

## 2026 DIVORCE TAX REFERENCE GUIDE

### 2026 Federal Tax Brackets & Rates, QBID Income Threshold/Phase-out, NIIT

#### Unmarried

Beg	End	Taxable	Marginal Rate	Tax	Cumulative Taxable	Cumulative Tax	Effective Rate	QBID <sup>1</sup>	3.8% NIIT <sup>2</sup>
\$ -	\$ 12,400	\$ 12,400	10%	\$ 1,240	\$ 12,400	\$ 1,240	10.0%	Full	No
12,401	50,400	37,999	12%	4,560	50,399	5,800	11.5%	Full	No
50,401	105,700	55,299	22%	12,166	105,698	17,966	17.0%	Full	No
105,701	201,775	96,074	24%	23,058	201,772	41,023	20.3%	Full	Yes; at 200K
201,776	256,225	54,449	32%	17,424	256,221	58,447	22.8%	Phase-Out*	Yes
256,226	276,775	20,549	35%	7,192	276,770	65,639	23.7%	Phase-Out*	Yes
276,776	640,000	363,224	35%	127,128	639,994	192,768	30.1%	Limited	Yes
640,001	1,000,000	359,999	37%	133,200	999,993	325,967	32.6%	Limited	Yes

\* 2026 QBID Taxable income threshold begins at \$201,775 and ends at \$276,775

### 2026 Federal Tax Brackets & Rates, QBID Income Threshold/Phase-out, NIIT

#### Head of Household

Beg	End	Taxable	Marginal Rate	Tax	Cumulative Taxable	Cumulative Tax	Effective Rate	QBID <sup>1</sup>	3.8% NIIT <sup>2</sup>
\$ -	\$ 17,700	\$ 17,700	10%	\$ 1,770	\$ 17,700	\$ 1,770	10.0%	Full	No
17,701	67,450	49,749	12%	5,970	67,449	7,740	11.5%	Full	No
67,451	105,700	38,249	22%	8,415	105,698	16,155	15.3%	Full	No
105,701	201,775	96,074	24%	23,058	201,772	39,212	19.4%	Full	Yes; at 200K
201,776	256,200	54,424	32%	17,416	256,196	56,628	22.1%	Phase-Out*	Yes
256,201	276,775	20,574	35%	7,201	276,770	63,829	23.1%	Phase-Out*	Yes
276,776	640,000	363,224	35%	127,128	639,994	190,957	29.8%	Limited	Yes
640,001	1,000,000	359,999	37%	133,200	999,993	324,157	32.4%	Limited	Yes

\* 2026 QBID Taxable income threshold begins at \$201,775 and ends at \$276,775

### 2026 Federal Tax Brackets & Rates, QBID Income Threshold/Phase-out, NIIT

#### Married Filing Joint

Beg	End	Taxable	Marginal Rate	Tax	Cumulative Taxable	Cumulative Tax	Effective Rate	QBID <sup>1</sup>	3.8% NIIT <sup>2</sup>
\$ -	\$ 24,800	\$ 24,800	10%	\$ 2,480	\$ 24,800	\$ 2,480	10.0%	Full	No
24,801	100,800	75,999	12%	9,120	100,799	11,600	11.5%	Full	No
100,801	211,400	110,599	22%	24,332	211,398	35,932	17.0%	Full	No
211,401	403,550	192,149	24%	46,116	403,547	82,047	20.3%	Full	Yes; at 250K
403,551	512,450	108,899	32%	34,848	512,446	116,895	22.8%	Phase-Out*	Yes
512,451	553,500	41,049	35%	14,367	553,495	131,262	23.7%	Phase-Out*	Yes
553,501	768,700	215,199	35%	75,320	768,694	206,582	26.9%	Limited	Yes
768,701	1,000,000	231,299	37%	85,581	999,993	292,163	29.2%	Limited	Yes

\* 2026 QBID Taxable income threshold begins at \$403,500 and ends at \$553,500

#### Notes

<sup>1</sup> QBID - Qualified Business Income Deduction qualification based on taxable income

<sup>2</sup> 3.8% Net Investment Income Tax (NIIT) applies when Modified AGI = Unmarried > \$200,000 | HOH > \$200,000 | MFJ > \$250,000

## Dependency Exemptions and Child Tax Credits

	Age	Residence	Support
Dependency Exemption <sup>1</sup>	<19, or 24 if full-time student <sup>2</sup>	Child resides with the taxpayer for > one-half of the year.	Qualifying child cannot provide more than one-half of their own support for the year
Child Tax Credit <sup>1</sup>	<17		
Dependent Care Credit <sup>3</sup>	<13	Exceptions include temporary absences due to education, illness, vacation, or military service.	
Tuition Credits or Deductions <sup>1</sup>	<19, or 24 if full-time student		
Earned Income Credit <sup>4</sup>	<19, or 24 if full-time student	Child must have the same principal place of abode in the U.S. as the taxpayer for > one-half of the year	Support test does not apply for EIC

Qualifying Child Relationship	Citizenship
Son or Daughter	A citizen or resident of the U.S.
Stepson or Stepdaughter	
Descendants of sons, daughters, stepsons, or stepdaughters	A citizen or resident of a country contiguous to the U.S.
Individuals whom are legally adopted or a foster child placed with the taxpayer by an authorized agency or by court decree, order or judgement	

<sup>1</sup> The exemption carries with it the right to use the child credit as well as tuition credits/deductions.

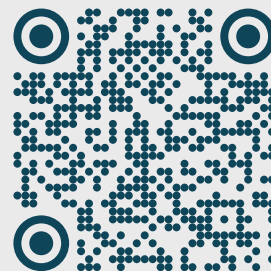
<sup>2</sup> No age limit for totally and permanently disabled persons.

<sup>3</sup> The dependent care credit is only available to the parent who has custody of the child for the greater part of the year. Execution of Form 8332 has no effect on the ability to claim the credit for child care expenses.

<sup>4</sup> Only the custodial parent can claim the earned income credit. The non-custodial parent would not pass the residence test.

## 2026 Child/Non-Child Credits

Child Credit (Dependents Age <17)	\$2,200
Child Credit Refundable Amount	\$1,700
Non-Child Credit [Non-Refundable] (Dependents Age 17+)	\$500
Phase-Out Starting Point for Both Credits	\$200,000 (Single) \$200,000 (HOH) \$400,000 (MFJ)



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## Dependency Exemptions and the Treatments of Child Related Attributes in Divorce

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### Dependency Exemptions

- Custodial parent is entitled to the dependency exemption - IRC §152, Mahrer vs Commissioner, T.C. Memo 2003-85.
  - Parents, together or separately, must provide at least one-half of the child's support.
  - Two exceptions to the general rule that the custodial parent is entitled to the dependency exemption:
    - (1) A multiple support agreement is in place - §152(d)(3).
    - (2) The custodial parent relinquishes the rights to the exemption (either annually or permanently) - §152(e)(2)(A).
  - Note: Divorced parents **are** allowed to trade exemptions back and forth using IRS form 8332.
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### Tiebreaker Rules

- If two or more taxpayers qualify to claim tax benefits related to a single qualifying child, a series of "tiebreaker" rules exist to determine who is eligible for the tax benefits:
    - (a) If one individual is a parent and the other is not, the parent is entitled to the benefit.
    - (b) If both taxpayers are parents, the parent with whom the qualifying child resided most during the year is the tiebreaker parent.
    - (c) If the child resided with the parents equal time throughout the year, the parent with the greater AGI is entitled to the benefits.
    - (d) If neither individual is a parent, the individual with the greater AGI is entitled to the benefits.
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### Head of Household Filing Status

- To qualify as Head of Household (HOH), a taxpayer must:
    - (1) Be married - you are considered unmarried if you were legally separated on December 31 or if your spouse did not live in your home for the last six-months of the year.
    - (2) Pay more than one-half the cost of maintaining a household which is the principal domicile for a qualifying child or an individual that otherwise qualifies for a dependency exemption.
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## Marital Residence

### Federal Deductions for Mortgage Interest and Real Estate Taxes

**In General:** The joint owner who makes the payment is entitled to the deduction. If payments are made out of a joint account, there is a rebuttable presumption that the payment is made 50% by each party. Example: If Husband (H) pays 70% of the payment and Wife (W) pays 30%, the deductible portion of the payment is allocated in the same proportion.

**In a Divorce Context:** If payments are not made pursuant to a divorce or separation instrument - general rules apply.

<b>If the home is jointly owned and payments are made directly to the mortgage by H, the non-occupant:</b>	<b>If the home is solely owned by W and H is still obligated on the mortgage:</b>	<b>If the home is solely owned by H (even though W may be living there with or without children of the marriage):</b>
1/2 of the qualifying interest and real estate taxes are deductible by H.	The treatment of the interest deduction is the same as if jointly owned, provided a minor child of the marriage resides in the home with W.	If H makes the payments:  H would deduct 100% of the mortgage interest and taxes.
1/2 of the qualifying interest and real estate taxes are deductible by W.	H cannot deduct any of the real estate taxes however, since he has no ownership interest.	If W makes the payments:  W cannot deduct any of the real estate taxes however, since she has no ownership interest.

### 2026 Federal Long-term Capital Gain and Qualified Dividend Rates

<b>Rate</b>	<b>Unmarried</b>	<b>Head of Household</b>	<b>Married Filing Joint</b>
0%	\$0 - \$49,450	\$0 - \$66,200	\$0 - \$98,900
15%	49,450 - 545,500	66,200 - 579,600	98,900 - 613,700
20%	over 545,500	over 579,600	over 613,700

## Qualified Business Income Deduction (QBID)

2026 Taxable Income	Service	Non-Service
< \$403,500 (MFJ) < \$201,775 (Others)	20% x QBI	20% x QBI
\$403,500 - \$553,500 (MFJ) \$201,775 - \$276,775 (Others)	Phase Out	Reductions may apply
> \$553,500 (MFJ) > \$276,775 (Others)	No QBID	QBID is the <b>lesser</b> of: (a) 20% x QBI or (b) greater of (1) W-2 Wages x 50% (2) 25% Wages + 2.5% of unadjusted asset basis

**Note:** After determining eligible QBI deduction above, an overall limitation applies where the deduction is equal to the LESSER OF:

- (a) The combined "qualified business income" of the taxpayer, or
- (b) 20% of the taxpayer's excess of taxable income minus the sum of any net capital gain

## Determining Income for Support for Business/Real Estate Owners

### Common Tax Return Forms to Review and Taxes Applied

Primary Schedules	Description/Notes	FED	Self-Emp	NIIT	SIT	Local
Schedule C	Sole Proprietorship	X	X		X	X
Schedule E, p. 1	Rental Property	X		X	X	X
Schedule E, p. 2 (Schedule K-1)	Ownership interest in a Partnership or S-Corp (request all K-1s)					
S-Corp	Income/Distribution always pro-rata	X			X	X
Partnership - Active	Income/Distribution can be specific allocation	X	X		X	X
Partnership - Passive	Income/Distribution can be specific allocation	X		X	X	X
Schedule F	Farming	X			X	X

### Key:

**FED** - Federal Income Tax

**SIT** - State Income Tax

**Self-Emp** - Self-employment Tax (FICA)

**Local** - City Income Tax

**NIIT** - Net Investment Income Tax (High Income Taxpayers)

(Resident/Non-Resident)

### Other Helpful Tax Forms:

**W-2** - Wages & Tax Statement

**Schedule B** - Interest & Dividends

**Schedule D** - Capital Gains & Losses (Carryover)

**Form 4562** - Depreciation & Amort.

**Form 4562, P. 2** - Depreciation - Listed Property (Autos)

**Schedule SE** - Self-employment Tax

**Form 8582** - Passive Activity Loss Limitations (Carryover)

## 2025 One Big Beautiful Bill Updates

A number of tax provisions from the 'One Big Beautiful Bill' were passed in July 2025.

### Key changes include:

- Individual income tax rates ranging from 10% to 37% are now permanent with inflation adjustments.
- The standard deduction, which nearly doubled under the 2018 TCJA, has increased considerably and is now permanent.
- NEW: Temporary senior deduction for individuals over age 65. Income limitations apply. This deduction is set to expire at the end of 2028.
- The personal exemption deduction was permanently terminated.
- The 20% pass-through business income deduction (Section 199A) was made permanent.
- The child tax credit (CTC) increased to \$2,200 per child and is now permanent.
- The \$10,000 cap on state and local tax deductions was temporarily increased to \$40,000, with a phase-out for higher-income earners. The \$10,000 cap is scheduled to revert back after 2029.
- The limitation on the mortgage interest deduction was extended permanently and mortgage insurance premiums will no longer be deductible.
- Charity: Non-itemizers can now deduct charitable contributions “above the line,” and the deduction amounts have been increased and made permanent; for itemizers, only contributions that exceed 0.5% of AGI will be deductible.
- NEW: Temporary tax deductions for tips, overtime pay, and certain vehicle loans. These deductions are set to expire at the end of 2028 and you don’t have to itemize your deductions. Income limitations apply.
- Clean energy credits are terminated at various points throughout 2025 and 2026.
- New Trump Accounts are established for children born between 2025 through 2028. \$1,000 is contributed by the government for each child and grows tax-free like an IRA.
- The estate tax exemption was made permanent at \$15mil per person for 2026, indexed for inflation.

