



CELEBRATING 10 YEARS

2026 Tax Facts for People with Disabilities

Achieving a Better Life Experience (ABLE) accounts offer savings and investment options for people who have a disability that began before age 46. Tax filing season is the perfect time to learn about ABLE accounts, ABLE tax advantages, federal tax credits and deductions and related resources to maximize your savings.

Tax Filing Season

The **2026** e-file tax filing season starts January 26, 2026, when the Internal Revenue Service (IRS) begins accepting and processing 2025 tax returns; the deadline to file is April 15, 2026, for most taxpayers unless an extension is requested. A person may file income taxes for 2022, 2023, 2024 and 2025 before April 15th, 2026.

ABLE account owners do not have to file income taxes solely because they have an ABLE account. Employment income, Social Security Disability Insurance Benefits (SSDI), retirement income, non-ABLE investment earnings, and investment dividends may be taxable income. ABLE account owners, whether they work or not, may be eligible for tax deductions or credits which could result in an income tax refund.

All account owners are encouraged to file their 2025 tax return online to claim tax credits or deductions which may result in a refund. An income tax refund may be directly deposited, saved and invested in an ABLE account without impacting eligibility for public benefits. Ask if your ABLE plan allows for direct deposit of an income tax refund.

When you claim federal or state tax credits and deductions on a tax return, you can lower the amount of tax you might have to pay. Deductions can reduce taxable income. Credits can lower the amount of tax you owe or increase your tax refund. Some credits might even give you a refund, even if you did not owe any tax in the first place.

Earned Income Tax Credit

An employed ABLÉ account owner with low to moderate income may be eligible to claim the Earned Income Tax Credit (EITC) if certain qualifying rules apply. A person does not need to have a child to qualify for EITC. The EITC qualifying rules changed for 2023, 2024 and 2025. Claiming the EITC may mean a maximum credit of up to \$8,046 in tax year 2025. You may **use the EITC Assistant provided by the Internal Revenue Service** (IRS Tax Assistant) to determine if you are eligible for the EITC for 2023, 2024 or 2025. An EITC refund may be deposited and saved in an ABLÉ account.

Please note: A person who receives Supplemental Security Income (SSI) and/or SSDI or early retirement benefits who is paid as a caregiver through a Medicaid Waiver Program or Qualified Foster Care program, may need to file income taxes in order to receive EITC and Child Tax Credit even though the **payments may not be considered earned income by the IRS**. The earnings must be reported to the Social Security Administration and may impact SSI, SSDI or early retirement benefits.

Retirement Savings Contributions Credit (Savers Tax Credit)

An ABLÉ account owner may be able to claim a saver's tax credit for making eligible contributions to an ABLÉ account. This provision has been made permanent. Depending upon the adjusted gross income reported on Form 1040, the amount of the credit is 50%, 20% or 10% of contributions from employment earnings. The maximum contribution amount that may qualify for the credit is \$2,000 (\$4,000 if married filing jointly) making the maximum credit \$1,000 (or \$2,000 if married filing jointly). The credit may result in a refund which may be deposited, saved, and invested in an ABLÉ account.

New for 2025

Indian Tribal Government Special Needs Child Adoption Credit

This credit is **recognizing Indian tribal governments to determine whether a child has special needs for purposes of the Adoption Credit (Sec. 70403)**. This provision provides parity to Indian tribal governments, giving tribal governments the same ability as state governments to determine whether a child has special needs for the purposes of the adoption tax credit.

A child is considered to be special needs if:

- A state or tribal government has determined that the child cannot or should not be returned to the home of their parents,
- A state or tribal government has determined that it would be difficult to place the child for adoption without providing adoption assistance to the adoptive family due to a specific factor or condition (such as ethnic background, age, medical condition or disability, or membership in a minority or sibling group), and
- The child is a United States citizen or resident.

When a child is deemed to have special needs by a state or tribal government, the adoptive family becomes eligible, subject to income limitations, for the full adoption tax credit (\$17,280 per eligible child in 2025) for the tax year the adoption becomes finalized, regardless of the amount of qualified adoption expenses actually paid or incurred.

Income Tax Deduction for Seniors

Effective 2025 through 2028, individuals who are age 65 before the last day of the taxable year and older may claim an additional deduction of \$6,000. This new deduction is in addition to the current additional standard deduction for seniors under existing law.

- The \$6,000 senior deduction is per eligible individual (or \$12,000 total for a married couple where both spouses qualify).
- Deduction phases out for taxpayers with modified adjusted gross income over \$75,000 (\$150,000 for joint filers).

Car Loan Interest Deduction

Effective 2025 through 2028, individuals may deduct interest paid on a new vehicle loan originated after December 31, 2024, to purchase a qualified vehicle. Lease payments and used vehicles do not qualify. A qualified vehicle is defined as a car, minivan, van, SUV, pick-up truck or motorcycle, with a gross vehicle weight rating of less than 14,000 pounds, and that has undergone final assembly in the United States. The vehicle must be purchased for personal use. The maximum annual deduction is \$10,000. Deduction is available for both itemizing and non-itemizing taxpayers. The taxpayer must include the vehicle identification number (VIN) of the vehicle on the tax return for any year when the deduction is claimed.

The deduction phases out for taxpayers with modified adjusted gross income over \$100,000 (\$200,000 for joint filers). If a qualifying vehicle loan is later refinanced, interest paid on the refinanced amount is generally eligible for the deduction. Lenders or other recipients of qualified interest must file information returns with the IRS and furnish statements to taxpayers showing the total amount of interest received during the taxable year. The IRS will provide transition relief for tax year 2025 for interest recipients subject to the new reporting requirements.

New for 2026

Trump Accounts

The **Working Families Tax Cuts** allows parents, guardians and other authorized individuals to establish an individual retirement account for their children. The Trump account is for a child who has not turned age 18 before the end of the calendar year in which the election is made and has a valid Social Security number. The account features a pilot program contribution of \$1,000 for children born between Jan. 1, 2025, and Dec. 31, 2028, and who are U.S. citizens with a valid Social Security number. At age 17, the full account balance may be rolled into an ABLER account. The Trump rollover does not count towards ABLER's annual account contribution limit.

ABLE Contribution Limits

Although the annual gift tax limit remains at \$19,000 for 2026 (Section 4, paragraph .42), the ABLER limit for 2026 is shown as \$20,000 (Section 4, paragraph .34) - **26 CFR 601.602: Tax forms and instructions** (see page 24).

In calendar year 2026, a total of \$20,000 can be directly deposited into an ABLER account from friends and family, Special Needs/Pooled Trust or a 529 Qualified Tuition Plan without it counting as income. An ABLER account owner or an employer may also make contributions into the ABLER account.

In addition, an ABLER account owner who resides in the continental U.S. who works and does NOT participate in an employer sponsored retirement plan – within that calendar year – may contribute up to an additional \$15,650 into their ABLER account, or up to their employment earnings, whichever is less. It is higher for residents of Alaska: \$19,550 and Hawaii: \$17,990.

These annual contribution limits are subject to change annually. Visit [ABLE Account Contribution Limits](#) for current limits.

Tax Time Tools & Resources

IRS Accessibility Helpline

Individuals with disabilities who need accessibility can call 1-833-690-0598 for answers to tax-related products and services available in alternative media formats (for example, braille, large print and audio).

IRS Interactive Tax Assistant

The Interactive Tax Assistant answers general tax law questions, including helping to determine if a type of income is taxable or if someone is eligible to claim certain credits and deductions. With changes to income and other life events, tax credits and deductions could result in more money in a taxpayer's pocket. This tool can help the ABLE account owner or tax preparer maximize all credits and deductions for which they qualify.

Getting Ready to File

You can find links to online tools, publications, and other helpful resources are available on the [IRS.gov/GetReady](#) page. For more information on planning, refer to Publication 5348, [Get Ready to File](#) and Publication 5349, [Year-Round Tax Planning is for Everyone](#). If you qualify, it is best practice to access free tax filing resources to maximize savings. Some options include [IRS Free File](#), [MilTax](#), and Volunteer Income Tax Assistance (VITA) and Tax Counseling for the Elderly (TCE) programs. Click [Get Free Tax Prep Help](#) for a provider near you. For tax payers who do not qualify for free tax filing programs, access [Topic no. 254, How to choose a tax return preparer](#) on the IRS website for guidance and additional resources.

IRS Resources for People with Disabilities

The IRS is dedicated to offering tax information to people with disabilities and their families. Detailed information about tax deductions, income exclusions and credits mentioned earlier in this document, as well as others that could be helpful, are referenced below:

- [**ABLE Accounts – Tax Benefit for People with Disabilities**](#)
- [**Form 5498-QA, ABLE Account Contribution Information**](#)
- [**Form 1099-QA, Distributions from ABLE Accounts**](#)
- [**Instructions for Forms 1099-QA and 5498-QA**](#)
- [**Child and Dependent Care Expenses \(Publication 503\)**](#)
- [**Credit for the Elderly or Disabled**](#)
- [**Earned Income Tax Credit**](#)
- [**Disability and Earned Income Tax Credit \(EITC\)**](#)
- [**Medical and Dental Expenses \(Publication 502\)**](#)
- [**Recovery Rebate Credit for 2020 and 2021**](#)
- [**Retirement Savings Contributions / Savers Credit**](#)
- [**Home and Community Based Waiver \(Medicaid\) Income May Be Tax Exempt**](#)
- [**Household Employer's Tax Guide**](#)
- [**How to Get an ITIN Tax Filing Number**](#)
- [**Saver's Credit**](#)
- [**Self-Employed IRS Tax Center**](#)
- [**Small Business, Self-Employed Family Caregivers and Self-Employment Tax**](#)
- [**Small Business Tax Credits**](#)
- [**Tax Highlights for People with Disabilities \(Publication 907\)**](#)
- [**Tax Withholding Calculator**](#)
- [**ASL Estimated Tax Payments Video**](#)
- [**Tax Credits for Families Video**](#)
- [**IRS Multiple Language Service Information Video**](#)

ABLE NRC Resources

- [**Top 10 Things to Know About ABLE Accounts**](#)
- [**2026 ABLE Disability Certification.pdf \(SECURED\)**](#)
- [**IRS final ABLE regulations**](#)
- [**ABLE to Work Act**](#)

(Updated January 2026)