TX 73301-0215 USA	P.O. Box 1303 Charlotte, NC 28201-1303 USA
All foreign estate and trust Form 1040-NR filers	Kansas City, MO 64999-0045 USA	P.O. Box 1303 Charlotte, NC 28201-1303 USA
All other Form 1040-NR and 1040-SS filers	Austin, TX 73301-0215 USA	P.O. Box 1303 Charlotte, NC 28201-1303 USA

amounts received as cash tips by an individual in an occupation that customarily and regularly received tips on or before December 31, 2024, subject to certain limitations. *Cash tips* are also further defined in the proposed regulations. Cash tips must be reported to taxpayers by their employer on Form W-2 or Forms 1099. Tips that are not reported by employees to their employer may still be deductible if taxpayers properly file Form 4137 (Social Security and Medicare Tax on Unreported Tip Income) with their federal tax returns.

Note: The IRS has announced it will not update 2025 information returns, such as Form W-2 and Forms 1099, to account for the amounts eligible for the new deductions. Employers should begin tracking qualified tips and overtime pay under the 2025 Act immediately as well as implementing processes for retroactive tracking. [See Notice 2025-69 for additional guidance on 2025 reporting requirements.](#) Taxpayers should expect new guidance and updated forms for tax year 2026 (IR-2025-82).

Tips received by a self-employed taxpayer are eligible for the deduction only to the extent that the gross income of the qualifying trade or business generating the tips exceeds the sum of deductions (other than the Section 224 tip deduction) for the trade or business for the taxable year.

This is a below-the-line deduction available to both itemizing and non-itemizing taxpayers. Married taxpayers must file jointly to receive the deduction. Taxpayers filing as married filing separately status are not eligible for the deduction. Taxpayers claiming this deduction must have a valid social security number. The deduction is capped at \$25,000 of qualified tips and is phased out by \$100 for each \$1,000 by which the taxpayer's MAGI (as calculated on Schedule 1-A, Part I) exceeds \$150,000 (\$300,000 MFJ). The deduction is fully phased-out at MAGI of \$400,000 (\$550,000 MFJ).

Reporting. Taxpayers should report any qualified tips received as an employee on Schedule 1-A, Part II, line 4a for qualified tips included on Form W-2, box 7, or on line 4b for qualified tips received as an employee included on Form 4137, line 1(c). Enter the larger of line 4a or 4b on line 4c if taxpayer only received qualified tips from one employer.

Taxpayers should report any qualified tips received in the course of a trade or business on Schedule 1-A, Part II, line 5 for qualified tips included on Forms 1099.

Total qualified tips will be reported on Schedule 1-A, line 6. Taxpayers may then figure the deduction as limited by the deduction cap of \$25,000 and the MAGI limitations following Schedule 1-A, lines 7 through 12. The total deduction available will be reported on Schedule 1-A, Line 13 and should be included in the total additional deductions reported on Form 1040, Line 13b.

The IRS [provided](#) transition relief for tax year 2025 for taxpayers claiming the deduction and for employers and payors subject to the new reporting requirements. [See Notice 2025-69 for additional guidance.](#)

Qualified Business Income Deduction. Self-employed individuals in a specified service trade or business (SSTB) under IRC Sec. 199A are not eligible for the No Tax on Tips deduction. An employee whose employer is an SSTB is not eligible for the No Tax on Tips deduction. [See Notice 2025-69 for additional guidance on SSTB eligibility.](#)

Note: For self-employed individuals with income from a non-SSTB, tip income deducted under IRC Sec. 224 is excluded from QBI for the IRC Sec. 199A deduction. This is to disallow double-dipping.

SCHEDULE 1-A—PART III: NO TAX ON OVERTIME

The 2025 Act introduced the No Tax on Overtime deduction for tax years 2025–2028 (IRC Sec. 225). Effective for tax years 2025–2028, employees receiving “qualified overtime pay” may

deduct the amount that exceeds their regular rate of pay, that is, the “half” portion of the time-and-a-half compensation pay, up to \$12,500 (\$25,000 MFJ).

Qualified overtime compensation means the overtime compensation paid to an individual required under section 7 of the Fair Labor Standards Act of 1938 that is in excess of the regular rate at which the individual is employed (see <https://www.dol.gov/agencies/whd/overtime>).

This is a below-the-line-deduction available to both itemizing and non-itemizing taxpayers. Married taxpayers must file jointly to receive the deduction. Taxpayers filing as married filing separately status are not eligible for the deduction. Taxpayers claiming this deduction must have a valid social security number. The deduction is phased out by \$100 for each \$1,000 by which the taxpayer's MAGI (as calculated on Schedule 1-A, Part I) exceeds \$150,000 (\$300,000 MFJ). The deduction is fully phased-out at MAGI of \$275,000 (\$550,000 MFJ).

The qualified overtime compensation must be reported on Form W-2, Form 1099, or other specified statement furnished to the individual.

Note: Qualified overtime compensation does not include qualified tip income.

Reporting. Taxpayers should report any qualified overtime compensation included on Form W-2 on Schedule 1-A, Part III, line 14a and any qualified overtime compensation included on Forms 1099 on Schedule 1-A, Part III, lines 14b. Total qualified overtime compensation will be reported on Schedule 1-A, Part III, line 14c.

Taxpayers may then figure the deduction as limited by the deduction cap of \$12,500 (\$25,000 MFJ) and the MAGI limitations following Schedule 1-A, lines 15 through 20. The total deduction available will be reported on Schedule 1-A, Line 21 and should be included in the total additional deductions reported on Form 1040, Line 13b.

The IRS [provided](#) transition relief for tax year 2025 for taxpayers claiming the deduction and for employers and other payors subject to the new reporting requirements. [See Notice 2025-69 for additional guidance on overtime reporting.](#)

SCHEDULE 1-A—PART IV: NO TAX ON CAR LOAN INTEREST

See *Qualified Passenger Vehicle Loan Interest* on Page 5-9.

The 2025 Act introduced the No Tax on Car Loan Interest deduction for tax years 2025–2028 [IRC Sec. 163(h)(4)]. Effective for tax years 2025–2028, taxpayers may deduct up to \$10,000 per year for qualified passenger vehicle loan interest. [Proposed regulations released in December 2025 clarify that since IRC Sec. 163\(h\)\(4\)\(C\)\(i\) does not provide a different deduction amount for joint filers, the \\$10,000 limitation applies per Federal tax return.](#)

To qualify for the deduction, the interest must be paid on a loan that originated after December 31, 2024, for an applicable ([qualifying](#)) passenger vehicle. The vehicle must be for personal use (not for business or commercial use), and it must be a new vehicle (neither leased or used vehicles qualify). See *Qualified Passenger Vehicle Loan Interest* on Page 5-9 for more details.

Note: If a qualifying vehicle loan is later refinanced, interest paid on the refinanced amount is generally eligible for the deduction.

This is a below-the-line-deduction available to both itemizing and non-itemizing taxpayers. Taxpayers must report the vehicle identification number (VIN) of the qualified vehicle on their tax return. The deduction is phased out by \$200 for each \$1,000 that the taxpayer's MAGI (as calculated on Schedule 1-A, Part I) exceeds \$100,000 (\$200,000 MFJ). The deduction is fully phased-out at MAGI of \$150,000 (\$250,000 MFJ).

Reporting. Taxpayers claiming the deduction should report the applicable passenger vehicle VIN on Schedule 1-A, Part IV, line 22, column (i). Taxpayers should

receive Form 1098-VLI (Vehicle Loan Interest Statement) or an equivalent for specified passenger vehicle loan interest payments of \$600 or more made during the year. Total interest for the loan being claimed as a deduction on Schedule 1-A should be reported on line 22, column (iii).

Note: Taxpayers cannot claim interest deduction on Schedule C, E, or F for the same interest deducted on Schedule 1-A. Report any interest deducted on Schedules C, E or F on Schedule 1-A, Part IV, line 22, column (ii).

The total qualified car loan interest will be the sum of all loan interest reported on line 22 column (iii) and reported on Schedule 1-A, line 23. Taxpayers may then figure the deduction as limited by the deduction cap of \$10,000 and the MAGI limitations following Schedule 1-A, lines 24 through 29. The total deduction available will be reported on Schedule 1-A, Line 30 and should be included in the total additional deductions reported on Form 1040, Line 13b.

The IRS provided transitional relief for 2025 for lenders and other interest recipients subject to the new filing requirements (Notice 2025-57).

SCHEDULE 1-A—PART V: ENHANCED DEDUCTION FOR SENIORS

The 2025 Act introduced the Enhanced Deduction for Seniors for tax years 2025–2028 [IRC Sec. 151(d)(5)(C)]. Effective for tax years 2025–2028, “qualified individuals” can claim a new \$6,000 senior deduction (\$12,000 if MFJ and both taxpayers are qualified individuals). A *qualified individual* is a taxpayer age 65 or older before the close of the tax year.

This is a below-the-line-deduction available to both itemizing and non-itemizing taxpayers. The qualified individual(s) must include their SSN on their tax return. Married taxpayers must file a joint return with their spouse to qualify for the deduction. Taxpayers filing as married filing separately status are not eligible for the deduction. The deduction is phased out by 6% of any excess of the taxpayer’s MAGI (as calculated on Schedule 1-A, Part I) above \$75,000 (\$150,000 MFJ). The new deduction is in addition to the existing standard deduction available to those 65+ or blind.

Observation: This new deduction is not directly related to social security benefits. As the deduction is below-the-line, it does not impact the taxability of social security benefits (which is calculated in part using AGI).

Reporting. Taxpayers claiming the deduction should report MAGI from Schedule 1-A, line 3 on Schedule 1-A, Part V, line 31 and continue to determine if their MAGI exceeds the \$75,000 (\$150,000 MFJ) limitation on Schedule 1-A, line 32. If taxpayer’s MAGI does not exceed the limitation, skip line 34 and enter \$6,000 on line 35. If taxpayers MAGI does exceed the limitation, multiply line 33 by 6% to calculate the phase out amount and report this on line 34. Subtract the 6% of excess MAGI reported on line 34 from \$6,000 and enter on line 35. If taxpayer is a qualified individual, enter the amount from line 35 on line 36a. If taxpayer’s spouse is also a qualified individual, enter the amount from line 35 on line 36b. Add lines 36a and 36b to arrive at the total enhanced deduction for seniors on line 37. This should be included in the total additional deductions reported on Form 1040, Line 13b.

Note: All available deductions to the taxpayer as calculated on Schedule 1-A will be summed up and reported on Schedule 1-A, Part VI, Line 38 and should be reported on Form 1040, Line 13b as one amount.

SCHEDULE 2—PART I: TAX

Excess Advance Premium Tax Credit(s) Repayment

Individuals can choose to have some or all of their estimated health insurance premium tax credit paid in advance. If the advance

payments exceed the actual credit amount computed on Form 8962 (Premium Tax Credit), the difference is an additional amount of tax due, reported on line 1a of Form 1040, Schedule 2. However, the repayment is limited to the lesser of the excess amount or the amount shown in the following table [IRC Sec. 36B(f)(2); Rev. Proc. 2024-40].

Excess Advance Premium Tax Credit Repayment Limitations		
Household income as a % of the federal poverty line	Single	Any other filing status
Less than 200%	\$ 375	\$ 750
200%–299%	975	1,950
300%–399%	1,625	3,250
400% or more	No limit	No limit

See *Advance Payment of the Credit* on Page 12-12.

Repayment of New Clean Vehicle Credit(s) Transferred to Registered Dealer

Form 8936. Repayment of credit from Schedule A (Form 8936), Part II. See *Clean Vehicle Credit* on Page 11-6.

Repayment of Previously-owned Clean Vehicle Credit(s) Transferred to Registered Dealer

Form 8936. Repayment of credit from Schedule A (Form 8936), Part IV. See *Previously-owned (Used) Clean Vehicle Credit* on Page 11-8.

Recapture of Certain Credits and Payments

Form 4255. Form 4255 (Certain Credit Recapture, Excessive Payments, and Penalties) captures (in addition to prior year recaptured credits) the net elective payment election (EPE) amount, excessive payments (EPs) and penalties, and 20% penalty in Part I. Part II provides the recapture worksheet.

Alternative Minimum Tax

Form 6251. See *Alternative Minimum Tax (AMT)* on Page 12-15.

SCHEDULE 2—PART II: OTHER TAXES

Self-Employment Tax

See *Schedule SE—Self-Employment Tax* on Page 6-15.

Unreported Social Security and Medicare Tax

Tip income not reported to employer—Form 4137. An employee is required to report tips of \$20 or more per month to the employer. The employer is required to withhold FICA taxes on the reported tips. **Note:** Even though tips of less than \$20 per month are not subject to FICA, they are subject to income tax. IRS Pub. 531 (Reporting Tip Income) provides instructions on keeping daily tip records and reporting to employers. Form 4070A and Form 4070 are historical forms but can be found on <https://www.irs.gov/forms-pubs/prior-year>.

- Form 4070A** (Employee’s Daily Record of Tips). Employees can use this form (or a similar record) to establish the amount of tip income received during the year. Good records are necessary if actual income is less than that reported under allocated tips.
- Form 4070** (Employee’s Report of Tips to Employer). Employees use this form or a similar statement to report tips of \$20 or more per month to the employer. Tips must be reported by the 10th day of the following month.

Form 4137 (Social Security and Medicare Tax on Unreported Tip Income) is used to compute the social security and Medicare tax owed on tips not reported to the employer, including any allocated tips shown on Form W-2 that must be reported as income. These tips will then be credited to the employee’s social security record.

Allocating Home Mortgage Interest

Special rules apply to qualified residence interest. See *Interest—Mortgages* on Page 5-9 for more information.

INVESTMENT INTEREST EXPENSE

Form 4952; See also IRS Pub. 550

Investment Interest

Investment interest is interest paid on money borrowed (including margin interest) to buy investment property such as stocks, bonds, and mutual funds and is deductible each year up to the amount of net investment income received.

Investment interest expense not allowed in the current year because of the investment income limitation is carried forward indefinitely.

👁️ **Observation:** Deductible investment interest expense offsets total investment income when computing the 3.8% NIIT. See *3.8% Net Investment Income Tax* on Page 12-17 for details.

Investment property includes:

- Property that produces interest, dividends, annuities, or royalties (not from trade or business).
- Property that produces gain or loss from the sale or trade of property held for producing these types of income or held for investment (other than passive activities).



Net investment income. The excess of investment income over investment expenses (other than interest expense).

Investment income includes:

- Income from property held for investment (such as interest, non-qualified dividends, annuities, and royalties).
- Excess of net gains over any net capital gain (defined later in this section) from the sale of investment property (essentially, net gain from the sale of investment property that is taxed at ordinary tax rates). **Note:** Net gain for the year is computed taking capital loss carryovers into account (Ltr. Rul. 9549002; *Lenahan*, TC Summary Opinion 2002-124).
- Investment income of a child whose income is reported on the parent's return (Form 8814).

Investment income does not include:

- Net capital gain (excess of net long-term capital gain over net short-term capital losses), unless elected (see *Net Capital Gain/Qualified Dividend Election* on Page 5-9).
- Qualified dividend income, unless elected.
- Alaska Permanent Fund dividends.

Net Capital Gain/Qualified Dividend Election

Net investment income does not include net capital gain or qualified dividend income eligible for the favorable long-term capital gain rate (0%, 15%, or 20%). However, an election is available to treat all or part of net capital gain and/or qualified dividend income as investment income, provided the taxpayer reduces the amount of long-term gain or dividend income eligible for the lower tax rates. The election is made on Form 4952.

Electing to Capitalize Taxes and Interest

Taxpayers can elect annually to capitalize taxes and interest on unimproved and unproductive land rather than taking a current tax deduction [Reg. 1.266-1(b)(1)]. The election is made by filing a statement with the original return for the year the election is made. It is effective only for the year for which it is made. The election is useful when the taxpayer does not benefit from deducting the expense, such as when itemized deductions do not exceed the standard deduction, or when investment interest expense is limited by investment income.

QUALIFIED PASSENGER VEHICLE LOAN INTEREST

Schedule 1-A (Form 1040)

📌 **Law Change Alert:** For tax years 2025–2028, the 2025 Act allows a deduction of up to \$10,000 per year for qualified passenger vehicle loan interest [IRC Sec. 163(h)(4)].

Definition. Qualified passenger vehicle loan interest means any interest which is paid or accrued during the tax year on indebtedness incurred by the taxpayer after December 31, 2024, for the purchase of an applicable passenger vehicle for personal use, secured by a first lien on the vehicle [IRC Sec. 163(h)(4)(B)].

🔗 **Note:** Proposed regulations released in December 2025 specify that a vehicle is considered purchased for personal use if, at the time the loan is incurred, the taxpayer expects the vehicle to be used for personal use more than 50% of the time (REG-113515-25).

Applicable passenger vehicle. Applicable passenger vehicle means any vehicle [IRC Sec. 163(h)(4)(D)]:

- 1) the original use of which commences with the taxpayer,
- 2) which is manufactured primarily for use on public streets, roads, and highways (not including a vehicle operated exclusively on a rail or rails),
- 3) which has at least 2 wheels,
- 4) which is a car, minivan, van, sport utility vehicle, pickup truck, or motorcycle,
- 5) which is treated as a motor vehicle for purposes of title II of the Clean Air Act, and,
- 6) which has a gross vehicle weight rating of less than 14,000 pounds.

Final assembly of the vehicle must occur within the United States (<https://www.nhtsa.gov/vin-decoder>).

Limitation. This deduction will begin to phase out for taxpayers with MAGI of \$100,000 for single filers (\$200,000 for MFJ) [IRC Sec. 163(h)(4)(C)(ii)].

Reporting. This is a **below-the-line** deduction, meaning taxpayers taking the standard deduction instead of itemizing deductions on Schedule A may also take this deduction. Taxpayers must report the vehicle identification number (VIN) on their tax return [IRC Sec. 163(h)(4)(B)(iii)]. See *Schedule 1-A—Part IV: No Tax on Car Loan Interest* on Page 4-26 for further details on how to claim this deduction.

INTEREST—MORTGAGES

See also IRS Pub. 936

The maximum amount of acquisition indebtedness for which the mortgage interest is deductible to indebtedness of \$750,000 (\$375,000 if MFS) [IRC Sec. 163(h)(3)(F)]. In addition, interest paid on home equity indebtedness is not deductible unless the debt qualifies as acquisition indebtedness (that is, proceeds were used to buy, build, or substantially improve the home).

🔗 **Note:** The 2025 Act has permanently extended the \$750,000 (\$375,000 if MFS) cap on acquisition debt [IRC Sec. 163(h)(3)(F), as amended by the 2025 Act]. It also extended the moratorium on deducting home equity interest unless the loan proceeds are used to improve the property.

👁️ **Observation:** Taxpayers who incurred their debt on or before December 15, 2017 apply, the former \$1 million (\$500,000 if MFS) debt limit.

Qualified Residence Interest

Instead of using the interest-tracing rules, qualified residence interest is defined and deducted as follows:

- 1) **Acquisition debt—mortgages incurred after October 13, 1987:**
 - Debt incurred to acquire, construct, or substantially improve the taxpayer's main or second home. (Interest on a third home is nondeductible personal interest unless the home is business or investment property.)

Continued on the next page

Schedule C—Principal Business or Professional Activity Codes

The six-digit codes are based on the North American Industry Classification System (NAICS).
Select the category that best describes the primary business activity. Then, select the activity that best identifies the principal source of sales or receipts.

North American Industry Classification System (NAICS).	six-digit codes are based on the North American Industry Classification System (NAICS).	estate agent). Now find the six-digit code assigned to this activity (for example, 531210, the code for offices of real estate agents and brokers) and enter it on Schedule C, line B.
<p>These codes for the Principal Business or Professional Activity classify sole proprietorships by the type of activity they are engaged in to facilitate the administration of the Internal Revenue Code. These</p>	<p>Select the category that best describes your primary business activity (for example, Real Estate). Then select the activity that best identifies the principal source of your sales or receipts (for example, real</p>	<p>Note. If your principal source of income is from farming activities, you should file Schedule F.</p>
<p>Accommodation, Food Services, & Drinking Places</p> <p>Accommodation</p> <p>721310 Rooming & boarding houses, dormitories, & workers' camps</p> <p>721210 RV (recreational vehicle) parks & recreational camps</p> <p>721100 Traveler accommodation (including hotels, motels, & bed & breakfast inns)</p> <p>Food Services & Drinking Places</p> <p>722514 Cafeterias, grill buffets, & buffets</p> <p>722410 Drinking places (alcoholic beverages)</p> <p>722511 Full-service restaurants</p> <p>722513 Limited-service restaurants</p> <p>722515 Snack & non-alcoholic beverage bars</p> <p>722300 Special food services (including food service contractors & caterers)</p>	<p>113000 Forestry & logging (including forest nurseries & timber tracts)</p> <p>114210 Hunting & trapping</p> <p>Support Activities for Agriculture & Forestry</p> <p>115210 Support activities for animal production (including farriers)</p> <p>115110 Support activities for crop production (including cotton ginning, soil preparation, planting, & cultivating)</p> <p>115310 Support activities for forestry</p>	<p>238170 Siding contractors</p> <p>238910 Site preparation contractors</p> <p>238120 Structural steel & precast concrete construction contractors</p> <p>238340 Tile & terrazzo contractors</p> <p>238290 Other building equipment contractors</p> <p>238390 Other building finishing contractors</p> <p>238190 Other foundation, structure, & building exterior contractors</p> <p>238990 All other specialty trade contractors</p>
<p>Administrative & Support and Waste Management & Remediation Services</p> <p>Administrative & Support Services</p> <p>561430 Business service centers (including private mail centers & copy shops)</p> <p>561740 Carpet & upholstery cleaning services</p> <p>561440 Collection agencies</p> <p>561450 Credit bureaus</p> <p>561410 Document preparation services</p> <p>561300 Employment services</p> <p>561710 Exterminating & pest control services</p> <p>561210 Facilities support (management) services</p> <p>561600 Investigation & security services</p> <p>561720 Janitorial services</p> <p>561730 Landscaping services</p> <p>561110 Office administrative services</p> <p>561420 Telephone call centers (including telephone answering services & telemarketing bureaus)</p> <p>561500 Travel arrangement & reservation services</p> <p>561490 Other business support services (including repossession services, court reporting, & stenotype services)</p> <p>561790 Other services to buildings & dwellings</p> <p>561900 Other support services (including packaging & labeling services, & convention & trade show organizers)</p> <p>Waste Management & Remediation Services</p> <p>562000 Waste management & remediation services</p>	<p>Arts, Entertainment, & Recreation</p> <p>Amusement, Gambling, & Recreation Industries</p> <p>713100 Amusement parks & arcades</p> <p>713200 Gambling industries</p> <p>713900 Other amusement & recreation services (including golf courses, skiing facilities, marinas, fitness centers, bowling centers, skating rinks, miniature golf courses)</p> <p>Museums, Historical Sites, & Similar Institutions</p> <p>712100 Museums, historical sites, & similar institutions</p> <p>Performing Arts, Spectator Sports, & Related Industries</p> <p>711410 Agents & managers for artists, athletes, entertainers, & other public figures</p> <p>711510 Independent artists, writers, & performers</p> <p>711100 Performing arts companies</p> <p>711300 Promoters of performing arts, sports, & similar events</p> <p>711210 Spectator sports (including professional sports clubs & racetrack operations)</p>	<p>Educational Services</p> <p>611000 Educational services (including schools, colleges, & universities)</p>
<p>Agriculture, Forestry, Hunting, & Fishing</p> <p>112900 Animal production (including breeding of cats and dogs)</p> <p>114110 Fishing</p>	<p>Construction of Buildings</p> <p>236200 Nonresidential building construction</p> <p>236100 Residential building construction</p> <p>Heavy and Civil Engineering Construction</p> <p>237310 Highway, street, & bridge construction</p> <p>237210 Land subdivision</p> <p>237100 Utility system construction</p> <p>237990 Other heavy & civil engineering construction</p> <p>Specialty Trade Contractors</p> <p>238310 Drywall & insulation contractors</p> <p>238210 Electrical contractors</p> <p>238350 Finish carpentry contractors</p> <p>238330 Flooring contractors</p> <p>238130 Framing carpentry contractors</p> <p>238150 Glass & glazing contractors</p> <p>238140 Masonry contractors</p> <p>238320 Painting & wall covering contractors</p> <p>238220 Plumbing, heating & air-conditioning contractors</p> <p>238110 Poured concrete foundation & structure contractors</p> <p>238160 Roofing contractors</p>	<p>Finance & Insurance</p> <p>Credit Intermediation & Related Activities</p> <p>522100 Depository credit intermediation (including commercial banking, savings institutions, & credit unions)</p> <p>522200 Nondepository credit intermediation (including sales financing & consumer lending)</p> <p>522300 Activities related to credit intermediation (including loan brokers)</p> <p>Insurance Agents, Brokers, & Related Activities</p> <p>524210 Insurance agencies & brokerages</p> <p>524290 Other insurance related activities</p> <p>Securities, Commodity Contracts, & Other Financial Investments & Related Activities</p> <p>523160 Commodity contracts intermediation</p> <p>523150 Investment banking & securities intermediation</p> <p>523210 Securities & commodity exchanges</p> <p>523900 Other financial investment activities (including investment advice)</p>
		<p>Health Care & Social Assistance</p> <p>Ambulatory Health Care Services</p> <p>621610 Home health care services</p> <p>621510 Medical & diagnostic laboratories</p> <p>621310 Offices of chiropractors</p> <p>621210 Offices of dentists</p> <p>621330 Offices of mental health practitioners (except physicians)</p> <p>621320 Offices of optometrists</p> <p>621340 Offices of physical, occupational & speech therapists, & audiologists</p> <p>621111 Offices of physicians (except mental health specialists)</p> <p>621112 Offices of physicians, mental health specialists</p> <p>621391 Offices of podiatrists</p> <p>621399 Offices of all other miscellaneous health practitioners</p>
		<p>621400 Outpatient care centers</p> <p>621900 Other ambulatory health care services (including ambulance services, blood, & organ banks)</p> <p>Hospitals</p> <p>622000 Hospitals</p> <p>Nursing & Residential Care Facilities</p> <p>623000 Nursing & residential care facilities</p> <p>Social Assistance</p> <p>624410 Childcare services</p> <p>624200 Community food & housing, & emergency & other relief services</p> <p>624100 Individual & family services</p> <p>624310 Vocational rehabilitation services</p>
		<p>Information</p> <p>Publishing Industries</p> <p>513000 Publishing industries</p> <p>Broadcasting & Content Providers & Telecommunications</p> <p>516000 Broadcasting & content providers</p> <p>517000 Telecommunications (including Wired, Wireless, Satellite, Cable & Other Program Distribution, Resellers, Agents, Other Telecommunications, & Internet service providers)</p> <p>Data Processing, Web Search Portals, & Other Information Services</p> <p>518210 Computing infrastructure providers, data processing, web hosting, & related services</p> <p>519200 Web search portals, libraries, archives, & other info. services</p> <p>Motion Picture & Sound Recording</p> <p>512100 Motion picture & video industries (except video rental)</p> <p>512200 Sound recording industries</p>
		<p>Manufacturing</p> <p>315000 Apparel mfg.</p> <p>312000 Beverage & tobacco product mfg.</p> <p>334000 Computer & electronic product mfg.</p> <p>335000 Electrical equipment, appliance, & component mfg.</p> <p>332000 Fabricated metal product mfg.</p> <p>337000 Furniture & related product mfg.</p> <p>333000 Machinery mfg.</p> <p>339110 Medical equipment & supplies mfg.</p> <p>322000 Paper mfg.</p> <p>324100 Petroleum & coal products mfg.</p> <p>326000 Plastics & rubber products mfg.</p> <p>331000 Primary metal mfg.</p> <p>323100 Printing & related support activities</p> <p>313000 Textile mills</p> <p>314000 Textile product mills</p> <p>336000 Transportation equipment mfg.</p> <p>321000 Wood product mfg.</p> <p>339900 Other miscellaneous mfg.</p> <p>Chemical Manufacturing</p> <p>325100 Basic chemical mfg.</p>

Note: These codes are from 2024 instructions. 2025 instructions not available at the date of publication.

Schedule C—Principal Business or Professional Activity Codes (Continued)

325500 Paint, coating, & adhesive mfg.	811190 Other automotive repair & maintenance (including oil change & lubrication shops & car washes)	532282 Video tape & disc rental	459410 Office supplies & stationery retailers
325300 Pesticide, fertilizer, & other agricultural chemical mfg.		532289 Other consumer goods rental	459910 Pet & pet supplies retailers
325410 Pharmaceutical & medicine mfg.	811310 Commercial & industrial machinery & equipment (except automotive & electronic) repair & maintenance	Religious, Grantmaking, Civic, Professional, & Similar Organizations 813000 Religious, grantmaking, civic, professional, & similar organizations	459510 Used merchandise retailers
325200 Resin, synthetic rubber, & artificial & synthetic fibers & filaments mfg.	811210 Electronic & precision equipment repair & maintenance		459990 All other miscellaneous retailers (including tobacco, candle, & trophy retailers)
325600 Soap, cleaning compound, & toilet preparation mfg.	811430 Footwear & leather goods repair	Retail Trade Building Material & Garden Equipment & Supplies Dealers 444140 Hardware retailers 444110 Home centers 444200 Lawn & garden equipment & supplies retailers 444120 Paint & wallpaper retailers 444180 Other building materials dealers	Nonstore Retailers xx Nonstore retailers sell all types of merchandise using such methods as Internet, mail-order catalogs, interactive television, or direct sales. These types of Retailers should select the PBA associated with their primary line of products sold. xx For example, establishments primarily selling prescription and non-prescription drugs, select PBA code <i>456110 Pharmacies & Drug Retailers.</i>
325900 Other chemical product & preparation mfg.	811410 Home & garden equipment & appliance repair & maintenance		
Food Manufacturing	811420 Reupholstery & furniture repair		
311110 Animal food mfg.	811490 Other personal & household goods repair & maintenance		
311800 Bakeries, tortilla, & dry pasta mfg.	Professional, Scientific, & Technical Services 541100 Legal services 541211 Offices of certified public accountants 541214 Payroll services 541213 Tax preparation services 541219 Other accounting services	Clothing & Accessories Retailers 458110 Clothing & clothing accessories retailers 458310 Jewelry retailers 458320 Luggage & leather goods retailers 458210 Shoe retailers	
311500 Dairy product mfg.			Electronic & Appliance Retailers 449210 Electronics & appliance retailers (including computers)
311400 Fruit & vegetable preserving & speciality food mfg.	Architectural, Engineering, & Related Services 541310 Architectural services 541350 Building inspection services 541340 Drafting services 541330 Engineering services 541360 Geophysical surveying & mapping services 541320 Landscape architecture services 541370 Surveying & mapping (except geophysical) services 541380 Testing laboratories & services	Food & Beverage Retailers 445320 Beer, wine, & liquor retailers 445250 Fish & seafood retailers 445230 Fruit & vegetable retailers 445100 Grocery & convenience retailers 445240 Meat retailers 445290 Other specialty food retailers 445132 Vending machine operators	Transportation & Warehousing 481000 Air transportation 485510 Charter bus industry 484110 General freight trucking, local 484120 General freight trucking, long distance 485210 Interurban & rural bus transportation 486000 Pipeline transportation 482110 Rail transportation 487000 Scenic & sightseeing transportation 485410 School & employee bus transportation 484200 Specialized freight trucking (including household moving vans) 485300 Taxi, limousine, & ridesharing service 485110 Urban transit systems 483000 Water transportation 485990 Other transit & ground passenger transportation 488000 Support activities for transportation (including motor vehicle towing)
311200 Grain & oilseed milling			Furniture & Home Furnishings Retailers 449110 Furniture retailers 449120 Home furnishings retailers
311610 Animal slaughtering & processing	Computer Systems Design & Related Services 541510 Computer systems design & related services	Gasoline Stations & Fuel dealers 457100 Gasoline stations (including convenience stores with gas) 457210 Fuel dealers (including heating oil & liquefied petroleum)	
311710 Seafood product preparation & packaging			General Merchandise Retailers 455000 General merchandise retailers
311300 Sugar & confectionery product mfg.	Specialized Design Services 541400 Specialized design services (including interior, industrial, graphic, & fashion design)	Health & Personal Care Retailers 456120 Cosmetics, beauty supplies, & perfume retailers 456130 Optical goods retailers 456110 Pharmacies & drug retailers 456190 Other health & personal care retailers	
311900 Other food mfg. (including coffee, tea, flavorings, & seasonings)			Motor Vehicle & Parts Dealers 441300 Automotive parts, accessories, & tire retailers 441222 Boat dealers 441227 Motorcycle, ATV, & all other motor vehicle dealers 441110 New car dealers 441210 Recreational vehicle dealers (including motor home & travel trailer dealers) 441120 Used car dealers
Leather & Allied Product Manufacturing	Other Professional, Scientific, & Technical Services 541800 Advertising, public relations, & related services 541600 Management, scientific, & technical consulting services 541910 Market research & public opinion polling 541920 Photographic services 541700 Scientific research & development services 541930 Translation & interpretation services 541940 Veterinary services 541990 All other professional, scientific, & technical services	Sporting Goods, Hobby, Book, Musical Instrument & Miscellaneous Retailers 459210 Book retailers & news dealers (including newsstands) 459120 Hobby, toy, & game retailers 459140 Musical instrument & supplies retailers 459130 Sewing, needlework, & piece goods retailers 459110 Sporting goods retailers 459920 Art dealers 459310 Florists 459420 Gift, novelty, & souvenir retailers 459930 Manufactured (mobile) home dealers	Couriers & Messengers 492000 Couriers & messengers Warehousing & Storage Facilities 493100 Warehousing & storage (except leases of miniwarehouses & self-storage units)
316210 Footwear mfg. (including leather, rubber, & plastics)			Utilities 221000 Utilities
316110 Leather & hide tanning & finishing	Real Estate & Rental & Leasing Real Estate 531100 Lessors of real estate (including miniwarehouses & self-storage units) 531210 Offices of real estate agents & brokers 531320 Offices of real estate appraisers 531310 Real estate property managers 531390 Other activities related to real estate Rental & Leasing Services 532100 Automotive equipment rental & leasing 532400 Commercial & industrial machinery & equipment rental & leasing 532210 Consumer electronics & appliances rental 532281 Formal wear & costume rental 532310 General rental centers 532283 Home health equipment rental 532284 Recreational goods rental		Wholesale Trade Merchant Wholesalers, Durable Goods 423200 Furniture & home furnishing 423700 Hardware, & plumbing & heating equipment & supplies 423600 Household appliances & electrical & electronic goods 423940 Jewelry, watch, precious stone, & precious metals 423300 Lumber & other construction materials 423800 Machinery, equipment, & supplies 423500 Metal & mineral (except petroleum) 423100 Motor vehicle & motor vehicle parts & supplies 423400 Professional & commercial equipment & supplies 423930 Recyclable materials 423910 Sporting & recreational goods & supplies 423920 Toy & hobby goods & supplies 423990 Other miscellaneous durable goods Merchant Wholesalers, Nondurable Goods 424300 Apparel, piece goods, & notions
316990 Other leather & allied product mfg.			
Nonmetallic Mineral Product Manufacturing			
327300 Cement & concrete product mfg.			
327100 Clay product & refractory mfg.			
327210 Glass & glass product mfg.			
327400 Lime & gypsum product mfg.			
327900 Other nonmetallic mineral product mfg.			
Mining			
212110 Coal mining			
211120 Crude petroleum extraction			
212200 Metal ore mining			
211130 Natural gas extraction			
212300 Nonmetallic mineral mining & quarrying			
213110 Support activities for mining			
Other Services			
Personal & Laundry Services			
812111 Barber shops			
812112 Beauty salons			
812220 Cemeteries & crematories			
812310 Coin-operated laundries & drycleaners			
812320 Drycleaning & laundry services (except coin-operated) (including laundry & drycleaning drop-off & pickup sites)			
812210 Funeral homes & funeral services			
812330 Linen & uniform supply			
812113 Nail salons			
812930 Parking lots & garages			
812910 Pet care (except veterinary) services			
812920 Photofinishing			
812190 Other personal care services (including diet & weight reducing centers)			
812990 All other personal services			
Repair & Maintenance			
811120 Automotive body, paint, interior, & glass repair			
811110 Automotive mechanical & electrical repair & maintenance			

Note:—These codes are from 2024 instructions. 2025 instructions not available at the date of publication.

Social Security

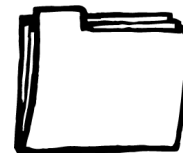


Tab 14 Social Security Topics

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SOCIAL SECURITY BENEFITS

- 1) **Retirement.** Monthly benefits paid to retired workers as early as age 62.
- 2) **Family.** Monthly benefits paid to spouse, children (including dependent adults who have been disabled since childhood), and some ex-spouses of retired and disabled workers.
- 3) **Survivor.** Monthly benefits paid to the surviving spouse, children (including dependent adults who have been disabled since childhood), some ex-spouses, and dependent parents of a deceased worker.
- 4) **Disability.** Monthly benefits paid to workers under age 65 with a qualifying disability.
- 5) **Supplemental Security Income (SSI).** Monthly benefits to disabled adults and children who have limited income and resources and to people age 65 and older without disabilities who meet the financial limits. See *Supplemental Security Income* on Page 14-33.



Social Security and Medicare Highlights

	2026	2025	2024
Cost-of-living (COLA) adjustment	2.80%	2.50%	3.20%
Maximum earnings and still receive full social security benefits:			
Under full retirement age (FRA) at year-end	\$ 24,480	\$ 23,400	\$ 22,320
Year FRA reached ¹	65,160	62,160	59,520
Month FRA reached and later.....	No Limit	No Limit	No Limit
Maximum earnings subject to:			
Social security tax.....	\$ 184,500	\$ 176,100	\$ 168,600
Medicare tax	No Limit	No Limit	No Limit
Tax Rates			
Employee:			
Social security	6.20%	6.20%	6.20%
Medicare.....	1.45 ²	1.45 ²	1.45 ²
Employer:			
Social security	6.20%	6.20%	6.20%
Medicare.....	1.45	1.45	1.45
Self-Employed:			
Social security	12.40%	12.40%	12.40%
Medicare.....	2.90 ²	2.90 ²	2.90 ²
Earnings needed to earn one quarter of social security coverage	\$ 1,890	\$ 1,810	\$ 1,730
Medicare:			
Part A monthly premium ³	\$ 565.00	\$ 518.00	\$ 505.00
Part B monthly premium ⁴	202.90	185.00	174.70
Hospital deductible	1,736.00	1,676.00	1,632.00
Medical deductible.....	283.00	257.00	240.00

¹ Limit applies only to months before attaining FRA. See *Earnings May Reduce Benefits* on Page 14-28.

² Plus 0.9% additional Medicare tax on earned income exceeding \$200,000 (\$250,000 combined earned income if MFJ; \$125,000 if MFS).

³ Applies if less than 40 quarters of covered employment. Lower premium if 30–39 quarters of covered employment. See *Medicare Part A Premiums (2026)* on Page 14-30.

⁴ Beneficiaries with higher incomes pay a higher premium. See *Medicare Part B Premiums (2026)* on Page 14-31.

⁵—Amounts not available at time of publication.

Social Security Statement

An individual's social security statement is available at www.ssa.gov/myaccount. To access the statement, individuals must create a *my Social Security* account. The statement includes estimates of the individual's retirement and disability benefits, lifetime earnings according to social security's records, and the estimated social security and Medicare taxes the individual has paid.

Digital Social Security Card

The Social Security Administration (SSA) provides a secure, accessible alternative to physical social security cards. Individuals with a *my Social Security* account can securely view their Social Security Number (SSN) online through the *my Social Security* portal on their computer or mobile device.

Estimating Social Security Benefits

An estimate of social security benefits can be found on the social security statement or online at www.ssa.gov/prepare/plan-retirement. There are calculators that estimate potential benefit amounts using assumptions about retirement dates and different levels of future earnings. The calculators show retirement benefits as well as disability and survivor benefit amounts.

Tax on Social Security Benefits

A portion of social security benefits is taxed if income above a "base amount" (based on filing status) is received in addition to social security benefits (IRC Sec. 86). Form SSA-1099 is received each January showing the amount of benefits received in the previous year. See the *Social Security Benefits Worksheet (2025)* on Page 3-13.

Single and HOH returns. If combined income is over \$25,000 (base amount) and under \$34,001, up to 50% of benefits are taxable. If combined income is above \$34,000, up to 85% of benefits are taxable.

Joint returns. If combined income is over \$32,000 (base amount) and under \$44,001, up to 50% of benefits are taxable. If combined income is above \$44,000, up to 85% of benefits are taxable.

Married filing separate returns. If the taxpayer lived apart from his spouse all year, benefits are taxed the same as for a single person. If the taxpayer lived with his spouse at any time during the year, the base amount is \$0 and the taxpayer will generally pay tax on up to 85% of benefits regardless of income.

Social Security Quick Chart—Retirement Benefits (2026)

	Early Retirement (Permanently Reduced Benefits)	Full Retirement (Full Benefits)	Delayed Retirement (Permanently Increased Benefits)																																																										
Eligibility for Benefits	Workers are eligible for early retirement benefits at age 62. Note: If retirement is disability-related, apply for disability benefits, which generally equal full retirement benefits.	Full retirement age (FRA) (see below) is when a worker can retire and collect full retirement benefits.	Delayed retirement is available for a worker over the FRA. At age 70, workers automatically receive benefits.																																																										
Age and Benefit Payments	Receiving benefits before FRA permanently reduces monthly benefits based on number of months benefits received before FRA. Spousal benefits based on the worker's coverage are also reduced. <table border="0"> <tr> <td align="center" colspan="2">% of Full Benefits if Worker Receives Benefits at Age 62</td> </tr> <tr> <td>Worker</td> <td>Spouse</td> </tr> <tr> <td>1943–1954</td> <td>70.00%</td> </tr> <tr> <td>1955</td> <td>74.17</td> </tr> <tr> <td>1956</td> <td>73.33</td> </tr> <tr> <td>1957</td> <td>72.50</td> </tr> <tr> <td>1958</td> <td>71.61</td> </tr> <tr> <td>1959</td> <td>70.83</td> </tr> <tr> <td>After 1959</td> <td>70.00</td> </tr> </table>	% of Full Benefits if Worker Receives Benefits at Age 62		Worker	Spouse	1943–1954	70.00%	1955	74.17	1956	73.33	1957	72.50	1958	71.61	1959	70.83	After 1959	70.00	FRA depends on the year the worker was born. <table border="0"> <tr> <td>Full Retirement Age</td> <td>Worker Born</td> <td>Increase in Benefits Each Year After FRA</td> </tr> <tr> <td>66 yrs, 0 months</td> <td>1943–1954</td> <td>1931–1932</td> </tr> <tr> <td>66 yrs, 2 months</td> <td>1955</td> <td>1933–1934</td> </tr> <tr> <td>66 yrs, 4 months</td> <td>1956</td> <td>1935–1936</td> </tr> <tr> <td>66 yrs, 6 months</td> <td>1957</td> <td>1937–1938</td> </tr> <tr> <td>66 yrs, 8 months</td> <td>1958</td> <td>1939–1940</td> </tr> <tr> <td>66 yrs, 10 months</td> <td>1959</td> <td>1941–1942</td> </tr> <tr> <td>67 yrs, 0 months</td> <td>After 1959</td> <td>After 1942</td> </tr> </table>	Full Retirement Age	Worker Born	Increase in Benefits Each Year After FRA	66 yrs, 0 months	1943–1954	1931–1932	66 yrs, 2 months	1955	1933–1934	66 yrs, 4 months	1956	1935–1936	66 yrs, 6 months	1957	1937–1938	66 yrs, 8 months	1958	1939–1940	66 yrs, 10 months	1959	1941–1942	67 yrs, 0 months	After 1959	After 1942	Delaying benefits past FRA increases benefits as follows: <table border="0"> <tr> <td>Worker Born</td> <td>Increase in Benefits Each Year After FRA</td> </tr> <tr> <td>1931–1932</td> <td>5.0%</td> </tr> <tr> <td>1933–1934</td> <td>5.5</td> </tr> <tr> <td>1935–1936</td> <td>6.0</td> </tr> <tr> <td>1937–1938</td> <td>6.5</td> </tr> <tr> <td>1939–1940</td> <td>7.0</td> </tr> <tr> <td>1941–1942</td> <td>7.5</td> </tr> <tr> <td>After 1942</td> <td>8.0</td> </tr> </table>	Worker Born	Increase in Benefits Each Year After FRA	1931–1932	5.0%	1933–1934	5.5	1935–1936	6.0	1937–1938	6.5	1939–1940	7.0	1941–1942	7.5	After 1942	8.0
% of Full Benefits if Worker Receives Benefits at Age 62																																																													
Worker	Spouse																																																												
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66 yrs, 6 months	1957	1937–1938																																																											
66 yrs, 8 months	1958	1939–1940																																																											
66 yrs, 10 months	1959	1941–1942																																																											
67 yrs, 0 months	After 1959	After 1942																																																											
Worker Born	Increase in Benefits Each Year After FRA																																																												
1931–1932	5.0%																																																												
1933–1934	5.5																																																												
1935–1936	6.0																																																												
1937–1938	6.5																																																												
1939–1940	7.0																																																												
1941–1942	7.5																																																												
After 1942	8.0																																																												

Earnings Limit/Benefits Reduction	Years before individual reaches full retirement age, benefits are reduced by \$1 for each \$2 earned over \$24,480.	<ul style="list-style-type: none"> In year FRA is reached (months up to FRA only) benefits are reduced by \$1 for each \$3 earned above \$65,160. Month FRA reached and later, there is no limit on earnings. 																														
Social Security Credits Needed for Coverage Note: The same number of credits is required regardless of retirement date.	<table border="0"> <tr> <td>General Rule</td> <td>Worker Born</td> <td>Credits Needed</td> </tr> <tr> <td rowspan="5">Workers can earn up to four credits per year. For 2026, a credit is earned for each \$1,890 of earnings. So, workers earning at least \$7,560 in 2026 earn four credits.</td> <td>1929 or later</td> <td>40</td> </tr> <tr> <td>1928</td> <td>39</td> </tr> <tr> <td>1927</td> <td>38</td> </tr> <tr> <td>1925</td> <td>37</td> </tr> <tr> <td>1926</td> <td>36</td> </tr> <tr> <td>1924</td> <td>35</td> </tr> </table>	General Rule	Worker Born	Credits Needed	Workers can earn up to four credits per year. For 2026, a credit is earned for each \$1,890 of earnings. So, workers earning at least \$7,560 in 2026 earn four credits.	1929 or later	40	1928	39	1927	38	1925	37	1926	36	1924	35	<table border="0"> <tr> <td>Special-Rule—Certain Nonprofit Employees</td> <td>Age on 1/1/84</td> <td>Credits Needed</td> </tr> <tr> <td rowspan="5"></td> <td>60 or over</td> <td>6</td> </tr> <tr> <td>59</td> <td>8</td> </tr> <tr> <td>58</td> <td>12</td> </tr> <tr> <td>57</td> <td>16</td> </tr> <tr> <td>55 or 56</td> <td>20</td> </tr> </table>	Special-Rule—Certain Nonprofit Employees	Age on 1/1/84	Credits Needed		60 or over	6	59	8	58	12	57	16	55 or 56	20
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	55 or 56	20																														

Medicare Quick Chart (2026)		
Part	Description	Premiums
A	<i>Hospital Insurance.</i> Covers inpatient hospital care, care in a skilled nursing facility following a hospital stay, hospice and home health care and blood.	<ul style="list-style-type: none"> None if 40 or more quarters of Medicare coverage. \$ 311.00/mo if 30–39 quarters of Medicare coverage. \$ 565.00/mo for other eligible individuals.
B	Medical Insurance. Covers doctors' services and other medical services and supplies.	\$ 202.90–689.90 /mo., depending on income.
Eligibility	Workers are not eligible for Medicare until they are age 65, are disabled or have permanent kidney failure. Receiving social security benefits before FRA has no impact.	<ul style="list-style-type: none"> Deductible: \$ 283.00 Coinsurance: 20% of Medicare-approved amount.

¹—Amounts not available at time of publication.

Social Security Quick Chart—Family, Survivor, and Disability Benefits (2026)

	Family Benefits (Worker Living)	Survivor Benefits (Worker Deceased)	Disability Benefits (Worker Disabled)																																						
Eligibility for Benefits	<p>Family members who may be eligible for benefits when worker retires:</p> <ul style="list-style-type: none"> • Spouse, if age 62 or older, unless spouse's own social security benefit is greater than half the worker's benefit. • Spouse at any age, if caring for the worker's child who is under age 16 or is disabled and receiving social security benefits. • Unmarried children, if they are: <ul style="list-style-type: none"> – Under age 18, – Age 18 or 19 if a full-time elementary or secondary school student or – Age 18 or older and disabled, if the disability started before age 22. 	<p>Family members of a deceased worker who may be eligible for benefits:</p> <ul style="list-style-type: none"> • Surviving spouse age 60 or older. • Surviving spouse age 50 or older and disabled. • Surviving spouse at any age if caring for the worker's child who is under age 16 or is disabled and receiving social security benefits. • Unmarried children, if they are: <ul style="list-style-type: none"> – Under age 18, – Age 18 or 19 if a full-time elementary or secondary student or – Age 18 or older and disabled, if the disability started before age 22. • Dependent parents age 62 or older. • One-time death benefit of \$255 is payable to the surviving spouse or to minor children. 	<p>Workers can receive disability benefits at any age. At FRA, benefits become retirement benefits, but amount is the same. Family members who may be eligible for benefits when worker receives disability benefits:</p> <ul style="list-style-type: none"> • Spouse, if age 62 or older, unless spouse's own social security benefit is greater than half the worker's benefit. • Spouse at any age, if caring for the worker's child who is under age 16 or is disabled and receiving social security benefits. • Unmarried children, if they are: <ul style="list-style-type: none"> – Under age 18, – Age 18 or 19 if a full-time elementary or secondary school student or – Age 18 or older and disabled, if the disability started before age 22. 																																						
Ex-Spouse (Divorced) Benefits Note: These benefits do not affect benefits received by the worker's family.	<p>An ex-spouse (even if remarried) can receive benefits if he:</p> <ul style="list-style-type: none"> • Was married to the worker for at least 10 years, • Is unmarried and at least age 62, • Has been divorced at least two years and • Is not individually entitled to a retirement or disability benefit over half the worker's benefit. 	<p>An ex-spouse (even if remarried) can receive benefits if he:</p> <ul style="list-style-type: none"> • Was married to the worker for at least 10 years, • Is unmarried and at least age 60 (age 50 if disabled), • Is not entitled to a surviving spouse's benefits, • Is not entitled to a retirement benefit over half the worker's full benefit or • Is caring for the deceased worker's child (who is entitled to child's benefits and is under age 16 or disabled). 	<p>An ex-spouse (even if remarried) can receive benefits if he:</p> <ul style="list-style-type: none"> • Was married to the worker at least 10 years, • Is unmarried and at least age 62 and • Is not individually entitled to a retirement or disability benefit over half the worker's full benefit. 																																						
Credits Needed for Benefits	<p>The same number of credits needed for workers to receive retirement benefits is needed for their families to receive family benefits. See <i>Social Security Quick Chart—Retirement Benefits (2026)</i> on Page 14-26.</p>	<table border="1" style="width: 100%; border-collapse: collapse;"> <thead> <tr> <th colspan="2" style="text-align: center;">Credits Needed</th> </tr> <tr> <th style="width: 50%;"></th> <th style="width: 50%;"></th> </tr> <tr> <th style="text-align: center;">Worker Born</th> <th style="text-align: center;">Worker Dies Before Age 62</th> </tr> </thead> <tbody> <tr> <td style="text-align: center;">1929 or earlier</td> <td style="text-align: center;">One credit for each year after 1950 and before the year of death</td> </tr> <tr> <td style="text-align: center;">After 1929</td> <td style="text-align: center;">One credit for each year after age 21 and before the year of death.</td> </tr> </tbody> </table> <p>Note: Workers never need more than 40 credits for their family to receive survivor benefits. Also, survivor benefits can be paid to the worker's children, and the worker's spouse who is caring for the children, if the worker has six credits in the three years before death.</p>	Credits Needed				Worker Born	Worker Dies Before Age 62	1929 or earlier	One credit for each year after 1950 and before the year of death	After 1929	One credit for each year after age 21 and before the year of death.	<table border="1" style="width: 100%; border-collapse: collapse;"> <thead> <tr> <th colspan="2" style="text-align: center;">Credits Needed</th> </tr> <tr> <th style="width: 50%;"></th> <th style="width: 50%;"></th> </tr> <tr> <th style="text-align: center;">Disabled at Age:</th> <th style="text-align: center;">Credits Needed</th> </tr> </thead> <tbody> <tr> <td style="text-align: center;">31–42</td> <td style="text-align: center;">20</td> </tr> <tr> <td style="text-align: center;">44</td> <td style="text-align: center;">22</td> </tr> <tr> <td style="text-align: center;">46</td> <td style="text-align: center;">24</td> </tr> <tr> <td style="text-align: center;">48</td> <td style="text-align: center;">26</td> </tr> <tr> <td style="text-align: center;">50</td> <td style="text-align: center;">28</td> </tr> <tr> <td style="text-align: center;">52</td> <td style="text-align: center;">30</td> </tr> <tr> <td style="text-align: center;">54</td> <td style="text-align: center;">32</td> </tr> <tr> <td style="text-align: center;">56</td> <td style="text-align: center;">34</td> </tr> <tr> <td style="text-align: center;">58</td> <td style="text-align: center;">36</td> </tr> <tr> <td style="text-align: center;">60</td> <td style="text-align: center;">38</td> </tr> <tr> <td style="text-align: center;">62 or older</td> <td style="text-align: center;">40</td> </tr> </tbody> </table>	Credits Needed				Disabled at Age:	Credits Needed	31–42	20	44	22	46	24	48	26	50	28	52	30	54	32	56	34	58	36	60	38	62 or older	40
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			<p>Disabled at Age: Credits Needed</p> <p>Before age 24 Six credits in the three years before the disability began.</p> <p>Age 24–30 Credits for working half the time between age 21 and the time of disability</p> <p>Age 31 or older ... Number of credits needed depends on age (see below), and the worker must have earned 20 credits in the 10 years immediately before the disability began (unless the worker is blind).</p>																																						
			<p>Note: This table does not cover all situations.</p>																																						

Extended eligibility period. For at least 36 months after a successful trial work period, if a person is still disabled, he will be eligible to receive a monthly benefit without a new application for any month his earnings drop below \$1,690 (\$2,830 if blind) (for 2026).

Expedited reinstatement. If benefits stop due to substantial earnings, a person who is unable to continue working due to his disability has five years to request that his benefits resume without reapplying or waiting for a review of the medical condition.

Deductions for impairment-related expenses. Work expenses related to the disability may be deducted from earnings in determining whether they constitute substantial work.

Medicare continuation. If an individual has premium-free Medicare hospital insurance and starts working, he may have at least 8½ years of extended coverage (including the nine-month trial work period if he is still disabled). After that, the individual may purchase Medicare Part A coverage by paying a monthly premium.

Other Payments—Impact on Disability Benefits

Workers' compensation or certain other government disability benefits may reduce social security disability benefits, or social security disability benefits may reduce other disability payments. The sum of all social security disability benefits paid to the worker and to his family cannot exceed 80% of the worker's earnings averaged over a period of time shortly before the disability.

Disabled After Age 62

If a worker becomes disabled after age 62 and has received a reduced retirement benefit before becoming entitled to disability payments, the disability benefit will be reduced for the number of months he received the early retirement benefit.

MEDICARE
www.medicare.gov

Medicare is a national health insurance program for:

- Persons age 65 and older.
- Certain disabled persons.
- Person of any age with end-stage renal disease or Lou Gehrig's disease.

Medicare is four programs:

- *Part A: Hospital insurance.* For most Medicare beneficiaries, there is no premium for Medicare Part A. Individuals who are ineligible for free Part A can still enroll, but must pay a premium. See the table *Medicare Part A Premiums (2026)* on Page 14-30.
- *Part B: Medical insurance.* See the table *Medicare Part B Premiums (2026)* on Page 14-31.
- *Part C: Combined Part A and Part B.* Private insurance companies approved by Medicare provide this combined coverage through Medicare Advantage Plans like HMOs and PPOs.
- *Part D: Prescription drug coverage.* Optional coverage—see *Medicare Drug Plans (Part D)* on Page 14-31.

Note: See the table *2026 Medicare Benefits* on Page 14-32 for a listing of covered services.

Medicare premium assistance. If a Medicare recipient has limited income and assets, programs are available to help pay medical costs. State rules vary. Contact the applicable state medical assistance (Medicaid) office. Contact information for each state is available at www.medicare.gov. Choose "Talk to someone", "Find Your State Office," and select your state.

- 1) *Qualified Medicare Beneficiary (QMB).* Pays Medicare premiums, deductibles, coinsurance, and copayments for certain elderly and disabled persons entitled to Medicare Part A.

- 2) *Specified Low-Income Medicare Beneficiary (SLMB).* Pays the medical insurance (Part B) premium for persons with incomes up to 20% over the national poverty level.
- 3) *Qualifying Individual (QI).* Pays the Part B premiums only.
- 4) *Qualified Disabled & Working Individuals (QDWI).* Pays Part A premiums only.

Eligibility for Hospital Insurance (Part A)

Age 65 and older. A person is eligible for Medicare Part A if he:

- 1) Is receiving social security or railroad retirement benefits,
- 2) Is not receiving social security or railroad retirement benefits, but has worked long enough to be eligible for them,
- 3) Is entitled to social security benefits based on his spouse's (or divorced spouse's) work record, and that spouse is at least age 65 (the spouse does not have to apply for benefits in order for the person to be eligible based on the spouse's work) or
- 4) Has worked long enough in federal, state or local government to be insured for Medicare.

Under age 65. A person is eligible for Medicare Part A if he:

- Has been entitled to social security disability benefits for at least 24 months,
- Has received a disability pension from the railroad retirement board and meets certain conditions, or
- Has Lou Gehrig's disease or end-stage renal disease.

Family members:

- 1) Under certain conditions, a spouse, divorced spouse, surviving spouse, and dependent parent may be eligible for hospital insurance at age 65.
- 2) Disabled surviving spouse under age 65, disabled divorced surviving spouse under age 65, and disabled children may be eligible, usually after a 24-month qualifying period.

Permanent kidney failure. People with end-stage renal disease are eligible for Medicare Part A at any age if they receive maintenance dialysis or a kidney transplant and:

- Are insured or are getting monthly benefits under social security or the railroad retirement system or
- Have worked long enough in government for Medicare insurance.

Notes:

- A spouse or child with this condition may be eligible for coverage based on another's work record.
- There may be a three-month waiting period after dialysis treatments begin for coverage to commence.

Medicare Part A Premiums (2026)¹	
Quarters of Covered Employment	Monthly Premium
30-39.....	\$311
Less than 30.....	\$565

¹ Applies only if ineligible for premium-free Part A. Part A is generally free when individual (or spouse) has at least 40 quarters of coverage.
Note: 2026 amounts not available at time of publication. Amounts shown are for 2025.

Eligibility for Medical Insurance (Part B)

- 1) A person age 65 or older, or a person entitled to Part A hospital insurance benefits, can enroll in Part B plan by paying a monthly premium. No social security or government work quarters of coverage are needed.
- 2) Aliens age 65 or older not eligible for premium-free Part A must be lawfully admitted permanent residents and live in the U.S. for five continuous years before they can enroll in Part B.

Higher Part B premiums for higher income individuals. Certain Medicare Part B enrollees pay a higher Part B premium based on their income.

Medicare Part B Premiums (2026)			
Single, HOH, QSS	Annual Income ¹		Monthly Premium
	MFJ	MFS	
≤ \$109,000	≤ \$218,000	≤ \$109,000	\$202.90
\$109,001–137,000	\$218,001–274,000	N/A	284.10
\$137,001–171,000	\$274,001–342,000	N/A	405.80
\$171,001–205,000	\$342,001–410,000	N/A	527.50
\$205,001–499,999	\$410,001–749,999	\$109,001–390,999	649.20
\$500,000 or more	\$750,000 or more	\$391,000 or more	689.90

¹ 2024 AGI plus tax-exempt interest and exclusions for U.S. savings bond interest and foreign earned income and housing.
Note: –2026 amounts not available at time of publication. Amounts shown are for 2025.

There is also a Part B deductible each year before Medicare starts to pay its share.

Medicare Options

Most Medicare beneficiaries can choose to receive all Medicare benefits either through the original fee-for-service program (Parts A and B) or through a variety of managed care and other programs under Medicare Advantage (Part C).

1) *Fee-for-service (Parts A & B).* Medicare pays a set percentage of hospital, doctor and other health care expenses, and the beneficiary is responsible for certain deductibles and coinsurance payments. Beneficiaries choose Medicare-approved licensed physicians, hospitals, health care providers, or facilities.

Note: A Medigap policy can supplement fee-for-service coverage.

2) *Medicare Advantage Plans (Part C).* Medicare Advantage Plans are private medical plans approved by Medicare designed to provide coverage offered by Original Medicare (Parts A and B) but may include additional services. There are different types of Medicare Advantage Plans including: health maintenance organizations (HMOs), preferred provider organizations (PPOs), private fee-for-service plans (PFFSs), medical savings account (MSAs), special needs plans (SNPs), and HMO point-of-service (HMOPOSs). Generally, services must be obtained from the provider's network unless for an emergency inside/outside the service area. The organization receives a monthly payment from Medicare and the beneficiary must be enrolled in and pay the monthly premium for Medicare Part B. A monthly premium and a co-payment each time a service is used is typically charged. In addition, some benefits beyond Medicare may be provided, including preventative care, prescription drugs, dental care, hearing aids, and eyeglasses.

Note: A Medigap policy is usually not needed with an advantage plan.

Medicare Drug Plans (Part D)

Everyone with Medicare can join a Medicare prescription drug plan (Part D) in their area. Individuals may sign up when they first become eligible for Medicare (three months before the month they turn age 65 until three months after the month they turn age 65). Individuals who receive Medicare due to a disability can join from three months before to three months after their 25th month of cash disability payments.

Individuals can also join, switch or drop Medicare Part D coverage during the open enrollment period, which runs from October 15–December 7. The change will take effect the following January 1. But,

individuals who don't sign up when first eligible may pay a penalty (premiums increase by 1% for every month enrollment is delayed).

Caution: If an individual who is enrolled in a Medicare Advantage Plan that includes prescription drug coverage joins a Medicare prescription drug (Part D) plan, he will be disenrolled from his Medicare Advantage Plan and returned to Original Medicare.

Medicare Drug Coverage Cost Components	
The actual dollar amounts vary depending on the plan chosen and the drugs purchased.	
Component	Additional Cost
Monthly Premium	Paid in addition to Part B premium
Yearly Deductible	Amount paid before the plan pays
Copayments	Individual per-prescription share of cost
Source: www.medicare.gov	
Note: In 2026, out-of-pocket costs for covered drugs are capped at \$2,100.	

Income-related premium adjustment. An individual's monthly Medicare Part D premium is increased when his annual income reaches a certain level. This applies to Part D coverage he gets from a Medicare prescription drug plan, a Medicare Advantage Plan with prescription drug coverage (like an HMO or PPO), or a Medicare cost plan that includes Medicare prescription drug coverage.

Medicare Part D Premium Adjustment (2026)			
Single, HOH, QSS	Annual Income ¹		Premium Adjustment ²
	MFJ	MFS	
≤ \$109,000	≤ \$218,000	≤ \$109,000	\$ 0
\$109,001–137,000	\$218,001–274,000	N/A	14.50
\$137,001–171,000	\$274,001–342,000	N/A	37.50
\$171,001–205,000	\$342,001–410,000	N/A	60.40
\$205,001–499,999	\$410,001–749,999	\$109,001–390,999	83.30
\$500,000 or more	\$750,000 or more	\$391,000 or more	91.00

¹ 2024 AGI plus tax-exempt interest and exclusions for U.S. savings bond interest and foreign earned income and housing.
² This amount is paid in addition to the plan's premium.
Note: –2026 amounts not available at time of publication. Amounts shown are for 2025.

Individuals will be notified by social security if they have to pay the additional Part D premium.

Note: As part of the Inflation Reduction Act (IRA), the coverage gap phase (also called the *donut hole*) has been eliminated. The coverage gap was a temporary limit on what the drug plan would pay for drugs. Beginning in 2025, Part D coverage will consist of a three-phase benefit: 1) a deductible phase, 2) an initial coverage phase, and 3) a catastrophic phase. There will be no initial coverage limit, and the initial coverage phase will extend to the maximum annual out-of-pocket threshold, at which point the catastrophic phase will begin. **Note:** As part of the IRA changes, out-of-pocket costs for covered drugs are capped at \$2,100 for 2026.

Extra Help. Individuals who meet certain income and resource limits may qualify for Extra Help from Medicare to pay the costs of Medicare prescription drug coverage. Individuals automatically qualify if they have Medicare and meet any of these conditions:

- Have full Medicaid coverage.
- Get help from their state Medicaid program paying their Part B premiums (in a Medicare savings program).
- Get Supplemental Security Income (SSI) benefits.

MEDIGAP INSURANCE

Medicare supplemental insurance policies (Medigap) are private insurance policies designed to cover all or part of the deductible and coinsurance amounts not covered by the original fee-for-service Medicare plan. Medigap policies may also cover certain things that Medicare doesn't cover.

2026 Medicare Benefits (Not All-Inclusive)

Hospital Insurance (Medicare Part A)—2026 Benefits per Benefit Period

Service	Benefit	Medicare Pays	Recipient Pays ¹
Hospitalization. Semi-private room and board, drugs as part of inpatient treatment, general nursing and other hospital services and supplies (includes mental health care).	First 60 days	All but \$1,736	\$1,736
	61st–90th day	All but \$434 per day	\$434 per day
	91st–150th day ²	All but \$868 per day	\$868 per day
	Beyond 150 days	Nothing	All costs
Skilled nursing facility care (following a hospital stay). Semi-private room and board, skilled nursing and rehabilitative services, and other services and supplies. ³	First 20 days	100% of approved amount	Nothing
	21st–100th day	All but \$217 per day	Up to \$217 per day
	Beyond 100 days	Nothing	All costs
Home health services. Medically-necessary part-time or intermittent skilled nursing care and/or physical therapy, speech-language pathology services, and/or services for people with a continuing need for occupational therapy. The patient must be homebound.	As long as medically necessary.	100% of approved amount; 80% of approved amount for durable medical equipment.	Nothing for services; 20% of approved amount for durable medical equipment.
Hospice care. Pain relief, symptom management, and support services for the terminally ill. Inpatient respite care (up to five days per stay) so usual caregiver can rest.	For as long as doctor certifies need.	Amounts over \$5.00 for outpatient drugs; 95% of Medicare-approved amount for inpatient respite care.	Up to \$5.00 for outpatient drugs and 5% of approved amount for inpatient respite care.

Medical Insurance (Medicare Part B)—2026 Benefits per Calendar Year

Service	Benefit	Medicare Pays ⁴	Recipient Pays ^{1,4}
Medical expenses. Doctors' services, inpatient and outpatient medical and surgical services and supplies, physical and speech therapy, durable medical equipment, and other services.	Unlimited if medically necessary.	80% of approved amount.	20% of approved amount and limited charges above approved amount.
Laboratory services. Blood tests, urinalysis, diagnostic x-ray tests, some screening tests and more.	Unlimited if medically necessary.	Generally, 100% of approved amount.	Nothing for services.
Home health services. Medically-necessary part-time or intermittent skilled nursing care and/or physical therapy, speech-language pathology services, and/or services for people with a continuing need for occupational therapy. The patient must be homebound.	Unlimited if medically necessary.	100% of approved amount; 80% of approved amount for durable medical equipment.	Nothing for services; 20% of approved amount for durable medical equipment.
Outpatient hospital services. Services for the diagnosis or treatment of illness or injury.	Unlimited if medically necessary.	80% of approved amount.	20% of approved amount, plus co-pay for other than doctor's services.
Mental health care (outpatient). Counseling, psychotherapy.	Unlimited if medically necessary.	80% of approved amount.	20% of approved amount.
Ambulatory surgical services	Unlimited if medically necessary.	Generally, 80% of approved amount.	20% of approved amount.
Preventative services. Certain services, including flu and pneumonia vaccines, mammograms, pap smears, and pelvic exams.	Unlimited if medically necessary.	Generally, 100% of approved amount.	Nothing. May have to pay 20% of the charge for a doctor's visit.

¹ Either the recipient or the recipient's insurance company is responsible for paying the amounts listed in the "Recipient Pays" column.

² Sixty reserve days may be used only once in a lifetime.

³ Must be after a three-day minimum medically-necessary inpatient hospital stay.

⁴ Must meet the Part B deductible before Medicare pays. For 2026, the Part B deductible is **\$217**.


⁵ ~~Amounts not available at time of publication.~~

Enrollment. After the effective date of Medicare Part B, there is a six-month open enrollment period for Medigap policies. During this period, a person age 65 or older cannot be denied or charged a higher premium due to poor health.

Pre-existing conditions. Policies may exclude coverage for pre-existing conditions during the first six months the policy is in effect. Pre-existing conditions are conditions diagnosed or treated during the six-month period before the effective date of the Medigap policy.


Standard Medigap Policies

Insurance companies can only sell standardized Medigap policies. Each standardized policy must have specific benefits. There are 10 different standardized Medigap policies (Medigap Plans A-D, F, G, and K-N). Each plan has a different combination of basic and extra benefits. *Exception:* In Massachusetts, Minnesota, and Wisconsin, Medigap policies are standardized in a different way. See "Supplements and Other Insurance" at www.medicare.gov for details on all the standardized plans.

 **Note:** Starting June 1, 2010, plans E, H, I, and J are no longer available to buy. But, individuals who already have those plans (or who bought them before June 1, 2010) can keep them.

Starting January 1, 2020, plans C and F are no longer available for individuals that turn 65 on or after this date. But, individuals who already have those plans (enrolled before January 1, 2020) can keep them.

Every Medigap policy must follow federal and state laws and must be clearly identified as *Medicare Supplement Insurance*. Insurance companies can sell only standardized Medigap policies. All plans offer the same basic benefits but some offer additional benefits. Insurance companies decide which Medigap policies they want to offer. Although the plans are standardized, insurance companies can charge different premiums for them.

 **Practice Tip:** Married individuals must each buy their own Medigap policy. A Medigap policy won't cover any health care costs for the insured's spouse.

MEDICAID

www.medicaid.gov

Medicaid is a program of medical assistance for people with low income and limited assets. It is a joint venture between the federal and state governments. States are required by the federal government to provide coverage to certain categories of

IRS, Penalties, Audits



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Date Return Considered Filed and Tax Paid

Early	Returns and payments received by the IRS on or before a due date are considered filed and paid on the due date. For computing overpayment interest, withholding and estimated tax payments are considered paid on the return's original filing due date (IRC Secs. 6501 and 6513).
Timely Mailing/ Timely Filing	<ul style="list-style-type: none"> A return or payment postmarked on or before a due date is considered filed or paid on the due date even if received by the IRS after the due date (IRC Sec. 7502). An original return claiming a refund or credit that is postmarked before the end of the three-year limitation period is considered filed on the postmark date (Reg. 301.7502-1). An amended return is also considered filed on the postmark date [Reg. 301.6402-3(a)(5)]. This applies only to amended returns that include a claim for refund (CCA 201052003).
Late	Returns and payments postmarked after a due date are considered filed or paid on the date received by the IRS.

Timely Mailing/Timely Filing—IRC Sec. 7502

Return sent by:	Filing Date
U.S. mail	Date of U.S. Postal Service postmark ¹
Registered mail	Date of registration
Certified mail	Date of U.S. postmark on the receipt
Mail originating from foreign country	Date of official foreign country postmark
Authorized electronic return transmitter	Date of electronic postmark
Private delivery service designated by the IRS (see the following table)	Date received by the delivery service as recorded or marked by the delivery service
Any other means (including private delivery service not designated by the IRS)	Date received by IRS

¹ As of December 24, 2025, a machine-applied postmark may be later than when mail is dropped off (FR Doc. 2025-20740).

Caution: The only means to prove that a document was delivered is by actual delivery or use of registered mail or certified mail [Reg. 301.7502-1(e)]. The IRS is authorized to add designated private delivery services (Notice 2016-30).

Designated Private Delivery Services

Timely Mailing/Timely Filing

Carrier	Services
DHL Express	DHL Express 9:00 DHL Express 10:30 DHL Express 12:00 DHL Express Worldwide DHL Express Envelope DHL Import Express 10:30 DHL Import Express 12:00 DHL Import Express Worldwide
Federal Express Corporation (FedEx)	FedEx First Overnight FedEx Priority Overnight FedEx Standard Overnight FedEx 2 Day FedEx International Next Flight Out FedEx International Priority FedEx International First FedEx International Economy
United Parcel Service (UPS)	UPS Next Day Air Early A.M. UPS Next Day Air UPS Next Day Air Saver UPS 2nd Day Air UPS 2nd Day Air A.M. UPS Worldwide Express Plus UPS Worldwide Express

Source: Notice 2016-30. Services provided by other carriers and other services provided by DHL Express, FedEx, and UPS do not qualify.

Statute of Limitations


Issue	Limitation	IRC Sec.
Claim for refund	Three years from the date the return was considered filed or two years from the date the tax was paid, whichever is later. If no return was filed, two years from the time the tax was paid. <i>Exception:</i> Financially disabled individuals—see Notes below.	6511(a)
IRS examination of return and assessment of additional tax	Generally, the later of three years from the date the tax return is due or filed.	6501(a)
False or fraudulent return or failure to file	No limit.	6501(c)
Collection of tax after assessment	10 years.	6502(a)
IRS suit to recover erroneous refund	Generally two years, but five years if the refund was induced by fraud.	6532(b)
Claim for refund due to bad debts/worthless securities	Seven years from the return due date for the year the debt became worthless.	6511(d)
Omission of (1) more than 25% of gross income or (2) more than \$5,000 in gross income attributable to specified foreign financial assets	Six years from the date the return was due or filed, whichever is later. <i>Exception:</i> Income that is adequately disclosed not treated as omitted.	6501(e)
Net operating loss or capital loss carryback	Three years from the due date of the loss year return.	6511(d)(2)
Failure to disclose specified foreign financial assets	Three years from the time the required information is furnished to the IRS.	6501(c)(8)

Notes:


- Limits may be extended if the taxpayer voluntarily does so, served in a combat zone, was affected by a disaster or terroristic action, or filed an offer in compromise.
- Financially disabled* [IRC Sec. 6511(h)]. The statute of limitations for refund claims is suspended if a medical impairment prevents the taxpayer from managing his financial affairs. The impairment must be expected to result in death or must have lasted or be expected to last for a continuous period of not less than 12 months. To claim a refund or credit after the ordinary statute of limitations has expired, follow Rev. Proc. 99-21. A written medical opinion must support the claim. The statute of limitations is not suspended if another person has authority to act for the taxpayer in financial matters.

Information Return E-Filing Requirement

Taxpayers who file an aggregate of 10 or more information returns annually must file electronically. This threshold applies to individuals who file their own 1099s in addition to tax preparers (IR-2023-31). Most businesses also will be required to file Form 8300 (Report of Cash Payments Over \$10,000 Received in a Trade or Business) electronically (IR-2023-157).

 **Note:** The IRS announced that the receipt of \$10,000 or more of digital assets will not result in a Form 8300 filing requirement until final regulations are issued under IRC Sec. 60501(d)(3). (Announcement 2024-4).

Information Returns Intake System (IRIS). Filers can submit Form 1099 series information returns using the Information Returns Intake System (IRIS), a free electronic filing service provided by the IRS. Users of the platform can create, upload, edit, and view information, and download completed copies of 1099-series forms for distribution and verification. Filers can e-file both small and large volumes of 1099-series forms by either keying in the information or uploading a file with the use of a downloadable template. According to the IRS, tax year 2026 (filing season 2027) is the targeted date for the retirement of the Filing Information Returns Electronically (FIRE) system. For more information about IRIS, go to www.irs.gov/iris. Note that filers should request a TCC (Transmitter Control Code) for IRIS participation. This TCC is separate from a preparer's TCC for FIRE purposes. Applications can be completed at <https://www.irs.gov/tax-professionals/iris-application-for-tcc>.

 **Note:** Notice 2024-18 addresses the availability of administrative exemptions from the requirement to file certain returns and other documents in electronic form and the procedure to request a waiver of the requirement to file electronically. Reg. 301.6011-2 provides an administrative exemption from the electronic filing requirement for filers of returns or other documents for whom using the technology required to file electronically conflicts with their religious beliefs. A waiver may also be granted in the case of undue hardship (for example, cost of electronically filing). See Form 8508 (Application for a Waiver from Electronic Filing for Information Returns).

EXTENSION OF TIME TO FILE

Form 4868

A taxpayer receives an automatic six-month extension for filing Form 1040 by filing Form 4868 (Application for Automatic Extension of Time to File U.S. Individual Income Tax Return) electronically or on paper. A reasonable estimate of tax liability must be entered on Form 4868. The IRS can invalidate an extension if the tax estimate was not reasonable. An extension application is valid even if the estimated balance due is not paid with Form 4868.

Taxpayers can also receive an extension by paying part or all of their estimated tax due with a credit or debit card; by EFTPS; or by Direct Pay. In that case, Form 4868 is not filed.

An extension of time to file eliminates the late filing penalty if the return is filed by the extended due date. If a taxpayer paid at least 90% of the tax through withholding, estimated tax, or with Form 4868, the late payment penalty does not apply during the automatic extension period provided the remaining balance is paid with the return. Interest is charged on any unpaid balance from the original due date.

Disaster Victims and Military Personnel

The IRS may extend deadlines for filing and paying tax up to one year in an area affected by a federally declared disaster or a terroristic or military action (IRC Sec. 7508A). **H.R. 1491 also provides that any disaster-related postponement of filing deadlines extends the look-back period for filing a credit or refund claim under**

IRC Sec. 6511. Interest is automatically abated if the IRS extends the due date for filing or paying tax [IRC Sec. 6404(i)].


Special filing extension rules apply to certain military personnel. See *Extensions* on Page 12-22 for details.

AMENDED RETURNS


Form 1040-X


An amended return should be filed to change income, deductions, or credits that were reported in error or omitted on the original return or to change the taxpayer's filing status.

Amended returns filed before the due date, including extensions of the original return, replace the original return with respect to further actions concerning that tax year. Where both the original and superseding return are filed before the due date, the statute of limitations with respect to the return for that year is measured from the due date. Where a filing extension has been granted and both the original and a superseding return are filed during the extension period, the limitations period starts running on the date that the original return is filed (CCA 202026002).

 **Caution:** Married taxpayers cannot change their filing status from joint to separate after the due date of the original return, except by an executor on behalf of a deceased spouse [Reg. 1.6013-1(a)].

Filing Form 1040-X

- State the reason for filing the amended return.
- Use facts and figures to clearly show changes between items shown on the original return and the amended return.
- File the most recent revision of Form 1040-X.
 -  **Practice Tip:** If using prior-year software to prepare an amended return, check the revision date on the Form 1040-X included in the software.
- Form 1040-X can be filed electronically or mailed to the IRS using paper forms.
- File Form 1040-X electronically using tax filing software. Taxpayers can amend Form 1040, 1040-SR, or Form 1040-NR electronically for the current or two prior tax years.
- Mail Form 1040-X to the IRS Service Center based on where the taxpayer is currently living (see *Where to File 2025 Form 1040 on Page 3-16*). **Exception:** If filing Form 1040-X in response to an IRS notice, the mailing address is the address shown on the notice.

 **Note:** Taxpayers electronically filing Form 1040-X are able to select direct deposit for any resulting refund. Filing electronically cuts out the mail time, and including direct deposit information on an electronically submitted form provides a convenient and secure way to receive refunds faster (IR-2023-22). However, if amending a prior year return originally filed on paper during the current process year, then the amended return must also be filed on paper.

“Where’s My Amended Return?” section on the IRS website. This service allows taxpayers to check the status of Form 1040-X for the current year and up to three prior years. It may take up to three weeks, after filing, for a return to show up in the IRS system. The individual must provide their SSN, date of birth, and ZIP code.

Accounting Method

A taxpayer cannot make a retroactive change in tax accounting method on the original return by filing an amended return, even if the tax year is still open [Reg. 1.446-1(e)]. Generally, an accounting method is established when the timing for an item of income or deduction is used on two consecutive tax returns. A method is established even if it is not permitted by tax law. Use Form 3115