

IRS Updates Capital Gains Tax Thresholds for 2026: Here's What's New

The IRS has increased the capital gains tax income thresholds for 2026. You'll need this information to help minimize your tax burden.

Every year, the IRS adjusts certain tax thresholds and amounts to keep pace with inflation, and this year is no different. In addition to new tax brackets and higher standard deduction and estate limit amounts, the IRS just unveiled new income tax thresholds for capital gains in 2026.

If you have investment income, these updated capital gains brackets (effective for tax returns you'll file in early 2027) could impact your tax bill.

So, let's dive into the latest IRS numbers for 2026 and what they mean for you.

New 2026 capital gains tax thresholds

For 2026 (returns normally filed in early 2027), the long-term capital gains tax rates remain at 0%, 15%, and 20%, but the income thresholds have shifted.

Remember that short-term capital gains (assets held for one year or less) are taxed at ordinary income tax rates, different from those for long-term capital gains.

The new brackets are as follows:

0% Rate

Single filers: Up to \$49,450

Married filing jointly: Up to \$98,900

Married filing separately: Up to \$49,450

Head of household: Up to \$66,200

15% Rate

Single filers: \$49,451 to \$545,500

Married filing jointly: \$98,901 to \$613,700

Married filing separately: \$49,451 to \$306,850

Head of household: \$66,201 to \$579,600

20% Rate

Single filers: Over \$545,500

Married filing jointly: Over \$613,700

Married filing separately: Over \$306,850

Head of household: Over \$579,600

What's Changed:

2026 vs. 2025 capital gains thresholds

Compared to 2025, these new numbers reflect a modest inflation adjustment across all brackets and filing statuses. The changes are designed to provide some relief against "bracket creep." (*That's when inflation essentially pushes you into a higher tax bracket.*)

For instance, the 0% rate threshold for married couples filing jointly increases from \$96,700 in 2025 to \$98,900 in 2026. That means an additional \$2,200 in income can be taxed at the 0% rate in 2026 rather than at higher rates.

Similarly, the 20% rate threshold increases by over \$13,600 for married couples filing jointly (from \$600,050 in 2025 to \$613,700 in 2026). that potentially enables more income to be taxed at the lower 15% capital gains rate in 2026.

How to benefit from the 0% capital gains rate

The new 0% capital gains rate threshold for 2026 creates some opportunities for investors.

- For example, if your income varies yearly, you might consider realizing long-term capital gains in years when your total taxable income is below the 0% threshold.
- That way, you could take advantage of the lower tax rate.
- Also, depending on your situation, offsetting your capital gains with any losses you may have incurred (tax loss harvesting) could help.

Whatever you do, evaluate all your projected income sources each year, not just capital gains.

Long-term capital gains tax: Bottom line

As Kiplinger has reported, these capital gains tax income threshold adjustments come alongside annual inflation-adjusted changes to the 2026 federal income tax brackets, the standard deduction for 2026 (which increases to \$16,100 for individual filers and \$32,200 for married filing jointly), and several other key tax provisions.

The various shifts offer several advantages, including having more income taxed at lower rates, providing a buffer against inflation, and allowing for additional tax planning opportunities in some cases.

But don't forget state taxes on capital gains, which can impact overall tax liability.

And as always, consult a qualified and trusted tax professional to help manage your capital gains tax liability.

Written by Kelley R. Taylor for Kiplinger.com, last updated on November 6, 2025

This information is not intended to be a substitute for specific individualized tax advice. We suggest that you discuss your specific tax issues with a qualified tax advisor.