



IR-2015-119: In 2016, Some Tax Benefits Increase Slightly Due to Inflation Adjustments, Others Are Unchanged

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In 2016, Some Tax Benefits Increase Slightly Due to Inflation Adjustments, Others Are Unchanged

WASHINGTON — For tax year 2016, the Internal Revenue Service today 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 exceeds \$415,050 (\$466,950 for married taxpayers filing jointly), up from \$413,200 and \$464,850, respectively. The other marginal rates – 10, 15, 25, 28, 33 and 35 percent – and the related income tax thresholds for tax year 2016 are described in the revenue procedure.
- The standard deduction for heads of household rises to \$9,300 for tax year 2016, up from \$9,250, for tax year 2015. The other standard deduction amounts for 2016 remain as they were for 2015: \$6,300 for singles and married persons filing separate returns and \$12,600 for married couples filing jointly

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- The limitation for itemized deductions to be claimed on tax year 2016 returns of 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.
- For tax year 2016, the adjusted gross income amount used by joint filers to determine the reduction in the Lifetime Learning Credit is \$111,000, up from \$110,000 for tax year 2015.

- For tax year 2016, the foreign earned income exclusion is \$101,300, up from \$100,800 for tax year 2015.
- Estates of decedents who die during 2016 have a basic exclusion amount of \$5,450,000, up from a total of \$5,430,000 for estates of decedents who died in 2015.

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