

# IRS Issues 2017 Tax Inflation Adjustments

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During the month of October, the Internal Revenue Service (IRS) issued its annual inflation adjustments to the tax code. The adjustments cover more than 50 tax provisions and will apply to tax year 2017. As we prepare to file 2016 taxes, take a look below for some highlights of what's coming next year:

	2016	2017
<b>Tax Limits, Deductions and Exemptions</b>		
<b>Tax Rate (39.6%) Minimum Income:</b>		
Single	\$415,050	\$418,400
Married Filing Jointly	\$466,950	\$470,700
Heads of Household	\$441,000	
<b>Standard Deduction:</b>		
Single	\$6,300	\$6,350
Married Filing Separately	\$6,300	\$6,350
Married Filing Jointly	\$12,600	\$12,700
Heads of Household	\$9,300	\$9,350
<b>Limitation for Itemized Deductions:</b>		
Single	\$259,400	\$261,500
Married Filing Jointly	\$311,300	\$313,800
Personal Exemption	\$4,050	\$4,050
<b>Personal Exemption Phase-out Begins At: (Adjusted Gross Income)</b>		
Single	\$259,400	\$261,500
Married Filing Jointly	\$311,300	\$313,800
<b>Personal Exemption Completely Phased-out At: (Adj. Gross Income)</b>		
Single	\$381,900	\$384,000
Married Filing Jointly	\$433,800	\$436,300
<b>Alternative Minimum Tax Exemption:</b>		
Single	\$53,900	\$54,300
Married Filing Jointly	\$83,800	\$84,500
<b>Maximum Earned Income Tax Credit for Taxpayers Filing Jointly with 3+ Qualifying Children</b>	\$6,269	\$6,318



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	2016	2017
<b>Basic Exclusion Amount for Estates</b>	\$5,450,000	\$5,490,000
<b>Annual Exclusion for Gifts</b>	\$14,000	\$14,000
<b>Annual Exclusion of Gifts to Noncitizen Spouse</b>	\$148,000	\$149,000
<b>Threshold for Reportable Gifts from Foreign Corporations and Partnerships (Annual Reportable Gift from Nonresident Alien or Foreign Estate remains at \$100,000)</b>	\$15,671	\$15,797
<b>Foreign Earned Income Exclusion</b>	\$101,300	\$102,100
<b>Small Employer Health Insurance Credit Phase-out Level:*</b>	\$25,900	\$26,200
<b>Individual Retirement Accounts</b>		
Contribution Limits - Traditional & Roth	Lesser of \$5,500 or compensation	Lesser of \$5,500 or compensation
Additional Catch-Up Contribution for Individuals Age 50 & Over - Traditional & Roth	\$1,000	\$1,000
<b>Modified Adjusted Gross Income Phase-Out for Contributions to Traditional IRAs (If Covered by a Workplace Retirement Plan)</b>		
Single	\$61,000 - \$71,000	\$62,000-\$72,000
Married Filing Jointly	\$98,000 - \$118,000	\$99,000-\$119,000
Married Filing Separately	\$0 - \$10,000	\$0 - \$10,000
Heads of Household	\$61,000 - \$71,000	\$62,000-\$72,000
<b>Modified Adjusted Gross Income Phase-Out for Contributions to Traditional IRAs (NOT Covered by a Workplace Retirement Plan)</b>		
Single	No limit	No limit
Married Filing Jointly (Spouse Not Covered)	No limit	No limit
Married Filing Separately (Spouse Not Covered)	No limit	No limit
Married Filing Jointly (Spouse Covered)	\$184,000 - \$194,000	\$186,000 - \$196,000
Married Filing Separately (Spouse Covered)	\$0 - \$10,000	\$0 - \$10,000
Heads of Household	No limit	No limit
<b>Modified Adjusted Gross Income Phase-Out for Contributions to Roth IRAs</b>		
Single	\$117,000 - \$132,000	\$118,000 - \$133,000
Married Filing Jointly	\$184,000 - \$194,000	\$186,000 - \$196,000
Married Filing Separately	\$0 - \$10,000	\$0 - \$10,000
Heads of Household	\$117,000 - \$132,000	\$118,000 - \$133,000

	2016	2017
<b>Tax Withholding Rates</b>		
Taxable Wage Base	\$118,500	\$127,200
Total FICA Tax for Employers/Employees	7.65%/7.65%	7.65%/7.65%
Social Security Tax for Employees/Employees	6.2%/6.2%	6.2%/6.2%
Medicare Tax for Employers/Employees	1.45%	1.45%
<b>Qualified Plans</b>		
Elective Deferrals - 401(k) and 403(b) Pre-Tax Contributions; 457(b); 402(g)(3)	\$18,000	\$18,000
Catch-up Contributions - 401(k), 403(b) Pre-Tax Contributions; 457(b); SARSEP Plans	\$6,000	\$6,000
Highly Compensated Employee - 414(g)	\$120,000	\$120,000
Annual Compensation Limit - 401(a)(17), 404(l), 408(k)(3)(C), 408(k)(6)(D)(ii)	\$265,000	\$270,000
Key Employee - 416(i)(1)(A)(i), Top Heavy and 409A Specified Employee	\$170,000	\$175,000
Defined Contribution Plan Total Annual Contributions - 415(c)	\$53,000	\$54,000
Defined Benefit Plan Maximum Benefit -415(b)	\$210,000	\$215,000
ESOP - for Determining Lengthening of Five Year Period	\$210,000	\$215,000
ESOP - Maximum Subject to Five Year Distribution	\$1,070,000	\$1,080,000
<b>High Deductible Plans, Health Savings Accounts and FSA Limits</b>		
Annual Deductible - Minimum	\$1,300/\$2,600	\$1,300/\$2,600
Out-of-Pocket Expenses (HSA) - Maximum	\$6,550/\$13,100	\$6,550/\$13,100
Out-of-Pocket Expenses (ACA) - Maximum	\$6,850/\$13,700	\$7,150/\$14,300
HSA Contribution Limit - Individual/Family	\$3,350/\$6,750	\$3,400/\$6,750
HSA Contribution Catch-Up	\$1,000	\$1,000
FSA (Flexible Spending Account)	\$2,550	\$2,600
<b>Qualified Transportation Fringes Limits</b>		
Qualified Parking Benefits/Month	\$255	\$255
Combined Transit and Carpooling	\$130	\$130

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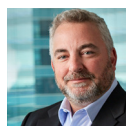
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