

PLYMOUTH INSTITUTE FOR FREE ENTERPRISE

LOWER INDIVIDUAL TAX RATES

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**ADVANCING AMERICAN
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TOPLINE: The One Big Beautiful Bill (OB3) permanently extended the 2017 Tax Cuts and Jobs Act's (TCJA's) changes to individual tax brackets. Almost all working Americans are in a lower tax bracket than if TCJA had expired. This includes small businesses that file individual taxes as pass-through entities.

Single taxpayers (standard return, no credits) **

2026 Taxes if TCJA had expired		2026 Tax Brackets Under OB3	
* Income Range	Marginal Tax Rate	* Income Range	Marginal Tax Rate
\$0 - 13,900	No tax	\$0 - 16,100	No tax
\$13,901 - 26,400	10%	\$16,101 - 28,500	10%
\$26,401 - 64,650	15%	\$28,501 - 66,500	12%
\$64,651 - 136,850	25%	\$66,501 - 121,800	22%
\$136,851 - 270,300	28%	\$121,801 - 217,875	24%
\$270,301 - 571,350	33%	\$217,876 - 272,325	32%
\$571,351 - 573,650	35%	\$272,326 - 656,700	35%
\$573,651+	39.6%	\$656,701+	37%

** Note: Assumes no tax for income up to standard deduction amount plus (where applicable) one personal exemption. Income ranges for TCJA expiration hypothetical are approximate.

Married Joint Filers (standard return, no credits) ***

If TCJA had expired		Permanent Tax Rates Under OB3	
* Income Range	Marginal Tax Rate	* Income Range	Marginal Tax Rate
\$0 - 27,800	No tax	\$0 - 32,200	No tax
\$27,801 - 52,800	10%	\$32,201 - 57,000	10%
\$52,801 - 129,300	15%	\$57,001 - 133,000	12%
\$129,301 - 232,600	25%	\$133,001 - 243,600	22%
\$232,601 - 340,000	28%	\$243,601 - 435,750	24%
\$340,001 - 585,300	33%	\$435,751 - 544,650	32%
\$585,301 - 657,500	35%	\$544,651 - 800,900	35%
\$657,501+	39.6%	\$800,901+	37%

*** Note: Assumes no tax on income up to standard deduction amount plus (where applicable) two personal exemptions. Income ranges for the TCJA expiration hypothetical are approximate.

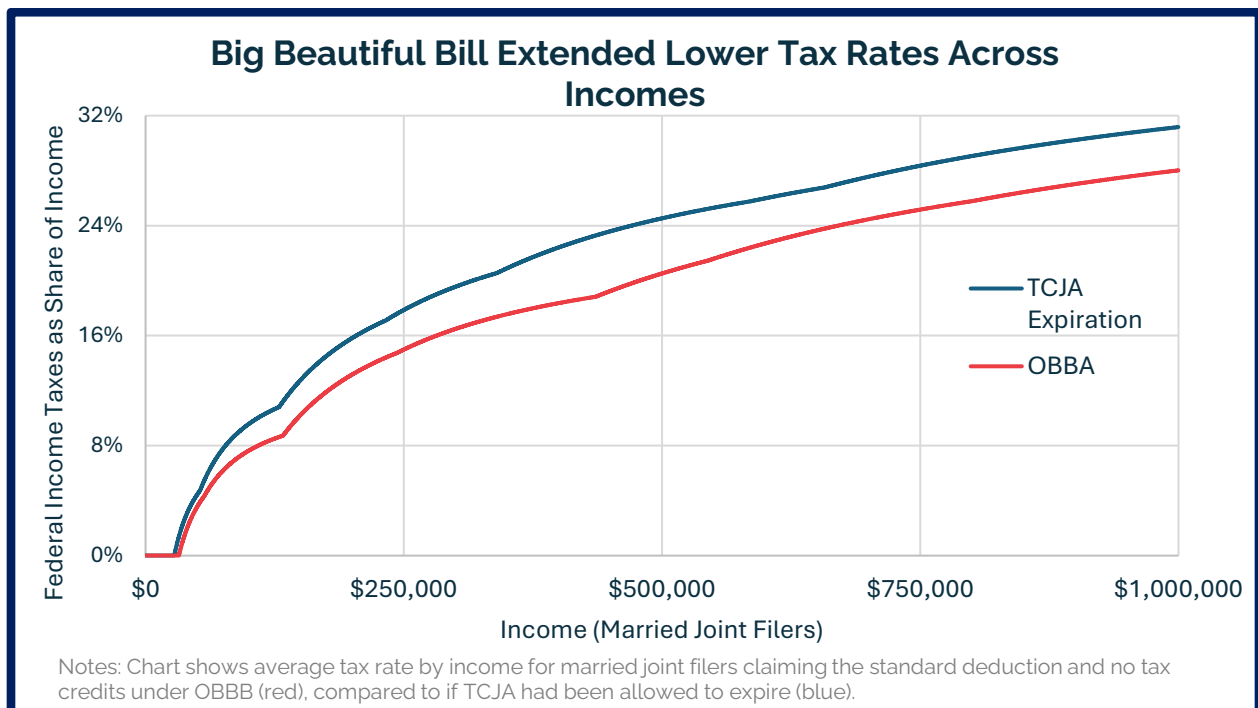
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BACKGROUND: TCJA reduced individual tax rates and adjusted tax brackets such that the vast majority of taxpayers received tax cuts regardless of their income. The small number of individual taxpayers who paid more taxes as a result of TCJA were primarily high-income taxpayers who had claimed high amounts of itemized deductions. TCJA eliminated and capped many itemized deductions, moving toward lower tax rates and a broader base. TCJA also streamlined the standard deduction-personal exemption system by suspending personal exemptions but more than made up for it by nearly doubling the standard deduction and increasing the Child Tax Credit. These changes were scheduled to expire after 2025.

What OBBA Did:

- Ensured that taxpayers at all income levels avoided a tax hike in 2026.
- Made permanent TCJA's changes to tax rates, brackets, the standard deduction, and personal exemptions.
- Built on TCJA's nearly doubled standard deduction by adding further to it.



Why It Matters?

- The tax code remains highly progressive, with high-income individuals paying a larger share of their incomes in taxes than low-income Americans (see chart).
- High marginal tax rates discourage work and entrepreneurship.
- OBBA's reductions in tax rates represent a tax cut of about ***\$2.2 trillion*** over nine years (2026-34).
- This reform also reduces taxes for small businesses that file as pass-throughs.

Where Can I Find the Changes? OBBA Section [70101-70103](#);
[26 U.S.C. § 1\(f\)](#), [63\(j\)](#), [151\(d\)](#).

