

# Journal of Accountancy

## Filing season quick guide—tax year 2015

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### Single taxpayers

If taxable income is over	But not over	Tax is	Plus	Of the amount over
\$0	\$9,225	10%		\$0
\$9,225	\$37,450	\$922.50	15%	\$9,225
\$37,450	\$90,750	\$5,156.25	25%	\$37,450
\$90,750	\$189,300	\$18,481.25	28%	\$90,750
\$189,300	\$411,500	\$46,075.25	33%	\$189,300
\$411,500	\$413,200	\$119,401.25	35%	\$411,500
\$413,200		\$119,996.25	39.6%	\$413,200

### Heads of household

If taxable income is over	But not over	Tax is	Plus	Of the amount over
\$0	\$13,150	10%		\$0
\$13,150	\$50,200	\$1,315	15%	\$13,150
\$50,200	\$129,600	\$6,872.50	25%	\$50,200
\$129,600	\$209,850	\$26,722.50	28%	\$129,600
\$209,850	\$411,500	\$49,192.50	33%	\$209,850
\$411,500	\$439,000	\$115,737	35%	\$411,500
\$439,000		\$125,362	39.6%	\$439,000

### Married taxpayers filing joint returns and surviving spouses

If taxable income is over	But not over	Tax is	Plus	Of the amount over
\$0	\$18,450	10%		\$0
\$18,450	\$74,900	\$1,845	15%	\$18,450
\$74,900	\$151,200	\$10,312.50	25%	\$74,900
\$151,200	\$230,450	\$29,387.50	28%	\$151,200
\$230,450	\$411,500	\$51,577.50	33%	\$230,450
\$411,500	\$464,850	\$111,324	35%	\$411,500
\$464,850		\$129,996.50	39.6%	\$464,850

### Trusts and estates

If taxable income is over	But not over	Tax is	Plus	Of the amount over
\$0	\$2,500	15%		\$0
\$2,500	\$5,900	\$375	25%	\$2,500
\$5,900	\$9,050	\$1,225	28%	\$5,900
\$9,050	\$12,300	\$2,107	33%	\$9,050
\$12,300		\$3,179.50	39.6%	\$12,300

### Married taxpayers filing separate returns

If taxable income is over	But not over	Tax is	Plus	Of the amount over
\$0	\$9,225	10%		\$0
\$9,225	\$37,450	\$922.50	15%	\$9,225
\$37,450	\$75,600	\$5,156.25	25%	\$37,450
\$75,600	\$115,225	\$14,693.75	28%	\$75,600
\$115,225	\$205,750	\$25,788.75	33%	\$115,225
\$205,750	\$232,425	\$55,662	35%	\$205,750
\$232,425		\$64,998.25	39.6%	\$232,425

### 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: \$12,300.

### 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), \$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).

### KIDDIE TAX

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

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## GAINS 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.

## PERSONAL EXEMPTION

\$4,000

AGI phaseouts:

- Single: \$258,250 to \$380,750.
- Married filing jointly and surviving spouses: \$309,900 to \$432,400.
- Married filing separately: \$154,950 to \$216,200.
- Heads of household: \$284,050 to \$406,550.

## 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: \$9,250.

Additional standard deduction for 65+ and blind taxpayers:

- Single: \$1,550.
- Married filing jointly 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: \$258,250.
- Married filing jointly and surviving spouses: \$309,900.
- Married filing separately: \$154,950.
- Heads of household: \$284,050.

## STANDARD MILEAGE RATE

- Business: 57.5 cents per mile.
- Medical and moving: 23 cents per mile.
- Charitable services: 14 cents per mile.

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: \$503 (none); \$3,359 (one); \$5,548 (two); \$6,242 (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:** \$13,400 maximum. Phases out with MAGI between \$201,010 and \$241,010.
- **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 tuition and related expenses, up to \$2,000 maximum. Phases out between \$55,000 and \$65,000 MAGI for single filers and from \$110,000 to \$130,000 for married filing jointly.

- **Sec. 25C nonbusiness energy property:** 10% credit for qualified nonbusiness energy property.
- **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 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). Phases out for employers with between 10 and 25 full-time-equivalent employees and average annual wages of between \$25,800 and \$51,600.

## Saver's credit applicable percentages

AGI, married filing jointly	AGI, heads of household	AGI, all other filers	Applicable percentage
\$0 to \$36,500	\$0 to \$27,375	\$0 to \$18,250	50%
\$36,501 to \$39,500	\$27,376 to \$29,625	\$18,251 to \$19,750	20%
\$39,501 to \$61,000	\$29,626 to \$45,750	\$19,751 to \$30,500	10%

## SEC. 179 AND BONUS DEPRECIATION

- Sec. 179 expense deduction: \$500,000 with \$2 million 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 taxpayers and heads of household); \$0 to \$10,000 (married filing separately); \$183,000 to \$193,000 (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): \$183,000 to \$193,000 (married filing jointly); \$116,000 to \$131,000 (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: \$147,000.
- Gift/estate tax exclusion: \$5,430,000; 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	\$83,400	\$158,900 to \$492,500
Single or heads of household	\$53,600	\$119,200 to \$333,600
Married filing separately	\$41,700	\$79,450 to \$246,250
Estates and trusts	\$23,800	\$79,450 to \$174,650

\* At 25% of AMTI above phaseout threshold.