

## Tax Updates from the IRS

By Audrey Quick

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During the last quarter, [the Internal Revenue Service announced](#) the annual inflation adjustments for a number of provisions for the year 2015, including tax rate schedules, tax tables and cost-of-living adjustments for certain tax items.

These are the applicable numbers **for the tax year 2015** – *in other words, effective January 1, 2015*. They are not the numbers and rates that will be used to prepare your 2014 tax returns ahead of April 15, 2015. Rather, they will be used to prepare your 2015 tax returns in 2016. The tax items for tax year 2015 of greatest interest to most taxpayers include the following (all information below, including the chart, is from the IRS):

- 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 income limits are below.
- 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 limit on annual **contributions to an IRA** (Individual Retirement Arrangement) remains unchanged at \$5,500. The additional catch-up contribution limit for individuals aged 50 and over remains at \$1,000.
- The annual **gift tax exclusion** for gifts remains at \$14,000 for 2015.
- The **elective deferral contribution** limit for employees who participate in 401(k), 403(b), and most 457 plans [increased from \\$17,500 in 2014 to \\$18,000 in 2015](#). The catch-up contribution limit for employees aged 50 and over who participate in these plans is increased from \$5,500 in 2014 to \$6,000 in 2015.



## 2015 Taxable Income Brackets and Rates

Rate	Single Filers	Married Joint Filers	Head of Household Filers
10%	\$0 to \$9,225	\$0 to \$18,450	\$0 to \$13,150
15%	\$9,226 to \$37,450	\$18,451 to \$74,900	\$13,151 to \$50,200
25%	\$37,451 to \$90,750	\$74,901 to \$151,200	\$50,201 to \$129,600
28%	\$90,751 to \$189,300	\$151,201 to \$230,450	\$129,601 to \$209,850
33%	\$189,301 to \$411,500	\$230,451 to \$411,500	\$209,851 to \$411,500
35%	\$411,501 to \$413,200	\$411,501 to \$464,850	\$411,501 to \$439,000
39.6%	\$413,201+	\$464,851+	\$439,001+

### Source:

- All bullet points except last one: <http://www.irs.gov/uac/Newsroom/In-2015,-Various-Tax-Benefits-Increase-Due-to-Inflation-Adjustments>

Elective deferral contribution limit: [http://www.irs.gov/uac/Newsroom/IRS-Announces-2015-Pension-Plan-Limitations;-Taxpayers-May-Contribute-up-to-\\$18,000-to-their-401\(k\)-plans-in-2015](http://www.irs.gov/uac/Newsroom/IRS-Announces-2015-Pension-Plan-Limitations;-Taxpayers-May-Contribute-up-to-$18,000-to-their-401(k)-plans-in-2015)

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