For the New Year: Tax Numbers and MassHealth Updates for 2026

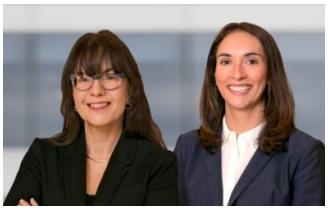
December 9, 2025 | Christine M. Boutin, Elizabeth V. Newton | Articles

Although the end of 2025 brings holiday celebrations and best wishes for new beginnings, it also brings questions about financial changes in 2026. We've gathered the numbers for you below.

Thinking about gifting in the new year? In 2026, the maximum annual tax-free gift amount remains at $19,000 per recipient. Married persons can gift up to $38,000 to the same beneficiary. There is no limit to the number of people to whom up to $19,000 can be gifted. Gifts over $19,000 per year to an individual are allowed but a gift tax return will need to be filed with your income tax return. However, you will pay no tax unless the total lifetime amount gifted to all individuals exceeds $15,000,000 (as of 2026). As a reminder, there is no tax in Massachusetts on gifts made or received.

Looking at income taxes, the standard deduction for the tax year of 2025 is now $31,500 for a married couple filing jointly, $15,750 for a single individual or a married persons filing separately and $23,625 for head of household. For the tax year of 2026, the standard deduction rises to $32,200 for a married couple filing jointly, $16,100 for a single individual or a married persons filing separately and $24,150 for head of household. The additional senior deduction is $2,000 per individual or $1,600 per married spouse, if eligible, although the One Big Beautiful Bill brings a temporary increase to $6,000 per person and $12,000 per married couple, depending upon eligibility.

As for Massachusetts estate taxes, the state estate tax exemption in Massachusetts remains at $2,000,000 per deceased individual. For 2026, the federal estate tax exemption as combined with the gift tax exemption (as mentioned above) rises to $15,000,000 per individual.



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For those individuals needing to qualify for MassHealth in 2026, the countable asset limit for the applicant remains at $2,000 while the countable asset limit for the spouse remaining at home is projected to increase to $162,660 (excluding the primary residence). The maximum non-countable equity of the primary residence is projected to rise to $1,130,000.

Additionally, the One Big Beautiful Bill includes eligibility changes to MassHealth starting in 2026 and rolling out through 2028. Beginning in 2027, seniors can expect to see a reduced period of retroactive benefits coverage and further potentially concerning changes to eligibility rules. The Commonwealth of Massachusetts anticipates losing $3.5 billion dollars in MassHealth funding annually from the federal government due to the changes enacted by the One Big Beautiful Bill. We will continue to provide updates in this space as more information is available.

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