

Welcome to the Mid-Year 2026 edition of Tax News & Tips! This issue covers a mix of new rules that took effect under the OB3 Act this year, along with the updated contribution limits, tip reporting changes, and quick-reference figures your clients will be asking about as we move through the second half of the year.

Page 1 breaks down the new charitable contribution rules for 2026. The OB3 Act reintroduced a deduction for non-itemizers—up to \$1,000 for single filers and \$2,000 for married couples filing jointly—but only for cash gifts made directly to qualified public charities. The page also covers two new restrictions for itemizers: a 0.5% of AGI floor before charitable gifts become deductible, and a reduced 35% benefit cap for taxpayers in the top 37% bracket. We close with a refresher on the “bunching” strategy and the documentation rules clients should be following.

Page 2 tackles two changes that may catch clients off guard. The first is the new 90% cap on gambling loss deductions, which can create “phantom income” even for break-even gamblers. We walk through the math with a few examples so it’s easy to explain at the desk. The second half of the page covers the IRS Electronic Payment Mandate and what clients should do if they receive a CP53E letter requesting banking information for their refund.

Page 3 highlights the permanent boost to the Child and Dependent Care Credit—the rate range now runs from 20% up to 50%, with a maximum credit of \$1,500 for one dependent or \$3,000 for two or more. We also note the long-overdue increase to the Dependent Care FSA limit (now \$7,500 for joint filers—the first bump since 1986). The page wraps up with a “Truth vs. Myth” feature addressing four areas where we’ve been getting a lot of questions: Trump accounts, the expiration of the enhanced Premium Tax Credit, the new \$2,000 1099 reporting threshold, and the doubled K-12 withdrawal limit for 529 plans.

Page 4 rounds out the issue with 2026 retirement and savings contribution limits—including the new Roth-only requirement for catch-up contributions by high earners, the inflation-adjusted IRA catch-up, and updated HSA figures. We’ve also included a note on the new tip reporting fields on Forms W-2 and 1099, and a tax calendar covering the key estimated payment and filing deadlines through January 2027.

As always, thank you for subscribing to *Tax News & Tips*. We appreciate your support and welcome your suggestions for future topics. With only four pages to work with, we may not be able to include every requested subject—but we always enjoy hearing what’s top-of-mind for you and your clients.

Warm regards,

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