

## Tax Brackets for 2016

### Married, Filing Jointly

\$0 - \$18,550	10%
\$18,550-\$75,300	15%
\$75,300-\$151,900	25%
\$151,900-\$231,450	28%
\$231,450-\$413,350*	33%
\$413,350-\$466,950*	35%
Over \$466,950*	39.6%

### Head Of Household

\$0-\$13,250	10%
\$13,250-\$50,400	15%
\$50,400-\$130,150	25%
\$130,150-\$210,800*	28%
\$210,800-\$413,350*	33%
\$413,350-\$441,000*	35%
Over \$441,000*	39.6%

### Single

\$0-\$9,275	10%
\$9,275-\$37,650	15%
\$37,650-\$91,150	25%
\$91,150-\$190,150	28%
\$190,150-\$413,350*	33%
\$413,350-\$415,050*	35%
Over \$415,050*	39.6%

### Married, Filing Separately

\$0-\$9,275	10%
\$9,275-\$37,650	15%
\$37,650-\$75,950	25%
\$75,950-\$115,725	28%
\$115,725-\$206,675	33%
\$206,675-\$233,475*	35%
Over \$233,475*	39.6%

## Tax Brackets for 2016 (continued)

### Estates And Trusts

\$0-\$2,550	15%
\$2,550-\$5,950	25%
\$5,950-\$9,050	28%
\$9,050-\$12,400	33%
Over \$12,400*	39.6%

**Kiddie Tax Exemption** \$ 1,050

### Standard Deductions

Married, Filing Joint	\$12,600
Head of Household	\$ 9,300
Single	\$ 6,300
Married, Filing Separately	\$ 6,300
Additional - Blind or Over 65 (Married)	\$ 1,250
Additional - Blind or Over 65 (Single)	\$ 1,550

### Itemized Deductions

Non-business Casualty Loss	10%
Medical Expenses under age 65	10%
Medical Expenses over age 65	7.5%
Misc. Itemized Deductions	2%

### Exemptions

Personal & Dependent Amount	\$4,050
Estate Amount	\$ 600
Simple Trust Amount	\$ 300
Complex Trust Amount	\$ 100

\* Taxpayers in these brackets may also be subject to the Net Investment Income Tax & possibly the Hospital Insurance Tax detailed on the following page.

## Phaseout Threshold of Exemptions & Itemized Deductions

Married, filing Joint	\$311,300
Head of Household	\$285,350
Single	\$259,400
Married, filing Separate	\$155,650

Personal exemptions are reduced by 2% for each \$2,500 by which AGI exceeds the applicable threshold. Total itemized deductions are reduced by 3% of the amount that AGI exceeds the applicable threshold, with the reduction not to exceed 80% of the otherwise allowable deductions.

### Education

529 Plan contributions (annual exclusion)	\$14,000/yr
Accelerate 5 years of gifting into 1 year	
Individual	\$ 70,000
Per Couple	\$140,000

American Opportunity Credit	\$ 2,500
Hope Scholarship Credit	\$ 2,500
Lifetime Learning Credit	\$ 2,000
Coverdell Education Savings Contribution	\$ 2,000
Student Loan Interest Deduction	\$ 2,500

### Payroll Taxes

Self-employed Combined Rate (OASDI+Medicare)	15.3%
Employer Rate (OASDI+Medicare)	7.65%
Employee Rate (OASDI+Medicare)	7.65%
OASDI Maximum Base	\$118,500
Medicare Rate	1.45%
FUTA Rate	6.2%
FUTA Wage Base	\$7,000
Nanny Tax Threshold	\$1,900

## Affordable Care Act Tax Provisions

### Net Investment Income Tax (AKA Medicare Surtax)

Individual Filers will pay an additional 3.8% on Net Investment Income (NII) above certain income thresholds. NII includes, but is not limited to:

- a. Interest
- b. Dividends
- c. Capital gains
- d. Rental and royalty income
- e. Non-qualified annuities
- f. Income from businesses involved in trading of financial instruments or commodities
- g. Income from businesses that are passive activities to the taxpayer

In order to arrive at NII, certain deductions from Gross Investment income are allowed and are:

- a. Investment interest expense
- b. Investment advisory and brokerage fees
- c. Expenses related to rental and royalty income
- d. State and local income taxes allocated to the items included in NII

Filing Status:	Threshold
Married, Filing Jointly & Qualifying Widow(er) w/dependent child	\$250,000
Married, Filing Separately	\$125,000
Single/Head of Household	\$200,000

Estates and Trusts will be subject to the NII Tax if they have undistributed Net Investment Income and also have AGI over the dollar amount at which the highest tax bracket for an estate or trust begins for such taxable year (for tax year 2016, this threshold amount is \$12,400).

Income derived from tax exempt sources (i.e. municipal bonds); the amount of gain excluded on the sale of a principal residence; self-employment income; Social Security benefits; wages; unemployment compensation; alimony; operating income from a non-passive business; and distributions from certain qualified plans are NOT subject to the Medicare Surtax.

## Affordable Care Act Tax Provisions

### Additional Medicare Tax (aka Hospital Insurance Tax)

An additional .9% Medicare Tax will apply to wages and compensation and self-employment income above certain income thresholds.

Filing Status:	Threshold
Married, Filing Jointly & Qualifying Widow(er) w/dependent child	\$250,000
Married, Filing Separately	\$125,000
Single/Head of Household	\$200,000

All wages that are currently subject to Medicare Tax are subject to Additional Medicare Tax if they are paid in excess of the applicable threshold for an individual's filing status.

An employer must withhold Additional Medicare Tax from wages it pays to an individual in excess of \$200,000 in a calendar year, without regard to the individual's filing status or wages paid by another employer. An individual may owe more than the amount withheld by the employer, depending on the individual's filing status, wages, compensation, and self-employment income. In that case, the individual should make estimated tax payments and/or request additional income tax withholding using Form W-4, Employee's Withholding Allowance Certificate.

## Retirement/Pension Plans

Maximum Annual Benefit for Defined Benefit Plan	\$210,000
Maximum Annual Contribution For Defined Contribution Plan	\$ 53,000
Highly Compensated Employee Definition (in general)	\$120,000
SEP Compensation Limit	\$265,000
401(k) Maximum Compensation Amount	\$265,000
401(k) Maximum Elective Deferral	\$ 18,000
IRA Deduction Limit (in general)	\$ 5,500
SIMPLE Contribution Limit	\$ 12,500

## Catch-up Contributions (For Taxpayers 50 and Over)

Traditional and Roth IRAs	\$ 1,000
SIMPLEs	\$ 3,000
401(k), 403(b) and 457 plans	\$ 6,000

## Phase-out For Deducting IRA

Taxpayers with Traditional IRAs can convert to Roth IRAs regardless of income level in 2016.

### Contribution (qualified plan participant)

Joint	\$98,000-\$118,000 AGI
Single or HOH	\$61,000-\$71,000 AGI
Spousal IRA	\$184,000-\$194,000 AGI

## Phase-out Of Roth Contribution Eligibility

Joint	\$184,000-\$194,000 AGI
Single, Head of Household	\$117,000-\$132,000 AGI
Filing separately	\$0-\$10,000 Modified AGI

## Health Savings Account (HSA) Contribution Limits

Individual Contribution Limit	\$3,350
Family Contribution Limit	\$6,750
Catch-up Provision (ages 55+)	\$1,000

## Capital Gain (Assets held more than 12 months) and Qualified Dividends

Taxpayers in 10% or 15% bracket	0%
Taxpayers in 25%, 28%, 33%, or 35% bracket	15%
Taxpayers in 39.6% bracket	20%
Collectibles (coins, art, antiques)	28%
Unrecaptured gain on real estate (Sec. 1250 gain)	25%

Note: Taxpayers whose Modified AGI exceeds certain thresholds will also be subject to the 3.8% Medicare Surtax detailed on the previous page.

## Estate and Gift Taxes

Estate Tax Applicable Exclusion Amount	\$5.45M
Gift Tax Applicable Exclusion Amount	\$5.45M
Annual Gift Tax Exclusion Amount (per donee)	\$14,000
Maximum Estate Tax Rate & Maximum Gift Tax Rate	40%
Maximum Generation Skipping Transfer Tax Rate	40%

## Mileage

Business Mileage Rate	\$0.54
Medical and Moving Mileage Rate	\$0.19
Charitable Mileage Rate	\$0.14

## Business Deductions

Section 179 expense deduction	\$500,000
Purchase limitation phase out begins	\$2,000,000
Bonus Depreciation of certain assets	50% through 2017

## Other Items

The deduction for state and local general sales tax has been made permanent.

Tax-free IRA distributions to qualified charities for those age 70.5 or older have been made permanent.