SALT DEDUCTION

THE SALT CAP QUADRUPLED

~~$10,000~~ → **$40,000**

old cap, 2018–2024

new OBBBA cap (2025) · **$40,400 for 2026**

What counts — combined on Schedule A, only if you itemize:

- State/local income OR sales tax
- Real property tax
- Personal property tax

It's temporary — use it while it lasts

The bigger cap runs 2025–2029, then falls off a cliff.

$40,000+

2025 – 2029 · rises 1%/yr

$40,400 ('26) · $40,804 · $41,212 · $41,624 ('29)

$10,000

2030 — reverts

Should you itemize now?

SALT only helps if you itemize. With the cap 4× bigger, many who took the standard deduction since 2018 should re-run the math.

Standard deduction

TY 2026

Single / MFS **$16,100**
Married jointly **$32,200**
Head of household **$24,150**

Itemize instead

Up to **$40,400** SALT
+ mortgage interest
+ charitable gifts

...often beats the standard deduction now.

That's the big change. Next up →
The high-earner phasedown, the marriage penalty & the business-owner move.

TY 2026

SALT DEDUCTION

THE HIGH-EARNER PHASEDOWN

Above **$500,000 MAGI** ($505k for 2026), your cap drops **30% of the excess.**

$560,000 your MAGI → **$60,000** over the line → **−$18,000** 30% of excess = **$22,000** your cap

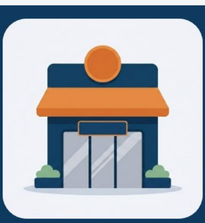
Earn over $600k? You're **not cut to zero** — the cap never drops below the **$10,000 floor** ($5,000 MFS). Even a $1M earner keeps that.

Marriage penalty

The $500k threshold is NOT doubled for couples — it's the same $500k married or single.

No income tax? Elect sales

In FL, TX, WA & other no-income-tax states, deduct state/local sales tax instead of income tax.



THE BUSINESS-OWNER MOVE

Skip the cap with PTET

Own a pass-through (S-corp, partnership, LLC)? Most states let the **business** pay your state income tax at the entity level — deducting SALT **above the cap** on the business return, not your Schedule A.

OBBBA left this workaround intact — ask your advisor if your state offers it.

Don't wait: the bigger cap is temporary. It reverts to **$10,000 in 2030** unless Congress extends it — so the itemizing window is **2025–2029.**

THE BOTTOM LINE

Over $10,000 in state + local taxes? Itemizing likely wins now — through 2029.

SHOULD YOU ITEMIZE THIS YEAR?

eghtax.com/salt

Free itemize-vs-standard checker + the 2030 countdown.

Sources: IRS Schedule A instr. · Topic 503 · RSM/Mintz (PTET) · educational content, not individualized tax advice