

# TAX POCKET GUIDE 2016



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Certified Public Accountants

## BUSINESS

### Depreciation

#### 36-Month Assets (Straight-Line)

Most software

#### 3-Year Assets (200% DB)

Dies, molds, small tools, certain horses, tractor units

#### 5-Year Assets (200% DB)

Autos, computers, office machinery, taxis, buses, trucks, cattle, private aircraft, appliances, carpeting, furniture

#### 7-Year Assets (200% DB)

Most manufacturing equipment, office furniture, printing equipment, oil and gas production equipment

#### 7-Year Assets (150% DB)

Farm equipment

#### 15-Year Assets (150% DB)

Land improvements, retail fuel outlets, leasehold property, restaurant property

#### 27.5-Year Assets (Straight-Line)

Rental houses, apartments, low-income housing, furnaces, water pipes, venting

#### 39-Year Assets (Straight-Line)

Nonresidential buildings

### Personal Property Depreciation

#### Percent of Original Depreciable Basis under 200% DB Method

(Not applicable for mid-quarter convention)

Recovery Year	3-Year Class	5-Year Class	7-Year Class
1	33.33	20.00	14.29
2	44.45	32.00	24.49
3	14.81	19.20	17.49
4	7.41	11.52	12.49
5		11.52	8.93
6		5.76	8.92
7			8.93
8			4.46

### Section 179 Expense

	2016	2015
Maximum expense election	\$ 500,000	\$ 500,000
Phaseout threshold	\$ 2,000,000	\$ 2,000,000

## CORPORATE INCOME TAX RATES

### Regular Tax

If Taxable Income Is Between:	Your Tax Is:	Of Amount Over:
\$ 0 – \$ 50,000	15%	\$ 0
\$ 50,001 – \$ 75,000	\$ 7,500 + 25%	\$ 50,000
\$ 75,001 – \$ 100,000	\$ 13,750 + 34%	\$ 75,000
\$ 100,001 – \$ 335,000	\$ 22,250 + 39%	\$ 100,000
\$ 335,001 – \$10,000,000	\$ 113,900 + 34%	\$ 335,000
\$10,000,001 – \$15,000,000	\$3,400,000 + 35%	\$10,000,000
\$15,000,001 – \$18,333,333	\$5,150,000 + 38%	\$15,000,000
\$18,333,334 and above	a flat 35%	

Personal Service Corporations — 35% flat tax rate.

Capital Gains Tax Rate — Same as regular rate.

## ESTATE AND GIFT TAXES

### Estate Taxes

	2016	2015
Estate tax exemption	\$ 5,450,000	\$ 5,430,000
Unified estate tax credit	\$ 2,125,800	\$ 2,117,800
Top estate tax rate	40%	40%

### Gift Taxes

	2016	2015
Lifetime gift tax exemption	\$ 5,450,000	\$ 5,430,000
Annual gift tax exclusion		
Gifts per person	\$ 14,000	\$ 14,000
Joint gifts by spouse	\$ 28,000	\$ 28,000
Top gift tax rate	40%	40%

## LONG-TERM CARE INSURANCE

If you are: You may deduct this much of your annual premiums

	2016	2015
Over 70	\$ 4,870	\$ 4,750
61 to 70	\$ 3,900	\$ 3,800
51 to 60	\$ 1,460	\$ 1,430
41 to 50	\$ 730	\$ 710
40 and under	\$ 390	\$ 380

## CAPITAL GAINS - 2016 & 2015

Holding Period	Top Capital Gains Rate	
	2016	2015
12 months or less	39.6% <sup>1</sup>	39.6% <sup>1</sup>
More than 12 months	20% <sup>1,2</sup>	20% <sup>1,2</sup>
Depreciation recapture on real estate	25%	25%
Collectibles and certain small business stock	28%	28%

<sup>1</sup> Capital gain rates may be subject to an additional 3.8% Medicare tax. <sup>2</sup>Rate for taxpayers in the top income bracket. (Middle income tax brackets pay 15%.)

## COVERDELL ESAS - 2016 & 2015

	2016	2015
• Contribution limit	\$ 2,000 per beneficiary	\$ 2,000 per beneficiary
• AGI phaseouts:*		
Joint filers	\$ 190,000 – \$ 220,000	\$ 190,000 – \$ 220,000
Individual filers	\$ 95,000 – \$ 110,000	\$ 95,000 – \$ 110,000

\* Phaseout applies to the contributor, not the beneficiary.

## STANDARD MILEAGE RATES

Use	2016	2015
Business	54¢ per mile	57.5¢ per mile
Moving	19¢ per mile	23¢ per mile
Medical	19¢ per mile	23¢ per mile
Charitable	14¢ per mile	14¢ per mile

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**2016 INDIVIDUAL INCOME TAX RATES\***

**Regular Tax — Married, Filing Jointly or Surviving Spouse**

If Taxable Income Is Between:	Your Tax Is:	Of Amount Over:
\$ 0 – \$ 18,550	..... 10%	\$ 0
\$ 18,550 – \$ 75,300	\$ 1,855 + 15%	\$ 18,550
\$ 75,300 – \$ 151,900	\$ 10,368 + 25%	\$ 75,300
\$ 151,900 – \$ 231,450	\$ 29,518 + 28%	\$ 151,900
\$ 231,450 – \$ 413,350	\$ 51,792 + 33%	\$ 231,450
\$ 413,350 – \$ 466,950	\$111,819 + 35%	\$ 413,350
\$ 466,950 and above	\$130,579 + 39.6%	\$ 466,950

**Married, Filing Separately**

If Taxable Income Is Between:	Your Tax Is:	Of Amount Over:
\$ 0 – \$ 9,275	..... 10%	\$ 0
\$ 9,275 – \$ 37,650	\$ 928 + 15%	\$ 9,275
\$ 37,650 – \$ 75,950	\$ 5,184 + 25%	\$ 37,650
\$ 75,950 – \$ 115,725	\$ 14,759 + 28%	\$ 75,950
\$ 115,725 – \$ 206,675	\$ 25,896 + 33%	\$ 115,725
\$ 206,675 – \$ 233,475	\$ 55,909 + 35%	\$ 206,675
\$ 233,475 and above	\$ 65,289 + 39.6%	\$ 233,475

**Single**

If Taxable Income Is Between:	Your Tax Is:	Of Amount Over:
\$ 0 – \$ 9,275	..... 10%	\$ 0
\$ 9,275 – \$ 37,650	\$ 928 + 15%	\$ 9,275
\$ 37,650 – \$ 91,150	\$ 5,184 + 25%	\$ 37,650
\$ 91,150 – \$ 190,150	\$ 18,559 + 28%	\$ 91,150
\$ 190,150 – \$ 413,350	\$ 46,279 + 33%	\$ 190,150
\$ 413,350 – \$ 415,050	\$119,935 + 35%	\$ 413,350
\$ 415,050 and above	\$120,530 + 39.6%	\$ 415,050

**Head of Household**

If Taxable Income Is Between:	Your Tax Is:	Of Amount Over:
\$ 0 – \$ 13,250	..... 10%	\$ 0
\$ 13,250 – \$ 50,400	\$ 1,325 + 15%	\$ 13,250
\$ 50,400 – \$ 130,150	\$ 6,898 + 25%	\$ 50,400
\$ 130,150 – \$ 210,800	\$ 26,835 + 28%	\$ 130,150
\$ 210,800 – \$ 413,350	\$ 49,417 + 33%	\$ 210,800
\$ 413,350 – \$ 441,000	\$116,259 + 35%	\$ 413,350
\$ 441,000 and above	\$125,936 + 39.6%	\$ 441,000

2016 Qualified Dividend Income 15%\* (0% for lower tax brackets)  
 \*Individuals in the top tax bracket will pay 23.8% (20% plus a 3.8% Medicare surtax).  
 Note: Tax amounts have been rounded up to nearest dollar.

**2015 INDIVIDUAL INCOME TAX RATES\***

**Regular Tax — Married, Filing Jointly or Surviving Spouse**

If Taxable Income Is Between:	Your Tax Is:	Of Amount Over:
\$ 0 – \$ 18,450	..... 10%	\$ 0
\$ 18,450 – \$ 74,900	\$ 1,845 + 15%	\$ 18,450
\$ 74,900 – \$ 151,200	\$ 10,313 + 25%	\$ 74,900
\$ 151,200 – \$ 230,450	\$ 29,388 + 28%	\$ 151,200
\$ 230,450 – \$ 411,500	\$ 51,578 + 33%	\$ 230,450
\$ 411,500 – \$ 464,850	\$111,324 + 35%	\$ 411,500
\$ 464,850 and above	\$129,997 + 39.6%	\$ 464,850

**Married, Filing Separately**

If Taxable Income Is Between:	Your Tax Is:	Of Amount Over:
\$ 0 – \$ 9,225	..... 10%	\$ 0
\$ 9,225 – \$ 37,450	\$ 923 + 15%	\$ 9,225
\$ 37,450 – \$ 75,600	\$ 5,156 + 25%	\$ 37,450
\$ 75,600 – \$ 115,225	\$ 14,694 + 28%	\$ 75,600
\$ 115,225 – \$ 205,750	\$ 25,789 + 33%	\$ 115,225
\$ 205,750 – \$ 232,425	\$ 55,662 + 35%	\$ 205,750
\$ 232,425 and above	\$ 64,989 + 39.6%	\$ 232,425

**Single**

If Taxable Income Is Between:	Your Tax Is:	Of Amount Over:
\$ 0 – \$ 9,225	..... 10%	\$ 0
\$ 9,225 – \$ 37,450	\$ 923 + 15%	\$ 9,225
\$ 37,450 – \$ 90,750	\$ 5,156 + 25%	\$ 37,450
\$ 90,750 – \$ 189,300	\$ 18,481 + 28%	\$ 90,750
\$ 189,300 – \$ 411,500	\$ 46,075 + 33%	\$ 189,300
\$ 411,500 – \$ 413,200	\$119,401 + 35%	\$ 411,500
\$ 413,200 and above	\$119,996 + 39.6%	\$ 413,200

**Head of Household**

If Taxable Income Is Between:	Your Tax Is:	Of Amount Over:
\$ 0 – \$ 13,150	..... 10%	\$ 0
\$ 13,150 – \$ 50,200	\$ 1,315 + 15%	\$ 13,150
\$ 50,200 – \$ 129,600	\$ 6,873 + 25%	\$ 50,200
\$ 129,600 – \$ 209,850	\$ 26,723 + 28%	\$ 129,600
\$ 209,850 – \$ 411,500	\$ 49,193 + 33%	\$ 209,850
\$ 411,500 – \$ 439,000	\$115,737 + 35%	\$ 411,500
\$ 439,000 and above	\$125,362 + 39.6%	\$ 439,000

2015 Qualified Dividend Income 15%\* (0% for lower tax brackets)  
 \*Individuals in the top tax bracket will pay 23.8% (20% plus a 3.8% Medicare surtax).  
 Note: Tax amounts have been rounded up to nearest dollar.

**PERSONAL EXEMPTIONS**

	2016	2015
Deduction for each taxpayer, spouse, and dependent	\$ 4,050	\$ 4,000
There is an AGI phaseout beginning at:		
Married, filing jointly	\$311,300	\$ 309,900
Married, filing separately	\$155,650	\$ 154,950
Single	\$259,400	\$ 258,250
Head of household	\$285,350	\$ 284,050

**STANDARD DEDUCTION**

	2016*	2015
Married, filing jointly	\$12,600	\$12,600
Married, filing separately	\$ 6,300	\$ 6,300
Single	\$ 6,300	\$ 6,300
Head of household	\$ 9,300	\$ 9,250
Additional — blind or elderly		
Single	\$ 1,550	\$ 1,550
Married	\$ 1,250	\$ 1,250

\* Deduct the greater of standard or itemized deductions.

## RETIREMENT PLANS

### Indexed Contribution & Benefit Limits for Qualified Plans

Type of Plan	2016	2015
Individual Retirement Accounts (IRAs)*	\$ 5,500	\$ 5,500
Section 401(k) plans or SAR-SEPs*	\$ 18,000	\$ 18,000
Section 403(b) plans*	\$ 18,000	\$ 18,000
Section 408(p)(2)(E) SIMPLE contributions*	\$ 12,500	\$ 12,500
Section 457(b)(2) limit*	\$ 18,000	\$ 18,000
Section 415 limit for:		
Defined contribution plans**	\$ 53,000	\$ 53,000
Defined benefit plans	\$ 210,000	\$ 210,000
Highly compensated employees Section 414(q)	\$ 120,000	\$ 120,000
FICA taxable wage base		
Social Security	\$ 118,500	\$ 118,500
Medicare (tax rate 1.45% for employees; 2.90% for self-employed)***	No limit	No limit

\* Age 50 additional contributions

401(k) type plans	\$ 6,000	\$ 6,000
SIMPLEs	\$ 3,000	\$ 3,000
IRAs	\$ 1,000	\$ 1,000

\*\* The Section 415 compensation limit for defined contribution plans is \$265,000.

\*\*\* An additional tax rate of 0.9% on wages in excess of \$200,000 may apply.

### Roth IRAs

AGI limit for maximum contributions:	2016	2015
Joint filers	\$ 184,000	\$ 183,000
Individual filers	\$ 117,000	\$ 116,000

The income limit on converting traditional IRAs to Roth IRAs was eliminated in 2010.

## SOCIAL SECURITY

Annual Earned Income Limit	2016	2015
Under full retirement age	\$ 15,720	\$ 15,720
Full retirement age	No Limit	No Limit

For people reaching full retirement age in 2016, the limit is \$41,880 for months prior to attainment. Beginning the month in which they turn full retirement age, there is no limit.

## HEALTH SAVINGS ACCOUNTS

Contribution Limits	2016	2015
Individual, self-only	\$ 3,350	\$ 3,350
Family Coverage	\$ 6,750	\$ 6,650
Catch-up for those age 55 and older	\$ 1,000	\$ 1,000

For 2016, the minimum deductible for a high-deductible health plan (HDHP) is \$1,300 for self-only coverage and \$2,600 for family coverage. The maximum out-of-pocket limit is \$6,550 for self-only coverage and \$13,100 for family plans.

## ALTERNATIVE MINIMUM TAX

AMT Exemptions	2016	2015
Married, filing jointly	\$ 83,800	\$ 83,400
Married, filing separately	\$ 41,900	\$ 41,700
Single	\$ 53,900	\$ 53,600
Head of household	\$ 53,900	\$ 53,600