

119<sup>TH</sup> CONGRESS  
2<sup>D</sup> SESSION

# H. R. 7303

To amend the Internal Revenue Code of 1986 to reform the individual income tax rates.

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IN THE HOUSE OF REPRESENTATIVES

JANUARY 30, 2026

Mr. THANEDAR introduced the following bill; which was referred to the Committee on Ways and Means

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## A BILL

To amend the Internal Revenue Code of 1986 to reform the individual income tax rates.

1       *Be it enacted by the Senate and House of Representa-*  
2       *tives of the United States of America in Congress assembled,*

3       **SECTION 1. SHORT TITLE.**

4       This Act may be cited as the “Middle Class Tax Cut  
5 Act”.

6       **SEC. 2. INCREASED STANDARD DEDUCTION.**

7       (a) IN GENERAL.—Section 63(c)(2) of the Internal  
8 Revenue Code of 1986 is amended—

9               (1) in subparagraph (B), by striking “\$4,400”  
10       and inserting “\$75,000”, and

1           (2) in subparagraph (C), by striking “\$3,000”  
2           and inserting “\$50,000”.

3           (b) CONFORMING AMENDMENTS.—Section 63(c)(4)  
4 of such Code is amended—

5           (1) by inserting “(2026 in the case of the dollar  
6           amounts contained in subparagraph (B) or (C) of  
7           paragraph (2))” after “1988”, and

8           (2) in subparagraph (B)—

9           (A) in clause (i)—

10           (i) by striking “paragraph (2)(B),  
11           (2)(C), or (5)(A)” and inserting “para-  
12           graph (5)(A)”, and

13           (ii) by striking “and” at the end,

14           (B) in clause (ii), by striking the period at  
15           the end and inserting “, and”, and

16           (C) by adding at the end the following new  
17           clause:

18           “(i) ‘calendar year 2025’ in the case  
19           of the dollar amounts contained in sub-  
20           paragraph (B) or (C) of paragraph (2).”.

21           (c) EFFECTIVE DATE.—The amendments made by  
22 this section shall apply to taxable years beginning after  
23 December 31, 2025.

1 **SEC. 3. INDIVIDUAL INCOME TAX RATE REFORM.**

2 (a) **JOINT RETURNS AND SURVIVING SPOUSES.**—

3 Section 1(a) of the Internal Revenue Code of 1986 is  
 4 amended by striking the table contained therein and in-  
 5 serting the following:

<b>“If taxable income is:</b>	<b>The tax is:</b>
Not over \$200,000 .....	25% of taxable income.
Over \$200,000 but not over \$400,000.	\$50,000, plus 30% of the excess over \$200,000.
Over \$400,000 but not over \$1,000,000.	\$110,000, plus 40% of the excess over \$400,000.
Over \$1,000,000 but not over \$2,000,000.	\$350,000, plus 50% of the excess over \$1,000,000.
Over \$2,000,000 .....	\$850,000, plus 70% of the excess over \$2,000,000.”.

6 (b) **HEADS OF HOUSEHOLDS.**—Section 1(b) of such  
 7 Code is amended by striking the table contained therein  
 8 and inserting the following:

<b>“If taxable income is:</b>	<b>The tax is:</b>
Not over \$150,000 .....	25% of taxable income.
Over \$150,000 but not over \$300,000.	\$37,500, plus 30% of the excess over \$150,000.
Over \$300,000 but not over \$750,000.	\$82,500, plus 40% of the excess over \$300,000.
Over \$750,000 but not over \$1,500,000.	\$262,500, plus 50% of the excess over \$750,000.
Over \$1,500,000 .....	\$637,500, plus 70% of the excess over \$1,500,000.”.

9 (c) **OTHER INDIVIDUALS.**—Section 1 of such Code is  
 10 amended by striking subsections (c) and (d) and inserting  
 11 the following new subsection:

12 “(d) **OTHER INDIVIDUALS.**—There is hereby imposed  
 13 on the taxable income of every individual (other than an  
 14 individual subject to tax under subsection (a) or (b)) a  
 15 tax determined in accordance with the following table:

<b>“If taxable income is:</b>	<b>The tax is:</b>
Not over \$100,000 .....	25% of taxable income.
Over \$100,000 but not over \$200,000.	\$25,000, plus 30% of the excess over \$100,000.
Over \$200,000 but not over \$500,000.	\$55,000, plus 40% of the excess over \$200,000.
Over \$500,000 but not over \$1,000,000.	\$175,000, plus 50% of the excess over \$500,000.
Over \$1,000,000 .....	\$425,000, plus 70% of the excess over \$1,000,000.”.

1           (d) ESTATES AND TRUSTS.—Section 1(e) of such  
2 Code is amended by striking the table contained therein  
3 and inserting the following new table:

<b>“If taxable income is:</b>	<b>The tax is:</b>
Not over \$3,000 .....	25% of taxable income.
Over \$3,000 but not over \$11,000	\$750, plus 30% of the excess over \$3,000.
Over \$11,000 but not over \$15,000.	\$3,150, plus 40% of the excess over \$11,000.
Over \$15,000 but not over \$20,000.	\$4,750, plus 50% of the excess over \$15,000.
Over \$20,000 .....	\$7,250, plus 70% of the excess over \$20,000.”.

4           (e) REPEAL OF REDUCED RATES OF TAX ON CAP-  
5 ITAL GAINS.—Section 1 of such Code is amended by strik-  
6 ing subsection (h).

7           (f) CONFORMING AMENDMENTS.—

8                   (1) Section 1(f) of such Code is amended—

9                           (A) in the heading, by striking “PHASE-  
10                           OUT OF MARRIAGE PENALTY IN 15-PERCENT  
11                           BRACKET”,

12                           (B) in paragraph (1)—

13                                   (i) by striking “1993” and inserting  
14                                   “2026”

15                                   (ii) by striking “(c),”,

1 (C) in paragraph (2)—

2 (i) by striking “(c),” and

3 (ii) by amending subparagraph (A) to  
4 read as follows:

5 “(A) by increasing the minimum and max-  
6 imum dollar amounts for each bracket for  
7 which a tax is imposed under such table by the  
8 cost-of-living adjustment for such calendar year,  
9 determined by substituting ‘2026’ for ‘2016’ in  
10 paragraph (3)(A)(ii),”

11 (D) in paragraph (7)(B)—

12 (i) in the heading, by striking “MAR-  
13 RIED INDIVIDUALS FILING SEPARATELY”  
14 and inserting “CERTAIN INDIVIDUALS”,  
15 and

16 (ii) by striking “married individual fil-  
17 ing a separate return” and inserting “any  
18 individual subject to tax under subsection  
19 (d)”, and

20 (E) by striking paragraph (8).

21 (2) Section 1 of such Code is amended by strik-  
22 ing subsections (i) and (j).

1       (g) EFFECTIVE DATE.—The amendments made by  
2 this section shall apply to taxable years beginning after  
3 December 31, 2025.

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