2026 Rules for Common Deductions

For tax year 2026.

Deductions at a Glance

Who can claim each deduction and the key limits that apply.

DEDUCTION	WHO IS ELIGIBLE	BASIC RULES
State and local tax (SALT) deduction*	Taxpayers who itemize	Up to $40,400 of SALT is deductible. For taxpayers with income of $505,000+ (regardless of filing status), the maximum phases down from $40,400 to $10,000.
Mortgage interest deduction* (MID)	Taxpayers who itemize	Interest is deductible on up to $750,000 of mortgage debt. Applies to primary and secondary homes. Mortgage insurance premiums are now eligible.
Itemized charitable deduction*	Taxpayers who itemize	Charitable contributions are deductible up to 60% of adjusted gross income (AGI). Only contributions in excess of 0.5% of AGI are deductible.
Charitable deduction for nonitemizers**	Taxpayers who claim the standard deduction	Up to $1,000 of cash contributions is deductible ($2,000 for married filing jointly). Eligible contributions include those made by cash, check, or credit card, but not donations of goods or clothing.
Pass-through deduction (199A)* Also known as the qualified business income (QBI) deduction	Taxpayers who claim the standard deduction or who itemize	Up to 20% of qualified business income is deductible. The deduction is restricted for high-income taxpayers.
Tips deduction**	Taxpayers who claim the standard deduction or who itemize	Up to $25,000 of qualified tips is deductible. Phases down for single taxpayers with income of $150,000+ ($300,000+ for married filing jointly).
Overtime (OT) deduction**	Taxpayers who claim the standard deduction or who itemize	Up to $12,500 of qualified overtime compensation is deductible ($25,000 for married filing jointly). Phases down for single taxpayers with income of $150,000+ ($300,000+ for married filing jointly).
Senior deduction**	Taxpayers age 65+ who claim the standard deduction or who itemize	Additional $6,000 deduction for taxpayers age 65+. Applies on top of the standard deduction and the additional standard deduction for seniors. Phases down for single taxpayers with income of $75,000+ ($150,000+ for married filing jointly).
Auto loan interest deduction**	Taxpayers who claim the standard deduction or who itemize	Up to $10,000 of interest is deductible on a loan for a new car assembled in the U.S. Phases down for single taxpayers with income of $100,000+ ($200,000+ for married filing jointly).

DEDUCTION	WHO IS ELIGIBLE	BASIC RULES
Overall cap on itemized deductions**	Taxpayers who itemize	Taxpayers in the top (37%) bracket can claim itemized deductions only at a 35% rate. For example, a $10,000 deduction for a taxpayer in the top bracket would reduce tax by $3,500 instead of $3,700.

* Rules were modified by OBBB.

** New under OBBB.

Source: table as published by Andrew Lautz, Bipartisan Policy Center.