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Analysis

2026 Tax Filing Season

BY BRIAN FALER, ROSMERY IZAGUIRRE | 05/08/2026 05:00 AM EDT

PRO POINTS

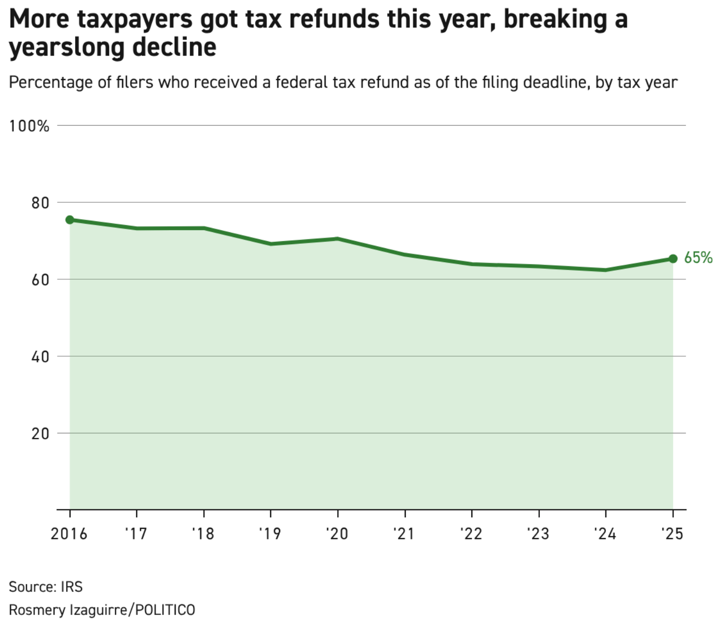
- Republicans had high hopes that a gusher of tax refunds this filing season would help sell the public on their 2025 tax cuts.
- Refunds turned out to be smaller than Republicans promised, but the benefits to taxpayers were nevertheless bigger than they may appear.
- Attention now is turning to which of President Donald Trump's signature tax breaks should be extended beyond their scheduled 2028 expiration, a question complicated by the fact that some have proved quite popular.

How We Got Here

Republicans hoped a bonanza of refunds triggered by the 2025 tax cuts would sell voters on their signature legislative achievement. They spring-loaded the "big, beautiful bill" to pay off at tax time by making many of the provisions available retroactive to the beginning of last year, even though the plan wasn't signed into law until July and though that would make administering the breaks more complex. They also skipped the usual step of adjusting tax-withholding tables so taxpayers would see the benefits during the year in the form of bigger paychecks, instead opting to deliver more of the gains at filing time.

And in the run-up to tax season, Republicans raised expectations, promising the average refund would increase by $1,000. Refunds went up, but not by nearly as much as lawmakers hoped. The latest filing-season data from the IRS, through April 24, shows refunds increased by an average of $323 from

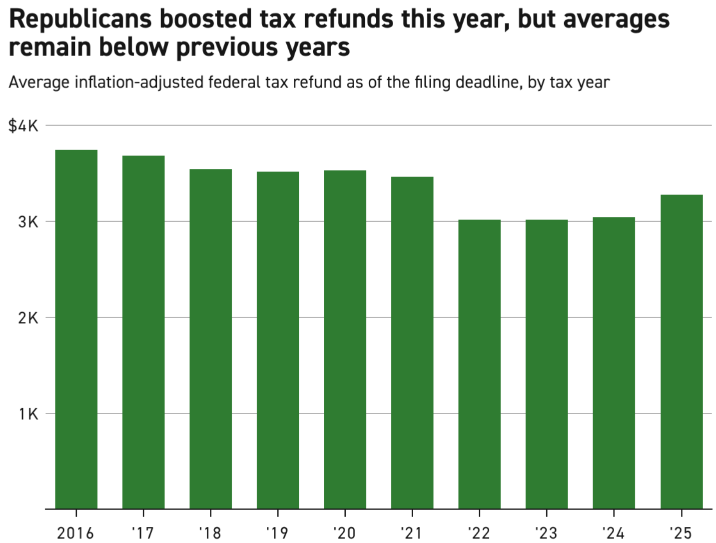
2025 levels, or just 11 percent. The number of refunds issued was up 6.1 percent, compared with the same period last year, while the total amount paid out climbed 17.8 percent to $313 billion.



Republicans have taken a lot of grief over the larger-but-not-as-large-as-promised refunds, but the public benefited more than it may appear. For one thing, fewer people owed money when they filed their taxes, reversing a trend that has been building in recent years. The share of filers who had to write a check to the IRS at tax time has been steadily climbing since the pandemic, due in part to changes in how people work and earn income.

The 2025 tax law appears to have halted that trend, with 68 percent of processed returns producing refunds, compared with 64 percent the same point last year. That's easy to miss in the refund stats, and, in fact, it may money with the refund numbers. If someone typically owes, say, $2,000 when they file, but this year received a $200 refund, that's a $2,200 improvement for that taxpayer — even though it only shows up in the data as a $200 refund, which will also drag down the average size of the payments.

Though the tax deadline has passed, some refunds have yet to be processed. The IRS had received 142 million returns as of April 24, out of roughly 165 million that are expected to come in. Some payments have also been delayed because taxpayers filed paper returns. Thanks to a new e-filing initiative launched by the Trump administration, paper-filed refunds are being delayed, though they are expected to be paid eventually.



Note: Figures are adjusted for inflation to March 2026 dollars, the latest available inflation data.
Source: IRS, Federal Reserve Bank of St. Louis
Rosmery Izaguirre/POLITICO

What's Next

The filing season raised a number of questions, beginning with whether the bigger-but-not-as-big-as-expected refunds will translate into votes for Republicans in the midterm elections. The tax legislation was one of their most important achievements and remains a key plank in their efforts to address voters' concerns about inflation and affordability.

So far, though it doesn't look like it's getting much political traction. Polls have repeatedly shown the public shrugging at the cuts, with one survey of tax filers by the Bipartisan Policy Center finding that barely a quarter believed the tax law helped them. And only one-third of those who took advantage of the new breaks for tips and overtime believed they had benefited — a potentially troublesome sign for Republicans. Sentiment was even weaker among those who did not benefit from Trump's signature breaks, with just 23 percent saying they believed the law helped them.

Trump hasn't helped matters by shifting public attention from filing season to the war in Iran, which not only drowned out Republicans' tax message, but also drove up oil prices. And then there's the question of whether people benefited from the cuts would even remember them more than six months later when they head to the polls. It wouldn't be surprising if Republicans begin reminding voters of the breaks in campaign ads leading up to the November elections. The National Republican Congressional Committee, the House GOP's campaign arm, ran a flurry of spots on the tax cuts around the filing deadline.

In the meantime, Treasury Secretary Scott Bessent has been urging taxpayers to adjust their withholding so that they can receive larger paychecks, a second way the public can benefit from the law.

Beyond 2026, there's also a big question about what to do with the new tax breaks before they expire at the end of 2028. Some provisions, especially those for seniors and overtime workers,have proved especially popular, which will make it harder for lawmakers to allow them to lapse, but also more expensive to extend. The Treasury Department says 60 million Americans have claimed at least one of the new breaks. And some lawmakers, including Democrats, want to expand Trump's breaks so that more people are eligible. At the same time, some Democrats are trying to one-up Trump with alternative proposals such as exempting certain income levels from paying federal income taxes altogether.

POWER PLAYERS

- **PRESIDENT DONALD TRUMP**: No one has a megaphone like Trump, and he could focus public attention on the benefits of Republicans' tax cuts, though he has trouble sticking to one message.
- **REP. JASON SMITH (R-Mo.):** The chair of the House Ways and Means Committee has been using his perch to try to keep public attention to the tax law. Even as Trump turns to other issues, Smith has tried to focus on inflation and affordability, with a steady stream of news releases and television interviews touting the benefits of the law.
- **REP. RICHARD NEAL (D-MASS.):** Democrats were shut out of the party-line reconciliation process Republicans used to pass their tax cuts, but the top Democrat on the House Ways and Means Committee could have a big voice in the debate over their future. Democrats are favored to regain control of the House this fall, and Neal has a clear path back to the chairmanship if they do. That would give him significant influence over what happens to the Trump tax breaks scheduled to expire in a few years.