

January 15, 2026

2026 New Tax Law – One Big Beautiful Bill Act (OBBA) What You May Want to Know

Here are some of the highlights from the *One Big Beautiful Bill Act (OBBA)*. Please note that the charitable provisions (nonitemizer deduction and itemizer floor/cap) are **starting in 2026**, not 2025:

1. **Permanent Tax Cuts** — The OBBBA Act makes all of the lower tax rates and brackets permanent from the Tax Cuts and Jobs Act of 2017 (TCJA). The standard deduction increases are permanent and will be increased in 2025.
2. **New Senior Deduction** — There is an additional \$6,000 increase to the standard deduction for taxpayers 65 and older. The \$6,000 increase is for tax years 2025 through 2028. The increased standard deduction will start to phase out for single taxpayers with \$75,000 in income and married couples with \$150,000 in income. The new Senior Deduction is in addition to the existing additional deduction for taxpayers over age 65.
3. **Charitable Deductions** — **NEW** charitable contribution rules:
 - **In 2026**, there is a non-itemizer charitable deduction of \$1,000 (\$2,000 for married couples) that may be taken in addition to the standard deduction. This provision is not indexed for inflation and is made permanent. Gifts to donor advised funds (DAFs) are excluded for this deduction.
 - For itemizers, a new 0.5% floor on charitable deductions starting in 2026.
 - In 2026, top bracket taxpayers are limited to 35% (rather than 37%) for itemized deductions.
 - Cash gifts can offset up to 60% of a donor's adjusted gross income (AGI), which was made permanent in the OBBBA.
 - Charitable contributions of up to \$1,700 per taxpayer to a qualified scholarship-granting organization are eligible for a tax credit starting in 2027.
 - Corporation charitable deductions have a floor of 1%, while the 10% taxable income cap remains in place.
4. **Estate and Gift Exemption** — The 2025 estate and gift exemption of \$13.99 million will be increased to \$15 million in 2026. The \$15 million is indexed for inflation in future years and made permanent.

Should you wish to support children and families in crisis using an estate gift, or if you have already made an estate giving provision for Olive Crest in your estate plan, please let us know how we can assist. Stephen-Christensen@olivecrest.org 714-272-7865.

Read about estate giving at Olive Crest on our web site: [www.olivecrest.org/estate giving](http://www.olivecrest.org/estate_giving)