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## Big Increase in 2026 Federal Estate Exemption – IRS Issues 2026 Inflation Adjustments

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The IRS recently issued the 2026 annual adjustments for numerous tax provisions, including changes to the estate tax exemption, income tax brackets and standard deductions. Notable changes made under the One, Big, Beautiful Bill include:

- Estates of decedents who die during 2026 will have a basic exclusion amount (i.e., an estate and gift tax exemption) of \$15,000,000, which is a significant increase of \$1,010,000 from the current exclusion amount of \$13,990,000. Taxpayers who are using lifetime gifts to decrease their taxable estates can use this increased exemption to remove additional wealth from their gross taxable estates.
- The annual exclusion for gifts will remain the same at \$19,000 for the calendar year 2026. This means that gifts to any person of \$19,000 or less in 2026 will not require the filing of a gift tax return. For couples who elect to gift split on a gift tax return, this means they can gift a total of \$38,000 per year per donee in 2026, without using any of their lifetime exclusion amount. Please note: There is no gift tax incurred unless and until you give more than your lifetime exclusion amount, which, for 2026, is \$15,000,000.
- The standard income tax deduction for married couples filing jointly for tax year 2026 will rise to \$32,200, which is an increase of \$700 from 2025. For single taxpayers and married individuals filing separately, the standard deduction will rise to \$16,100 for 2026, which is an increase of \$350 from the current amount, and for heads of households, the standard deduction will be \$24,150 for tax year 2026, which is an increase of \$525.
- Marginal Rates: For the tax year 2026, the top income tax rate remains 37% for individual single taxpayers with incomes greater than \$640,600 (\$768,700 for married couples filing jointly). The other income tax rates are:
  - 35% for incomes over \$256,225 (\$512,450 for married couples filing jointly)
  - 32% for incomes over \$201,775 (\$403,550 for married couples filing jointly)
  - 24% for incomes over \$105,700 (\$211,400 for married couples filing jointly)
  - 22% for incomes over \$50,400 (\$100,800 for married couples filing jointly)

- 12% for incomes over \$12,400 (\$24,800 for married couples filing jointly)
- The lowest rate is 10% for income of single individuals with incomes of \$12,400 or less (\$2,800 for married couples filing jointly)
- For the taxable years beginning in 2026, the dollar limitation for employee salary reductions for contributions to health flexible spending arrangements (FSA) will increase to \$3,400 (from \$3,300). For cafeteria plans that permit the carryover of unused amounts, the maximum carryover amount will be \$680, which is an increase of \$20 from the current amount.

This information and additional details can be found on the [IRS website](#).