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Isaac M. O'Bannon • Oct. 30, 2014

The Internal Revenue Service has released annual inflation adjustments for more than 40 tax provisions, including the tax rate schedules, and other tax changes. The result is that many tax deductions and credits may be even more attractive in 2014. Details on the adjustments are published in Revenue Procedure 2014-61.

The tax items for tax year 2015 of greatest interest to most taxpayers include the following dollar amounts –

- The tax rate of 39.6 percent affects singles whose income exceeds \$413,200 (\$464,850 for married taxpayers filing a joint return), up from \$406,750 and \$457,600, respectively. The other marginal rates – 10, 15, 25, 28, 33 and 35 percent – and the related income tax thresholds are described in the revenue procedure.
- The standard deduction rises to \$6,300 for singles and married persons filing separate returns and \$12,600 for married couples filing jointly, up from \$6,200 and \$12,400, respectively, for tax year 2014. The standard deduction for heads of household rises to \$9,250, up from \$9,100.
- The limitation for itemized deductions to be claimed on tax year 2015 returns of individuals begins with incomes of \$258,250 or more (\$309,900 for married couples filing jointly).
- The personal exemption for tax year 2015 rises to \$4,000, up from the 2014 exemption of \$3,950. However, the exemption is subject to a phase-out that begins with adjusted gross incomes of \$258,250 (\$309,900 for married couples filing jointly). It phases out completely at \$380,750 (\$432,400 for married couples filing jointly.)
- The Alternative Minimum Tax exemption amount for tax year 2015 is \$53,600 (\$83,400, for married couples filing jointly). The 2014 exemption amount was

\$52,800 (\$82,100 for married couples filing jointly).

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- For 2015, the foreign earned income exclusion breaks the six-figure mark, rising to \$100,800, up from \$99,200 for 2014.
- The annual exclusion for gifts remains at \$14,000 for 2015.
- The annual dollar limit on employee contributions to employer-sponsored healthcare flexible spending arrangements (FSA) rises to \$2,550, up \$50 dollars from the amount for 2014.
- Under the small business health care tax credit, the maximum credit is phased out based on the employer's number of full-time equivalent employees in excess of 10 and the employer's average annual wages in excess of \$25,800 for tax year 2015, up from \$25,400 for 2014.

Details on these inflation adjustments and others not listed in this release can be found in [Revenue Procedure 2014-61](#), which will be published in Internal Revenue Bulletin 2014-47 on Nov. 17, 2013. The [pension limitations for 2015](#) were announced on Oct. 23, 2014.

Income Tax • Taxes

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