

2016 Federal Tax Key Facts and Figures

Compliments of



Payroll • Benefits • Compliance

Income Taxes

2015				2016			
If Taxable Income Is:				If Taxable Income Is:			
Over	But Not More Than	The Tax Is	Of the Amount Over	Over	But Not More Than	The Tax Is	Of the Amount Over
Married Filing Jointly:				Married Filing Jointly:			
\$0	\$18,450	\$0 + 10%	\$0	\$0	\$18,550	\$0 + 10%	\$0
18,450	74,900	1,845.00 + 15%	18,450	18,550	75,300	1,855.00 + 15%	18,550
74,900	151,200	10,312.50 + 25%	74,900	75,300	151,900	10,367.50 + 25%	75,300
151,200	230,450	29,387.50 + 28%	151,200	151,900	231,450	29,517.50 + 28%	151,900
230,450	411,500	51,577.50 + 33%	230,450	231,450	413,350	51,791.50 + 33%	231,450
411,500	464,850	111,324.00 + 35%	411,500	413,350	466,950	111,818.50 + 35%	413,350
464,850		129,996.50 + 39.6%	464,850	466,950		130,578.50 + 39.6%	466,950
Married Filing Separately:				Married Filing Separately:			
\$0	\$9,225	\$0 + 10%	\$0	\$0	\$9,275	\$0 + 10%	\$0
9,225	37,450	922.50 + 15%	9,225	9,275	37,650	927.50 + 15%	9,275
37,450	75,600	5,156.25 + 25%	37,450	37,650	75,950	5,183.75 + 25%	37,650
75,600	115,225	14,693.75 + 28%	75,600	75,950	115,725	14,758.75 + 28%	75,950
115,225	205,750	25,788.75 + 33%	115,225	115,725	206,675	25,895.75 + 33%	115,725
205,750	232,425	55,662.00 + 35%	205,750	206,675	233,475	55,909.25 + 35%	206,675
232,425		64,998.25 + 39.6%	232,425	233,475		65,289.25 + 39.6%	233,475
Head of Household:				Head of Household:			
\$0	\$13,150	\$0 + 10%	\$0	\$0	\$13,250	\$0 + 10%	\$0
13,150	50,200	1,315.00 + 15%	13,150	13,250	50,400	1,325.00 + 15%	13,250
50,200	129,600	6,872.50 + 25%	50,200	50,400	130,150	6,897.50 + 25%	50,400
129,600	209,850	26,722.50 + 28%	129,600	130,150	210,800	26,835.00 + 28%	130,150
209,850	411,500	49,192.50 + 33%	209,850	210,800	413,350	49,417.00 + 33%	210,800
411,500	439,000	115,737.00 + 35%	411,500	413,350	441,000	116,258.50 + 35%	413,350
439,000		125,362.00 + 39.6%	439,000	441,000		125,936.00 + 39.6%	441,000
Single:				Single:			
\$0	\$9,225	\$0 + 10%	\$0	\$0	\$9,275	\$0 + 10%	\$0
9,225	37,450	922.50 + 15%	9,225	9,275	37,650	927.50 + 15%	9,275
37,450	90,750	5,156.25 + 25%	37,450	37,650	91,150	5,183.75 + 25%	37,650
90,750	189,300	18,481.25 + 28%	90,750	91,150	190,150	18,558.75 + 28%	91,150
189,300	411,500	46,075.25 + 33%	189,300	190,150	413,350	46,278.75 + 33%	190,150
411,500	413,200	119,401.25 + 35%	411,500	413,350	415,050	119,934.75 + 35%	413,350
413,200		119,996.25 + 39.6%	413,200	415,050		120,529.75 + 39.6%	415,050
Estates and Trusts:				Estates and Trusts:			
\$0	\$2,500	\$0 + 15%	\$0	\$0	\$2,550	\$0 + 15%	\$0
2,500	5,900	375.00 + 25%	2,500	2,550	5,950	382.50 + 25%	2,550
5,900	9,050	1,225.00 + 28%	5,900	5,950	9,050	1,232.50 + 28%	5,950
9,050	12,300	2,107.00 + 33%	9,050	9,050	12,400	2,100.50 + 33%	9,050
12,300		3,179.50 + 39.6%	12,300	12,400		3,206.00 + 39.6%	12,400

Other Tax Rates

Capital Gains and Qual. Dividends 2015 & 2016	Short Term	Long Term	Qual. Div.
10%, 15% brackets	ordinary rates	0%	0%
25% – 35% brackets*	ordinary rates	15%	15%
39.6% bracket*	ordinary rates	20%	20%

* Additional 3.8% tax imposed on the lesser of the individual's Net Investment Income or the excess of the individual's MAGI over certain thresholds (\$250,000 for married couples filing jointly or surviving spouse, \$125,000 for married couples filing separately, and \$200,000 for all other individual taxpayers).

Kiddie Tax

- Under age 19 (or certain full-time students under age 24) with unearned income consisting solely of interest, dividends and capital gain distributions; and child's gross income is less than \$10,500 in 2015 or in 2016 – use Form 8814 with parent's return.
- If child files own return – use Form 8615 with child's return to calculate tax at parent's marginal rate.

	2015	2016	
First	\$1,050	\$1,050	No Tax
Next	\$1,050	\$1,050	Taxed at child's marginal rate
Amount Over	\$2,100	\$2,100	Taxed at parent's marginal rate

AMT Rates for Individuals

	AMTI Threshold		AMT Rate
	2015	2016	
Single, MFJ, HoH	\$0 - \$185,400	\$0 - \$186,300	26%
	\$185,401 or more	\$186,301 or more	28%
MFS	\$0 - \$92,700	\$0 - \$93,150	26%
	\$92,701 or more	\$93,151 or more	28%

	AMT Exemption	
	2015	2016
Single, HoH	\$53,600	\$53,900
MFJ	\$83,400	\$83,800
MFS	\$41,700	\$41,900

Social Security

Maximum Compensation Subject to FICA

	2015	2016
OASDI Maximum	\$118,500	\$118,500
HI Maximum	No Limit	No Limit

• OASDI tax rate – 2015 & 2016: 12.4% self-employed, 6.2% employees
 • HI tax rate* – 2015 & 2016: 2.9% self-employed, 1.45% employees

*Additional 0.9% tax imposed on employment wages for certain higher-income taxpayers (income of more than \$250,000 for married couples filing jointly or surviving spouse, \$125,000 for married couples filing separately, and \$200,000 for all other individual taxpayers)

Maximum Amount of Earnings to Still Receive Full Benefits

	2015	2016
Under full retirement age	\$15,720	\$15,720

MAGI Amounts for Benefits to Be Taxable

	50% Taxable	85% Taxable
Married Filing Jointly	\$32,000	\$44,000
Single	\$25,000	\$34,000

Education Incentives

Tuition Deduction – "Above-the-line" deduction up to \$4,000 for qualified tuition and related expenses in 2015 and 2016

Student Loan Interest Deduction – "Above-the-line" deduction up to \$2,500 (2015 and 2016); no time limit on deductibility period; subject to income limitations.

Education Credits – American Opportunity (modified Hope) Credit is up to \$2,500 in 2015 and 2016 per student for first four years of higher education expenses paid. Lifetime Learning Credit is 20% of tuition paid, up to \$2,000 per return for 2015 and 2016. Both credits are subject to income limitations and cannot be used in conjunction with each other for the same student.

Section 529 Plans (Qualified Tuition Programs) – Distributions used for qualified higher education expenses are income tax free. Contributions are potentially subject to gift tax, but are eligible for the per-donee annual exclusion (\$14,000 for 2015 and 2016). Donor can elect to treat up to \$70,000 of the contribution in 2015 and 2016 as if it had been made ratably over a 5-year period.

Coverdell Education Savings Accounts (Education IRAs) – Contribution limit is \$2,000 in 2015 and 2016; subject to income limitations.

Mileage Rates

Purpose	2015	2016
Business	57.5¢ per mile	54¢ per mile
Medical	23¢ per mile	19¢ per mile
Charitable	14¢ per mile	14¢ per mile
Moving	23¢ per mile	19¢ per mile

Deductions and Exemptions

Standard Deductions

		Annual	Add'l Age 65 or Older or Blind
Married Filing Jointly/ Surviving Spouse	2015	\$12,600	\$1,250
	2016	\$12,600	\$1,250
Married Filing Separately	2015	\$6,300	\$1,250
	2016	\$6,300	\$1,250
Head of Household	2015	\$9,250	\$1,550
	2016	\$9,300	\$1,550
Single	2015	\$6,300	\$1,550
	2016	\$6,300	\$1,550

Phaseout of Itemized Deductions

	AGI Threshold	
	2015	2016
MFJ/SS	\$309,900	\$311,300
MFS	\$154,950	\$155,650
HoH	\$284,050	\$285,350
Single	\$258,250	\$259,400

Personal Exemptions

		Exemption	AGI Threshold/ Upper Limit
Married Filing Jointly/ Surviving Spouse	2015	\$4,000	\$309,900/\$432,400
	2016	\$4,050	\$311,300/\$433,800
Married Filing Separately	2015	\$4,000	\$154,950/\$216,200
	2016	\$4,050	\$155,650/\$216,900
Head of Household	2015	\$4,000	\$284,050/\$406,550
	2016	\$4,050	\$285,350/\$407,850
Single	2015	\$4,000	\$258,250/\$380,750
	2016	\$4,050	\$259,400/\$381,900

Code Sec. 179 Expense Allowance

	2015	2016*
Dollar limitation	\$500,000	\$500,000
Investment limitation	\$2,000,000	\$2,000,000

* Amounts subject to inflation after 2015

Estate and Gift Taxes

	2015	2016
Annual Gift Tax Exclusion	\$14,000	\$14,000
for Noncitizen Spouses	\$147,000	\$148,000
Estate Tax Exclusion	\$5,430,000	\$5,450,000
Applicable Credit	\$2,117,800	\$2,125,800
Gift Tax Exclusion	\$5,430,000	\$5,450,000
GST Tax Exemption	\$5,430,000	\$5,450,000

Credits and Exclusions

Child Tax Credit	2015	2016
	\$1,000	\$1,000
Phases out \$50 for each \$1,000 of MAGI over \$110,000 (married filing jointly), \$75,000 (single) or \$55,000 (married filing separately).		
Foreign Income	2015	2016
Foreign earned income exclusion	\$100,800	\$101,300
Maximum foreign housing exclusion of qualified housing expenses	\$14,112 (\$30,240 - \$16,128)	\$14,182 (\$30,390 - \$16,208)

Individual Estimated Taxes

Individuals can base federal estimated tax payments on:

- 90% of current tax,
 - 100% of prior year's tax, or
 - 110% of prior year's tax if prior year's AGI is > \$150,000 (> \$75,000 for Married Filing Separately)
- Annualization exception
 - No penalty if tax < \$1,000 or no tax liability in preceding tax year

IRAs

CONTRIBUTION LIMITS - TRADITIONAL AND ROTH

	2015	2016
Regular	\$5,500	\$5,500
Catch-up*	\$1,000	\$1,000

* Individuals who will be at least age 50 by the end of the year can make catch-up contributions.

ROTH IRAs

MAGI Phaseout Ranges for Contributions to Roth IRAs	2015	2016
Married Filing Jointly	\$183,000 - \$193,000	\$184,000 - \$194,000
Single, Head of Household	\$116,000 - \$131,000	\$117,000 - \$132,000
Married Filing Separately	\$0 - \$10,000	\$0 - \$10,000

TRADITIONAL IRA DEDUCTIBILITY RULES

Modified AGI				
Filing Status	Covered by Qualified Retirement Plan?	2015	2016	Deductibility
Single, HoH	No	Any amount	Any amount	Full Deduction
	Yes	\$61,000 or less	\$61,000 or less	Full Deduction
		\$61,001 - \$70,999 \$71,000 or more	\$61,001 - \$70,999 \$71,000 or more	Partial Deduction No Deduction
Married Filing Jointly	Neither spouse	Any amount	Any amount	Full Deduction
	Both spouses covered	\$98,000 or less \$98,001 - \$117,999 \$118,000 or more	\$98,000 or less \$98,001 - \$117,999 \$118,000 or more	Full Deduction Partial Deduction No Deduction
		One spouse covered: for covered spouse	\$98,000 or less \$98,001 - \$117,999 \$118,000 or more	\$98,000 or less \$98,001 - \$117,999 \$118,000 or more
	One spouse covered: for non-covered spouse		\$183,000 or less \$183,001 - \$192,999 \$193,000 or more	\$184,000 or less \$184,001 - \$193,999 \$194,000 or more
		Married Filing Separately, lived together for any part of the year (if spouses lived separately throughout year, treated as Single)	Neither spouse	Any amount
Both spouses covered	\$9,999 or less \$10,000 or more		\$9,999 or less \$10,000 or more	Partial deduction No deduction
	One spouse covered: for covered spouse		\$9,999 or less \$10,000 or more	\$9,999 or less \$10,000 or more
One spouse covered: for non-covered spouse			\$9,999 or less \$10,000 or more	\$9,999 or less \$10,000 or more

Qualified Plans

	2015	2016
Maximum elective deferral to retirement plans (e.g., 401(k), 403(b))	\$18,000	\$18,000
Maximum elective deferral to SIMPLE IRA plans	\$12,500	\$12,500
Maximum elective deferral to 457 plans or exempt employers	\$18,000	\$18,000
Limit on annual additions to Keogh plans and SEP-IRAs	\$53,000	\$53,000
Limit on annual additions to defined contribution plans	\$53,000	\$53,000
Maximum annual compensation taken into account for contributions	\$265,000	\$265,000
Annual benefit limit under defined benefit plans	\$210,000	\$210,000
Threshold amount for definition of highly compensated employee	\$120,000	\$120,000
Threshold amount for definition of key employee in top-heavy plans	\$170,000	\$170,000
Catch-up Contribution Limits*		
401(k), 403(b), SARSEP and 457 plans	\$6,000	\$6,000
SIMPLE plans	\$3,000	\$3,000

* Individuals who will be at least age 50 by the end of the year can make catch-up contributions.