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Oct. 20, 2017

More than 50 IRS income tax provisions are being adjusted for inflation in 2018, including the tax rate schedules and other tax changes. Revenue Procedure 2017-58 provides details about these annual adjustments. The tax year 2018 adjustments generally are used on tax returns filed in 2019. The tax items for tax year 2018 of greatest interest to most taxpayers include the following dollar amounts:

- The standard deduction for married filing jointly rises to $13,000 for tax year 2018, up $300 from the prior year. For single taxpayers and married individuals filing separately, the standard deduction rises to $6,500 in 2018, up from $6,350 in 2017, and for heads of households, the standard deduction will be $9,550 for tax year 2018, up from $9,350 for tax year 2017.
- The personal exemption for tax year 2018 rises to $4,150, an increase of $100. The exemption is subject to a phase-out that begins with adjusted gross incomes of $266,700 ($320,000 for married couples filing jointly). It phases out completely at $389,200 ($442,500 for married couples filing jointly.)
- For tax year 2018, the 39.6 percent tax rate affects single taxpayers whose income exceeds $426,700 ($480,050 for married taxpayers filing jointly), up from $418,400 and $470,700, respectively. The other marginal rates – 10, 15, 25, 28, 33 and 35 percent – and the related income tax thresholds for tax year 2018 are described in the revenue procedure.
- The limitation for itemized deductions to be claimed on tax year 2018 returns of individuals begins with incomes of $266,700 or more ($320,000 for married couples filing jointly).
- The Alternative Minimum Tax exemption amount for tax year 2018 is $55,400 and begins to phase out at $123,100 ($86,200, for married couples filing jointly for

whom the exemption begins to phase out at $164,100). The 2017 exemption

benefit is $260, as is the monthly limitation for qualified parking;

- For calendar year 2018, the dollar amount used to determine the penalty for not maintaining minimum essential health coverage remains as it was for 2017: $695.
- For tax year 2018, participants who have self-only coverage in a Medical Savings Account, the plan must have an annual deductible that is not less than $2,300, an increase of $50 from tax year 2017; but not more than $3,450, an increase of $100 from tax year 2017. For self-only coverage, the maximum out-of-pocket expense amount is $4,600, up $100 from 2017. For tax year 2018, participants with family coverage, the floor for the annual deductible is $4,600, up from $4,500 in 2017; however, the deductible cannot be more than $6,850, up $100 from the limit for tax year 2017. For family coverage, the out-of-pocket expense limit is $8,400 for tax year 2018, an increase of $150 from tax year 2017.
- For tax year 2018, the adjusted gross income amount used by joint filers to determine the reduction in the Lifetime Learning Credit is $114,000, up from $112,000 for tax year 2017.
- For tax year 2018, the foreign earned income exclusion is $104,100, up from $102,100 for tax year 2017.
- Estates of decedents who die during 2018 have a basic exclusion amount of $5,600,000, up from a total of $5,490,000 for estates of decedents who died in 2017.
- The annual exclusion for gifts increased to $15,000, an increase of $1,000 from the exclusion for tax year 2017.