Press Release

This Year's Higher Tax Refunds: What's Driving Them

ALLIE WATSON | APRIL 15, 2026

Driven by the tax changes enacted in last year's One Big Beautiful Bill, federal individual income tax refunds have been larger for many taxpayers this filing season. In a new insight, Director of Fiscal Policy Jordan Haring walks through the tax changes in effect for tax year 2025 and their effect on taxpayers.

Key points:

> - *Internal Revenue Service data shows an average refund of $3,462, which is $346 (11 percent) larger than last year's average amount.*
> - *The One Big Beautiful Bill created or expanded existing tax deductions and credits that reduced taxpayers' year-end tax liabilities more quickly than withholding systems could adjust, resulting in a systematic overpayment of federal income tax by most taxpayers during tax year 2025; the overpayments are being returned to taxpayers in the form of higher tax refunds this filing season.*
> - *This year's higher-than-usual tax refunds are almost certainly an anomaly; they are likely to provide a temporary boost to the economy, as the one-time increase in disposable income is likely to translate into a boost in consumer spending.*

Read the analysis.