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Standard Mileage Rate

Cross References

- Rev. Proc. 2010-51
- Notice 2025-05
- Notice 2024-08
- Notice 2026-10

The IRS has released the 2026 standard mileage rates for taxpayers to use in computing the deductible costs of operating an automobile for business, charitable, medical, or moving expense purposes. The following chart reflects the new 2026 standard mileage rates compared to the 2025 standard mileage rates.

	2026	2025
Business rate per mile*	72.5¢	70.0¢
Medical and moving rate per mile**	20.5¢	21.0¢
Charitable rate per mile	14.0¢	14.0¢
Depreciation rate per mile	35.0¢	33.0¢

* A deduction for unreimbursed employee business travel is no longer allowed, unless the deduction is allowed in determining adjusted gross income for members of a reserve component of the Armed Forces, state or local government officials paid on a fee basis, or certain performing artists. Similarly, eligible educators are also entitled to deduct certain unreimbursed employee travel expenses as either an adjustment to total income (subject to a dollar limit), or as an itemized deduction for tax years beginning after 2025.

** A deduction for moving expenses is no longer allowed, unless the taxpayer is a member of the Armed Forces on active duty who moves pursuant to a military order and incident to a permanent change of station.

IRS Will Still Accept Paper Checks as Payments

Cross References

- <https://www.taxpayeradvocate.irs.gov>

Under Executive Order 14247, *Modernizing Payments to and From America's Bank Account*, the IRS is transitioning away from sending or receiving paper checks. For the most part, the IRS stopped issuing tax refunds in the form of paper checks after September 30, 2025. IRS payment of tax refunds via direct deposit is one acceptable method of receiving a tax refund. Taxpayers are encouraged to provide bank account information to enable the IRS to direct deposit their tax refund into the appropriate account. There are also options for the IRS to issue refunds via prepaid debit cards, or onto mobile apps. More information on electronic refund options can be found at irs.gov

Although Executive Order 14247 also applies to making payments to the IRS via some form of electronic payment, the IRS Taxpayer Advocate anticipates that the electronic payments requirement will not occur until 2027 or later. Thus, for making tax due payments to the IRS in 2026 for 2025 tax returns, and making 2026 estimated tax payments, the IRS will continue to accept paper checks as payments. Use the Form 1040-V payment voucher for making 2025 balance due payments along with a paper check payable to "United States Treasury," and mail to the address listed on the Form 1040-V instructions. The 2026 Form 1040-ES estimated payment vouchers are not yet available from the IRS at the time of this article, but it is anticipated that they will be available to make 2026 estimated tax payments via a paper

check, along with mailing addresses listed in the Form 1040-ES instructions.



Postmark Date

Cross References

- <https://www.federalregister.gov/documents/2025/08/12/2025-15266/postmarks-and-postal-possession>

The US Postal Service has proposed new rules on postmarks and postal possession. The rules affect the date on which a tax return is considered to be filed or a payment is considered to be made. Under IRC section 7502, the timely mailing of a tax return is treated as timely filing and timely payment of a tax due. However, under the proposed postal service rules, the date the tax return or payment is delivered to a local post office for mailing is not necessarily the date the tax return or payment is treated as being made.

The proposed rule states the following:

“Although every postmark contains a date, that date does not inherently align with the date that the Postal Service first accepted possession of a mailpiece. Rather, the postmark date represents the date on which a mailpiece was accepted at a retail location, or the date of the first automated processing operation performed on that mailpiece at a processing facility. Most postmarks fall into the latter group—that is, they are applied by machines in originating processing facilities. A mailpiece is not always entered into an originating processing facility on the same date that it was first tendered to the Postal Service, nor is it always processed on the same date that it arrived at a processing facility. As a result, the date of a postmark applied at a processing facility shows that a mailpiece was in the Postal Service’s possession on that date but does not foreclose the possibility that the mailpiece was mailed before that date. In other words, the date on a machine-applied postmark may reflect the date on which the mailpiece was first accepted by the Postal Service, but that is not definitively the case. As noted, customers who wish to obtain a receipt containing the date when the Postal Service first accepted possession of a mailpiece can take advantage of one of the services (including the Certificate of Mailing service) that provide such receipts.”

The proposed rules further explain that a customer can request a postmark at a postal retail location, which will be considered the date of mailing. Absent such a request, the date of mailing could be days later when the mail is processed and postmarked at a processing facility. To ensure timely filing or timely payment of a tax due,

it is recommended that taxpayers obtain a postmark at their postal retail location, either via certified mail, or other method in which a postmark is placed on the mail piece at the time it is delivered to the post office.



Supplemental Basic Allowance for Housing Payments to Members of the Military are not Taxable

Cross References

- IR-2026-09

The IRS has confirmed that supplemental basic allowance for housing payments made to members of the uniformed services in December 2025 are not to be included in income by those who received the payments; they are not taxable.

In the One Big Beautiful Bill Act (OBBBA) enacted last July, Congress appropriated \$2.9 billion to supplement the basic allowance for housing payable to members of the uniformed services. In December, President Trump announced that 1,450,000 military service members would receive a special “Warrior Dividend” before Christmas.

The resulting one-time supplemental payments of \$1,776 made primarily to active-duty members of the uniformed services in the pay grades of O-6 and below and eligible Reserve Component members as of November 30, 2025, of the Army, Air Force, Navy, Marine Corps and Space Force were funded by this appropriation.

Federal tax law specifically excludes from gross income a “qualified military benefit.” The basic allowance for housing payments are qualified military benefits and, therefore, are not taxable.



Premium Tax Credit

Cross References

- IRC §36B
- H.R. 5371

On November 12, 2025, the government shutdown ended with the enactment of H.R. 5371, *Continuing Appropriations, Agriculture, Legislative Branch, Military Construction and Veterans Affairs, and Extensions Act, 2026*. The law extends current funding levels through January 31, 2026. The law also provides funding through the end of fiscal year 2026 for the Department of Agriculture, Food and Drug Administration, Department of Defense military construction and family housing activities, and the Department of Veterans Affairs.

The new law did not include an extension of the enhanced Premium Tax Credit (PTC) that is due to expire at the end of 2025. The PTC is a refundable credit designed to subsidize the cost of health insurance. The PTC amount is determined based on the percentage of household income the cost of premiums represents, ranging from 2% of household income for those below 133% of the federal poverty line to 9.5% of household income for those at 400% of the federal poverty line. Taxpayers with household income above 400% of the federal poverty line do not qualify for the PTC.

The American Rescue Plan Act of 2021 provided temporary percentage ranges for tax years 2021 and 2022, ranging from zero percent for household incomes up to 150% of the federal poverty line to 8.5% for household income of 400% or higher of the federal poverty line. Taxpayers with income above 400% also qualified for the PTC under the temporary percentage ranges.

The Inflation Reduction Act of 2022 extended the temporary percentage ranges that applied for 2021 and 2022 so that they applied through the 2025 tax year. The law also extended the rule to allow the PTC for taxpayers whose household income exceeded 400% of the federal poverty line through the 2025 tax year.

Since H.R. 5371 failed to extend these temporary percentage ranges for 2026 (which was the cause of the political stalemate that caused the government shutdown), the percentage ranges that applied for the 2020 tax year will now apply for the 2026 tax year. The following chart summarizes the percentage ranges that applied prior to 2026.

Tax Year Beginning in:	2021 through 2025		2020	
	Initial %	Final %	Initial %	Final %
Household income percentage of federal poverty line:				
Up to 133%	0.00%	0.00%	2.06%	2.06%
133% up to 150%	0.00%	0.00%	3.09%	4.12%
150% up to 200%	0.00%	2.00%	4.12%	6.49%
200% up to 250%	2.00%	4.00%	6.49%	8.29%
250% up to 300%	4.00%	6.00%	8.29%	9.78%
300% up to 400%	6.00%	8.50%	9.78%	9.78%
400% and higher	8.50%	8.50%	No credit	No credit

Note: The 2026 percentage ranges may be adjusted for inflation by the IRS at a later date.

Zero percent means the taxpayer pays 0% of his or her household income for premiums after receiving the PTC (the PTC covers the entire cost of health insurance). For tax years 2021 through 2025, if household income is at 400% or above of the federal poverty line, the taxpayer pays no more than 8.5% of his or her household income for the cost of health insurance after receiving the PTC. Beginning in 2026, taxpayers with household income at

400% or more of the federal poverty line pay 100% of the cost of health insurance.

Note: The PTC is only allowed for taxpayers who are eligible to purchase health insurance through a health insurance exchange. Taxpayers eligible to receive affordable employer health insurance coverage are not eligible for the PTC.



Trump Account Proposed Regulations

Cross References

- Notice 2025-68

The IRS has announced that it intends to issue proposed regulations providing guidance with respect to Trump Accounts, which were created by the One Big Beautiful Bill Act (OBBBA), signed into law on July 4, 2025. The notice also provides the following overview summary of Trump Accounts.

A Trump Account is a type of traditional individual retirement account (IRA) that is established for the exclusive benefit of an eligible individual and that is designated at its establishment as a Trump Account. When the Trump Account is opened, the eligible individual is the owner of the Trump Account and is referred to as the account beneficiary.

A Trump Account is subject to certain special rules inapplicable to other individual retirement arrangements, most of which apply only during the period that ends before January 1 of the calendar year in which the account beneficiary attains age 18 (growth period). For example, a child born on October 1, 2025, would turn age 18 on October 1, 2043, and therefore the last day of the growth period with respect to the child would be December 31, 2042. The special rules that apply only during the growth period include:

- Funds in a Trump Account can be invested only in eligible investments,
- A Trump Account has a separate contribution limit from other individual retirement arrangements,
- A Trump Account is generally not allowed to make distributions,
- No deduction by an individual is allowed under IRC section 219 for any contribution to a Trump Account, and
- Trustees of Trump Accounts have similar but different reporting requirements from trustees of other IRAs. After the growth period, most of these special rules cease to apply and the rules under IRC section 408 governing traditional IRAs generally apply.

Establishment. A Trump Account is established for the exclusive benefit of an eligible individual. An eligible individual is any individual:

- For whom an election is made to establish a Trump Account,
- Who has not attained age 18 before the close of the calendar year in which the election is made, and
- For whom a social security number has been issued before the date of the election.

The IRS will create or organize the Trump Account (initial Trump Account) for each eligible individual.

During the growth period, a subsequent Trump Account (rollover Trump Account) may be established for an individual and must be funded by a trustee-to-trustee transfer of the entire account balance from the individual's existing Trump Account (qualified rollover contribution).

Trump Accounts contribution pilot program under section 6434 (pilot program). Upon an election under the pilot program, \$1,000 is paid by the IRS to the Trump Account of an eligible child. An eligible child means a qualifying child [as defined in IRC section 152(c)] who is born after December 31, 2024, and before January 1, 2029, who is a U.S. citizen, and for whom no prior pilot program election has been made. Additionally, the eligible child must have a Social Security Number that is included with the election. The \$1,000 deposited into the Trump Account under the pilot program is excepted from reduction or offset and is subject to a special rule regarding interest under IRC section 6611(a). Individuals making improper elections under the pilot program are subject to penalties under IRC section 6659.

Contributions. During the growth period, there are five types of contributions that can be made to a Trump Account.

- 1) A pilot program contribution from the IRS of \$1,000 for an eligible child,
- 2) Qualified general contributions [funded by states (or political subdivisions thereof), the United States, the District of Columbia, Indian tribal governments, or IRC section 501(c)(3) tax-exempt organizations] for members of a qualified class of account beneficiaries,
- 3) Employer contributions that are not includible in the gross income of the employee under IRC section 128,
- 4) Qualified rollover contributions, and
- 5) Contributions from other sources (such as the account beneficiary, parents, or any other person).

Contributions to a Trump Account during the growth period are not includible in income by the account beneficiary when made. Pilot program contributions, qualified general contributions, and section 128 employer contributions do not create basis in a Trump Account.

Qualified rollover contributions are transfers from a prior Trump Account and carry over any basis attributable to the funds being transferred. Contributions from other sources during the growth period create basis in the Trump Account.

Note: Contributions from other sources create basis because they are non-deductible contributions, similar to the non-deductible IRA rules. Contributions that do not create basis are those that are tax-free to the beneficiary at the time the contribution is made.

Unlike contributions to IRAs (which require an IRA owner to have includible compensation), contributions may be made to a Trump Account during the growth period even if the account beneficiary does not have includible compensation. Pilot program contributions, qualified general contributions, and qualified rollover contributions are not subject to an annual contribution limit. However, all other contributions (that is, section 128 employer contributions and contributions from other sources) during the growth period are subject to an aggregate annual limit of \$5,000 (subject to cost-of-living adjustments after 2027).

Contributions to Trump Accounts cannot be made before July 4, 2026.

Eligible investments. During the growth period, funds in a Trump Account may be invested only in eligible investments. An eligible investment, generally, is a mutual fund or exchange traded fund (ETF) that tracks an index of primarily U.S. companies, such as the Standard and Poor's 500 stock market index, does not use leverage, does not have annual fees and expenses of more than 0.1 percent of the balance of the investment in the fund, and meets other criteria that the IRS determines appropriate.

Distributions. During the growth period, no distributions may be made from a Trump Account, except for qualified rollover contributions, qualified ABLE rollover contributions, distributions of excess contributions, and distributions upon death of the account beneficiary. After the growth period (that is, starting January 1st of the calendar year in which the account beneficiary attains age 18), distributions from a Trump Account generally are subject to the rules that apply to distributions from a traditional IRA, including that a distribution may be subject to the IRC section 72(t) 10% additional tax on early distributions if an exception does not apply with respect to the account beneficiary (such as for distributions for qualified higher education expenses or first home purchases or distributions made after age 59½).

Reporting. During the growth period, Trump Accounts are not subject to the IRA reporting requirements of IRC section 408(i). Instead, Trump Accounts are subject to reporting requirements under IRC section 530A(i). The reporting requirements under IRC section 530A(i) include language similar to the reporting requirements for IRAs under IRC section 408(i). However, IRC section 530A(i) includes additional reporting requirements that do not apply to other types of IRAs (such as information regarding the source of certain contributions, the investment in the contract (basis), and a report to the IRS by a trustee that accepts a qualified rollover contribution no later than 30 days after such contribution is made). A person that fails to provide a required report is subject to a penalty under IRC section 6693(a) unless the failure is due to reasonable cause.

After the growth period, the reporting requirements of IRC section 408(i) apply to the Trump Account. For any given calendar year, a Trump Account is never subject to reporting under both IRC sections 408(i) and 530A(i).

Coordination with IRA rules. After the growth period, nearly all of the special rules for Trump Accounts (including those relating to contributions, investments, distributions, and trustee reporting) cease to apply. Accordingly, after the growth period, Trump Accounts generally will be subject to the IRC section 408 rules that apply to other traditional IRAs (such as the rules related to contributions, distributions, required minimum distributions, rollovers, Roth conversions, ordinary income taxation, and reporting).

Nevertheless, a Trump Account continues to be a Trump Account after the growth period. An account initially established as a Trump Account can never receive contributions under an IRC section 408(k) SEP arrangement or IRC section 408(p) SIMPLE IRA plan. Similarly, an account initially established as a Trump Account can never be aggregated with other individual retirement arrangements when allocating basis related to a distribution from either the Trump Account or another individual retirement arrangement.

Qualified general contributions. A qualified general contribution is made by the IRS and funded by a general funding contribution from a state (or political subdivision thereof), the United States, the District of Columbia, an Indian tribal government, or an IRC section 501(c)(3) tax-exempt organization. It is distributed to the Trump Accounts of account beneficiaries who are members of a qualified class.

Section 128 employer contributions. Section 128 employer contributions paid to a Trump Account of an employee or a dependent of an employee are not includible in the employee's income. Such contributions are limited to \$2,500, subject to cost-of-living adjustments after 2027. Section 128 employer contributions must be made pursuant to an IRC section 128(c) Trump Account contribution program. Requirements similar to requirements that apply to a section 129 dependent care assistance program (regarding discrimination, eligibility, notification, statements, and benefits) apply to a Trump Account contribution program.

