



Preparing for Sunset

A Few Notable Provisions Sunsetting at the end of 2025

Wealth & Estate Planning Strategists
Family Office Resources

The Tax Cuts and Jobs Act of 2017 (TCJA) was signed into law in December 2017. Some of the provisions of the TCJA are scheduled to sunset on December 31, 2025.

Federal Estate, Gift, and GST Tax Exemptions Will Be Reduced

By now, many are aware of the potential impact that the anticipated sunset of the TCJA will have on the federal estate, gift tax, and generation-skipping transfer (GST) tax exemptions. The TCJA effectively doubled these to the currently effective amounts (\$13.61 million per individual for 2024).

On January 1, 2026, the exemptions will be:

- \$5 million per person, adjusted for inflation from 2010;
- \$10 million per married couple, adjusted for inflation from 2010.

However, there are other benefits or limitations implemented by the TCJA that will be impacted or eliminated. Here we outline a few notable provisions that will be affected by the sunset.

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Federal Income Tax Rates Will Increase

SINGLE

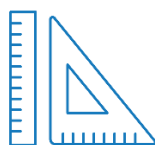
TAXABLE INCOME	2024 MARGINAL TAX RATE	2026 MARGINAL TAX RATE*
\$0 to \$11,600	10.0%	10.0%
\$11,601 to \$47,150	12.0%	15.0%
\$47,151 to \$100,525	22.0%	25.0%
\$100,526 to \$191,950	24.0%	28.0%
\$191,951 to \$243,725	32.0%	33.0%
\$243,726 to \$609,350	35.0%	35.0%
\$609,351 and above	37.0%	39.6%

*Note: the income brackets reflected are for tax year 2024, but may be different in 2026 due to adjustments for inflation.

MARRIED FILING JOINTLY

TAXABLE INCOME	2024 MARGINAL TAX RATE	2026 MARGINAL TAX RATE*
\$0 to \$23,200	10.0%	10.0%
\$23,201 to \$94,300	12.0%	15.0%
\$94,301 to \$201,050	22.0%	25.0%
\$201,051 to \$383,900	24.0%	28.0%
\$383,901 to \$487,450	32.0%	33.0%
\$487,451 to \$731,200	35.0%	35.0%
\$731,201 and above	37.0%	39.6%

*Note: the income brackets reflected are for tax year 2024, but may be different in 2026 due to adjustments for inflation.



The Standard Deduction Will Be Reduced

Taxpayers may either deduct the standard deduction from adjusted gross income or itemize their deductions. The standard deduction is indexed for inflation. The TCJA increased the standard deduction to \$12,000 for single filers and \$24,000 for married couples filing jointly. The 2024 inflation adjusted figures are \$14,600 for single filers and \$29,200 for married couples filing jointly.

On January 1, 2026, the standard deduction will revert back to the 2017 amounts (\$6,350 for single filers, \$12,700 for married couples filing jointly), indexed for inflation.

State and Local Tax Deduction Limit Will Be Removed

For taxpayers who itemize their deductions, the TCJA introduced a \$10,000 limit to the allowable deduction for payments made for state and local taxes (for example property taxes).



On January 1, 2026, the limit on this deduction will expire.



Mortgage Interest Deduction Will Increase

The TCJA limited the deduction for interest paid on mortgage debt. Taxpayers who itemize their deductions are currently allowed to deduct interest paid on the first \$750,000 of mortgage debt.

On January 1, 2026, the \$750,000 limit will increase to \$1,000,000. Additionally, interest paid on the first \$100,000 of home equity debt will be allowed as a deduction.

Charitable Deduction for Cash Contributions Will Be Reduced



The TCJA increased the allowable deduction for cash contributions to charitable organizations. Currently, taxpayers who itemize their deductions may deduct cash contributions made to public charities up to 60% of their adjusted gross income (AGI).

On January 1, 2026, the limit for deducting cash gifts to public charities reverts to 50% of AGI.

Qualified Business Income Deduction (IRC Section 199A) Will Be Eliminated



While the TCJA lowered the corporate tax rate to 21% (which will not be affected by the sunset), the corporate tax rate reduction did not apply to pass-through entities (including, sole proprietorships, partnerships, or limited liability companies). Typically, owners of pass-through entities include the income from those entities on their personal income tax returns. The TCJA allowed a deduction of up to 20% of qualified business income for eligible business owners.

On January 1, 2026, deductions under Section 199A for qualified business income will no longer be allowed.

Alternative Minimum Tax (AMT) Exemption Will Be Reduced



The TCJA increased the alternative minimum tax (AMT) exemption and phaseout limits. For 2024, the AMT exemption amount is \$85,700 for single filers and \$133,300 for married couples filing jointly. The phaseout begins at \$609,350 for single filers and \$1,218,700 for married couples filing jointly.

Prior to the TCJA, the AMT exemptions were \$54,300 for single filers and \$84,500 for married couples filing jointly, and the phaseout limits were \$120,700 for single filers and \$160,900 for married couples filing jointly.

On January 1, 2026, the AMT exemption and phaseout thresholds will return to the lower amounts in effect prior to the TCJA, indexed for inflation.

Disclosures

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