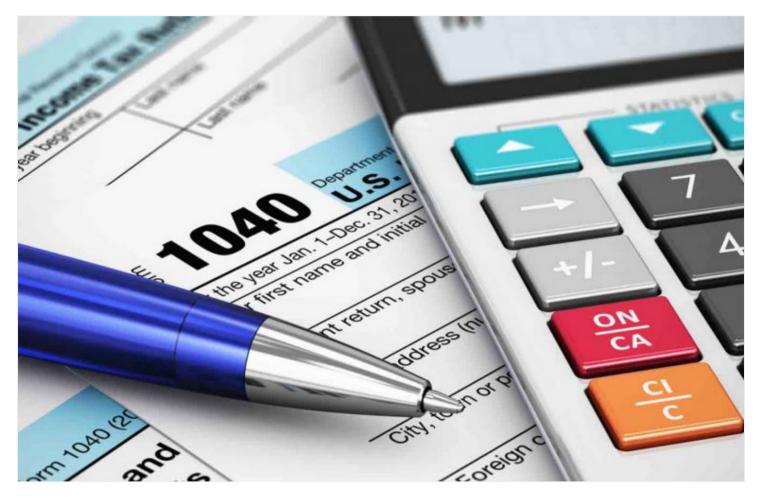
CPA Practice **Advisor**

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adjustments for more than 50 tax provisions, including the tax rate schedules, and other tax changes. Revenue Procedure 2015-53 provides details about these annual adjustments.

Oct. 21, 2015



For tax year 2016, the Internal Revenue Service has announced annual inflation adjustments for more than 50 tax provisions, including the tax rate schedules, and other tax changes. Revenue Procedure 2015-53 provides details about these annual adjustments. The tax items for tax year 2016 of greatest interest to most taxpayers include the following dollar amounts: • For tax year 2016, the 39.6 percent tax rate affects single taxpayers whose income

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individuals begins with incomes of \$259,400 or more (\$311,300 for married couples filing jointly).

- The personal exemption for tax year 2016 rises \$50 to \$4,050, up from the 2015 exemption of \$4,000. However, the exemption is subject to a phase-out that begins with adjusted gross incomes of \$259,400 (\$311,300 for married couples filing jointly). It phases out completely at \$381,900 (\$433,800 for married couples filing jointly.)
- The Alternative Minimum Tax exemption amount for tax year 2016 is \$53,900 and begins to phase out at \$119,700 (\$83,800, for married couples filing jointly for whom the exemption begins to phase out at \$159,700). The 2015 exemption amount was \$53,600 (\$83,400 for married couples filing jointly). For tax year 2016, the 28 percent tax rate applies to taxpayers with taxable incomes above \$186,300 (\$93,150 for married individuals filing separately).
- The tax year 2016 maximum Earned Income Credit amount is \$6,269 for taxpayers filing jointly who have 3 or more qualifying children, up from a total of \$6,242 for tax year 2015. The revenue procedure has a table providing maximum credit amounts for other categories, income thresholds and phase-outs.
- For tax year 2016, the monthly limitation for the qualified transportation fringe benefit remains at \$130 for transportation, but rises to \$255 for qualified parking, up from \$250 for tax year 2015.
- For tax year 2016 participants who have self-only coverage in a Medical Savings Account, the plan must have an annual deductible that is not less than \$2,250, up from \$2,200 for tax year 2015; but not more than \$3,350, up from \$3,300 for tax year 2015. For self-only coverage the maximum out of pocket expense amount remains at \$4,450. For tax year 2016 participants with family coverage, the floor for the annual deductible remains as it was in 2015 — \$4,450, however the deductible cannot be more than \$6,700, up \$50 from the limit for tax year 2015. For family coverage, the out of pocket expense limit remains at \$8,150 for tax year

2016 as it was for tax year 2015.

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