LIONEL'S TAX & BOOKKEEPING SERVICE

Detailed Summary of 2025 & 2026 IRS Tax Changes Affecting Schedule C Filers

1. Standard Deduction (Inflation Adjusted)

Filing Status	2025 Standard Deduction	2026 Standard Deduction
Single	$15,750	$16,100
Married Filing Jointly	$31,500	$32,200
Head of Household	$23,625	$24,150

2. Qualified Business Income (QBI) Deduction Thresholds

Category	2025 Threshold	2026 Status
QBI Full Deduction Threshold (Single)	$197,300	Inflation-adjusted (TBD)
QBI Full Deduction Threshold (MFJ)	$394,600	Inflation-adjusted (TBD)

3. Changes to 1099 Filing Requirements

Form Type	2025 Threshold	2026 Threshold (OBBB)
1099-NEC (Contractor Income)	$600	$2,000
1099-MISC	$600	$2,000

4. Self-Employment Tax (No Changes)
Self-employment tax remains 15.3% on net earnings. Half remains deductible above-the-line.

5. SALT Deduction Cap Increase (OBBB)
Cap increases from $10,000 to as high as $40,000 beginning in 2025, subject to income phase-outs.

6. Tip & Overtime Income Deduction (2025–2028) New deduction for certain occupations with IRS guidance forthcoming.

7. Long-Term Care Insurance Deduction Limits (2025)
Age 51–60: $1,800 | Age 61–70: $4,810 | Age 71+: $6,020.

8. Expense Deductions
Home office, mileage, depreciation, supplies, insurance — all unchanged for 2025–2026.

9. Retirement Contribution Changes
401(k) and IRA limits increase for both years, enhancing tax planning potential for Schedule C filers.

10. Key Planning Considerations

- Determine whether itemizing > standard deduction under new SALT rules.
- Track QBI-eligible income for the 20% deduction.
- Prepare for higher 1099 thresholds starting 2026.
- Maximize retirement contributions to reduce AGI.