

Journal of Accountancy

Filing season quick guide—tax year 2016

Single taxpayers

If taxable income is over	But not over	Tax is	Plus	Of the amount over
\$0	\$9,275	10%		\$0
\$9,275	\$37,650	\$927.50	15%	\$9,275
\$37,650	\$91,150	\$5,183.75	25%	\$37,650
\$91,150	\$190,150	\$18,558.75	28%	\$91,150
\$190,150	\$413,350	\$46,278.75	33%	\$190,150
\$413,350	\$415,050	\$119,934.75	35%	\$413,350
\$415,050		\$120,529.75	39.6%	\$415,050

Married taxpayers filing joint returns and surviving spouses

If taxable income is over	But not over	Tax is	Plus	Of the amount over
\$0	\$18,550	10%		\$0
\$18,550	\$75,300	\$1,855	15%	\$18,550
\$75,300	\$151,900	\$10,367.50	25%	\$75,300
\$151,900	\$231,450	\$29,517.50	28%	\$151,900
\$231,450	\$413,350	\$51,791.50	33%	\$231,450
\$413,350	\$466,950	\$111,818.50	35%	\$413,350
\$466,950		\$130,578.50	39.6%	\$466,950

Married taxpayers filing separate returns

If taxable income is over	But not over	Tax is	Plus	Of the amount over
\$0	\$9,275	10%		\$0
\$9,275	\$37,650	\$927.50	15%	\$9,275
\$37,650	\$75,950	\$5,183.75	25%	\$37,650
\$75,950	\$115,725	\$14,758.75	28%	\$75,950
\$115,725	\$206,675	\$25,895.75	33%	\$115,725
\$206,675	\$233,475	\$55,909.25	35%	\$206,675
\$233,475		\$65,289.25	39.6%	\$233,475

Heads of household

If taxable income is over	But not over	Tax is	Plus	Of the amount over
\$0	\$13,250	10%		\$0
\$13,250	\$50,400	\$1,325	15%	\$13,250
\$50,400	\$130,150	\$6,897.50	25%	\$50,400
\$130,150	\$210,800	\$26,835	28%	\$130,150
\$210,800	\$413,350	\$49,417	33%	\$210,800
\$413,350	\$441,000	\$116,258.50	35%	\$413,350
\$441,000		\$125,936	39.6%	\$441,000

Trusts and estates

If taxable income is over	But not over	Tax is	Plus	Of the amount over
\$0	\$2,550	15%		\$0
\$2,550	\$5,950	\$382.50	25%	\$2,550
\$5,950	\$9,050	\$1,232.50	28%	\$5,950
\$9,050	\$12,400	\$2,100.50	33%	\$9,050
\$12,400		\$3,206	39.6%	\$12,400

GAIN RATES

- Long-term capital gain rates: Zero for gains that would otherwise be taxed at the 10% or 15% rates; 15% for gains that would be taxed at the 25%, 28%, 33%, or 35% rates; and 20% for gains that would be taxed at the 39.6% rate.

NET INVESTMENT INCOME TAX

3.8% of the lesser of (1) net investment income or (2) the amount of modified adjusted gross income (MAGI) over these thresholds:

- Single: \$200,000.
- Married filing jointly and surviving spouses: \$250,000.
- Married filing separately: \$125,000.
- Heads of household: \$200,000.
- Estates and trusts: \$12,400.

SELF-EMPLOYMENT TAX

- Tax rate: 15.3% (12.4% OASDI tax plus 2.9% Medicare tax).
- Surtax: 0.9% Medicare surtax is added to self-employment income in excess of \$200,000 (single, heads of household, surviving spouse), \$250,000 (married filing jointly), or \$125,000 (married filing separately).
- Wage base: \$118,500 of self-employment income for OASDI (maximum OASDI tax \$14,694; no ceiling on Medicare tax).



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KIDDIE TAX

- Parent's highest rate applies to child's unearned income over \$2,100.

PERSONAL EXEMPTION

\$4,050

AGI phaseouts:

- Single: \$259,400 to \$381,900.
- Married filing jointly and surviving spouses: \$311,300 to \$433,800.
- Married filing separately: \$155,650 to \$216,900.
- Heads of household: \$285,350 to \$407,850.

STANDARD DEDUCTION

- Single: \$6,300.
- Married filing jointly and surviving spouses: \$12,600.
- Married filing separately: \$6,300 (\$0 if spouse itemizes deductions).
- Heads of household: \$9,300.

Additional standard deduction for 65+ and blind taxpayers:

- Single: \$1,550.
- Married filing jointly, married filing separately, and surviving spouses: \$1,250.
- Heads of household: \$1,550.

Standard deduction for individuals who can be claimed as dependents cannot exceed the lesser of (1) \$6,300 or (2) the greater of \$1,050 or \$350 plus the individual's earned income.

ITEMIZED DEDUCTIONS

If taxpayer's adjusted gross income (AGI) exceeds the applicable amount for his or her filing status, certain otherwise allowable itemized deductions are reduced by the lesser of 3% of the excess of AGI over the applicable amount or 80% of itemized deductions otherwise allowable for the tax year.

Applicable amounts for reduction of otherwise allowable itemized deductions:

- Single: \$259,400.
- Married filing jointly and surviving spouses: \$311,300.
- Married filing separately: \$155,650.
- Heads of household: \$285,350.

STANDARD MILEAGE RATE

- Business: 54 cents per mile.
- Medical and moving: 19 cents.
- Charitable services: 14 cents.

For business autos for which the optional business standard mileage rate is used, the portion treated as depreciation is 24 cents per mile.

TAX CREDITS

- **Earned income:** Maximum credit per number of qualifying children: \$506 (none); \$3,373 (one); \$5,772 (two); \$6,269 (three or more), subject to phaseouts.
- **Child:** \$1,000 per qualifying child under age 17. Refundable to the extent of 15% of the taxpayer's earned income in excess of \$3,000 (but not refundable for taxpayers who exclude income under Sec. 911); qualifying child must be the taxpayer's dependent. Phases out with MAGI above \$75,000 (\$110,000 for married filing jointly, \$55,000 for married filing separately).
- **Adoption expense:** \$13,460 maximum. Phases out with MAGI between \$201,920 and \$241,920.
- **American opportunity:** \$2,500 per year maximum (100% of the first \$2,000 of qualifying expenses and 25% of the next \$2,000), with 40% of the credit refundable. Phases out for single taxpayers with MAGIs between \$80,000 and \$90,000 (\$160,000 and \$180,000 for married filing jointly).
- **Lifetime learning:** 20% of up to \$10,000 of qualified education expenses, up to \$2,000 maximum. Phases out between \$55,000 and \$65,000 MAGI for single filers and from \$111,000 to \$131,000 MAGI for married filing jointly.
- **Sec. 25C nonbusiness energy property:** 10% credit for qualified energy-efficient improvements installed in 2016 and residential energy property expenditures (subject to limitations for certain property) paid or incurred in 2016, subject to an aggregate limit.

- **Sec. 25D residential energy-efficiency property:** 30% of amount paid for qualifying property (for qualified fuel cell property, maximum credit of \$500 for each 0.5 kilowatt of capacity).
- **Small business health insurance:** 50% of the amount of nonelective contributions an eligible small business makes on behalf of its employees for premiums for health insurance (35% credit against payroll tax for tax-exempt entities). Available for two consecutive tax years. Phases out for employers with between 10 and 25 full-time-equivalent employees and average annual wages of between \$25,900 and \$51,800.

Saver's credit applicable percentages

AGI, married filing jointly	AGI, heads of household	AGI, all other filers	Applicable percentage
\$0 to \$37,000	\$0 to \$27,750	\$0 to \$18,500	50%
\$37,001 to \$40,000	\$27,751 to \$30,000	\$18,501 to \$20,000	20%
\$40,001 to \$61,500	\$30,001 to \$46,125	\$20,001 to \$30,750	10%

SEC. 179 AND BONUS DEPRECIATION

- Sec. 179 expense deduction: \$500,000 with \$2,010,000 threshold limit.
- Sec. 168(k) bonus depreciation: 50% of adjusted basis of qualifying property in the first year it is placed in service.

RETIREMENT PLAN LIMITS

- Maximum 401(k) plan elective deferral: \$18,000 (plus \$6,000 catch-up for age 50+).
- Defined benefit plan maximum benefit: \$210,000.
- Defined contribution plan contribution limit: \$53,000 or 100% of compensation, whichever is less.
- IRA contribution limit: \$5,500 (plus \$1,000 catch-up for age 50+).
- IRA deduction phaseout: MAGI from \$98,000 to \$118,000 (married filing jointly); \$61,000 to \$71,000 (single and heads of household); \$0 to \$10,000 (married filing separately); \$184,000 to \$194,000 (nonactive participant whose spouse is an active plan participant).
- Roth IRA contribution limit: \$5,500 (plus \$1,000 catch-up for age 50+).
- Roth IRA contribution limit phaseout (MAGI): \$184,000 to \$194,000 (married filing jointly); \$117,000 to \$132,000 (single and heads of household); \$0 to \$10,000 (married filing separately).
- SEP minimum required compensation: \$600; discriminatory contribution test amount: \$265,000.

ESTATES AND GIFTS

- Per-donee annual gift tax exclusion: \$14,000.
- Exclusion for transfers to noncitizen spouse: \$148,000.
- Gift/estate tax exclusion: \$5,450,000; estate of first spouse to die may pass unused portion of exclusion to surviving spouse.

Alternative minimum tax

Filing status or entity	AMT exemption amount	AMTI phaseout of exemption*
Married filing jointly or surviving spouses	\$83,800	\$159,700 to \$494,900
Single or heads of household	\$53,900	\$119,700 to \$335,300
Married filing separately	\$41,900	\$79,850 to \$247,450
Estates and trusts	\$23,900	\$79,850 to \$175,450

* At 25% of AMTI above phaseout threshold.