LIONEL'S TAX & BOOKKEEPING SERVICE

2025 & 2026 IRS Tax Changes for Schedule E Filers – Table Summary

1. Standard Deduction (General Impact)

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)

Category	2025 Threshold	2026 Status
QBI Eligible Income – Single	$197,300	Inflation-adjusted (TBD)
QBI Eligible Income – MFJ	$394,600	Inflation-adjusted (TBD)
Trade or Business Requirement	Must qualify	Must qualify

3. Depreciation & Section 179

Category	2025 Rule	2026 Rule
Bonus Depreciation	40% allowed	20% allowed
Section 179 Expensing	$1,300,000 limit	Inflation-adjusted (TBD)
Residential Property	Not 179 eligible	Not 179 eligible
Cost Segregation Benefit	Strong	Strong

4. SALT Rules & 1099 Requirements

Category	2025 Rule	2026 Rule
SALT Deduction Cap	Up to $40,000	Up to $40,000
Rental Property Taxes	Fully deductible (no cap)	Fully deductible (no cap)
1099 Contractor Threshold	$600	$2,000

5. Passive Activity & NIIT

Category	Rule
Active Participation Loss Allowance	$25,000 (AGI < $100,000)
Phase-out Range	$100,000 – $150,000
NIIT (Net Investment Income Tax)	3.8% above thresholds
Rental Loss Classification	Passive unless REPS applies

Summary:
The most significant 2025–2026 Schedule E changes include bonus depreciation phase-down, an expanded SALT deduction cap, a higher 1099 contractor threshold, and inflation adjustments affecting QBI and tax brackets. No major changes were made to passive activity rules, 1031 exchanges, or NIIT.