

# Journal of Accountancy

## Filing season quick guide — tax year 2017

### Single taxpayers

| If taxable income is over | But not over | Tax is       | Plus  | Of the amount over |
|---------------------------|--------------|--------------|-------|--------------------|
| \$0                       | \$9,325      | 10%          |       | \$0                |
| \$9,325                   | \$37,950     | \$932.50     | 15%   | \$9,325            |
| \$37,950                  | \$91,900     | \$5,226.25   | 25%   | \$37,950           |
| \$91,900                  | \$191,650    | \$18,713.75  | 28%   | \$91,900           |
| \$191,650                 | \$416,700    | \$46,643.75  | 33%   | \$191,650          |
| \$416,700                 | \$418,400    | \$120,910.25 | 35%   | \$416,700          |
| \$418,400                 |              | \$121,505.75 | 39.6% | \$418,400          |

### Married taxpayers filing joint returns and surviving spouses

| If taxable income is over | But not over | Tax is      | Plus  | Of the amount over |
|---------------------------|--------------|-------------|-------|--------------------|
| \$0                       | \$18,650     | 10%         |       | \$0                |
| \$18,650                  | \$75,900     | \$1,865     | 15%   | \$18,650           |
| \$75,900                  | \$153,100    | \$10,452.50 | 25%   | \$75,900           |
| \$153,100                 | \$233,350    | \$29,752.50 | 28%   | \$153,100          |
| \$233,350                 | \$416,700    | \$52,222.50 | 33%   | \$233,350          |
| \$416,700                 | \$470,700    | \$112,728   | 35%   | \$416,700          |
| \$470,700                 |              | \$131,628   | 39.6% | \$470,700          |

### Married taxpayers filing separate returns

| If taxable income is over | But not over | Tax is      | Plus  | Of the amount over |
|---------------------------|--------------|-------------|-------|--------------------|
| \$0                       | \$9,325      | 10%         |       | \$0                |
| \$9,325                   | \$37,950     | \$932.50    | 15%   | \$9,325            |
| \$37,950                  | \$76,550     | \$5,226.25  | 25%   | \$37,950           |
| \$76,550                  | \$116,675    | \$14,876.25 | 28%   | \$76,550           |
| \$116,675                 | \$208,350    | \$26,111.25 | 33%   | \$116,675          |
| \$208,350                 | \$235,350    | \$56,364    | 35%   | \$208,350          |
| \$235,350                 |              | \$65,814    | 39.6% | \$235,350          |

### Heads of household

| If taxable income is over | But not over | Tax is       | Plus  | Of the amount over |
|---------------------------|--------------|--------------|-------|--------------------|
| \$0                       | \$13,350     | 10%          |       | \$0                |
| \$13,350                  | \$50,800     | \$1,335      | 15%   | \$13,350           |
| \$50,800                  | \$131,200    | \$6,952.50   | 25%   | \$50,800           |
| \$131,200                 | \$212,500    | \$27,052.50  | 28%   | \$131,200          |
| \$212,500                 | \$416,700    | \$49,816.50  | 33%   | \$212,500          |
| \$416,700                 | \$444,550    | \$117,202.50 | 35%   | \$416,700          |
| \$444,550                 |              | \$126,950    | 39.6% | \$444,550          |

### Trusts and estates

| If taxable income is over | But not over | Tax is     | Plus  | Of the amount over |
|---------------------------|--------------|------------|-------|--------------------|
| \$0                       | \$2,550      | 15%        |       | \$0                |
| \$2,550                   | \$6,000      | \$382.50   | 25%   | \$2,550            |
| \$6,000                   | \$9,150      | \$1,245    | 28%   | \$6,000            |
| \$9,150                   | \$12,500     | \$2,127    | 33%   | \$9,150            |
| \$12,500                  |              | \$3,232.50 | 39.6% | \$12,500           |

### GAIN RATES

- Long-term capital gain rates: Zero for gains that would otherwise be taxed at the 10% or 15% rates; 15% for gains that would be taxed at the 25%, 28%, 33%, or 35% rates; and 20% for gains that would be taxed at the 39.6% rate.

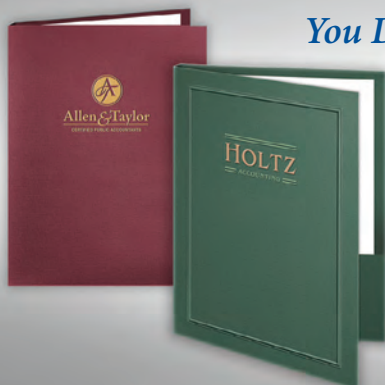
### NET INVESTMENT INCOME TAX

3.8% of the lesser of (1) net investment income or (2) the amount of modified adjusted gross income (MAGI) over these thresholds:

- Single: \$200,000.
- Married filing jointly and surviving spouses: \$250,000.
- Married filing separately: \$125,000.
- Heads of household: \$200,000.
- Estates and trusts: \$12,500.

### SELF-EMPLOYMENT TAX

- Tax rate: 15.3% (12.4% OASDI tax plus 2.9% Medicare tax).
- Surtax: 0.9% Medicare surtax is applied to self-employment income in excess of \$200,000 (single), \$250,000 (married filing jointly), or \$125,000 (married filing separately).
- Wage base: \$127,200 of self-employment income for OASDI (maximum OASDI tax \$15,772.80; no ceiling on Medicare tax).



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## KIDDIE TAX

- Parent's highest rate applies to child's unearned income over \$2,100.

## PERSONAL EXEMPTION

\$4,050

AGI phaseouts:

- Single: \$261,500 to \$384,000.
- Married filing jointly and surviving spouses: \$313,800 to \$436,300.
- Married filing separately: \$156,900 to \$218,150.
- Heads of household: \$287,650 to \$410,150.

## STANDARD DEDUCTION

- Single: \$6,350.
- Married filing jointly and surviving spouses: \$12,700.
- Married filing separately: \$6,350 (\$0 if spouse itemizes deductions).
- Heads of household: \$9,350.

Additional standard deduction for 65+ and blind taxpayers:

- Single: \$1,550.
- Married filing jointly and surviving spouses: \$1,250.
- Heads of household: \$1,550.

Standard deduction for individuals who can be claimed as dependents cannot exceed the lesser of (1) \$6,350 or (2) the greater of \$1,050 or \$350 plus the individual's earned income.

## ITEMIZED DEDUCTIONS

If a taxpayer's adjusted gross income (AGI) exceeds the applicable amount for his or her filing status, certain otherwise allowable itemized deductions are reduced by the lesser of 3% of the excess of AGI over the applicable amount or 80% of itemized deductions otherwise allowable for the tax year.

Applicable amounts for reduction of otherwise allowable itemized deductions:

- Single: \$261,500.
- Married filing jointly and surviving spouses: \$313,800.
- Married filing separately: \$156,900.
- Heads of household: \$287,650.

## STANDARD MILEAGE RATE

- Business: 53.5 cents per mile.
- Medical and moving: 17 cents per mile.
- Charitable services: 14 cents per mile.

For business autos for which the optional business standard mileage rate is used, the portion treated as depreciation is 25 cents per mile.

## TAX CREDITS

- **Earned income:** Maximum credit per number of qualifying children: \$510 (none); \$3,400 (one); \$5,616 (two); \$6,318 (three or more), subject to phaseouts.
- **Child:** \$1,000 per qualifying child under age 17. Refundable to the extent of 15% of the taxpayer's earned income in excess of \$3,000 (but not refundable for taxpayers who exclude income under Sec. 911); qualifying child must be the taxpayer's dependent. Phases out with MAGI above \$75,000 (\$110,000 for married filing jointly, \$55,000 for married filing separately).
- **Adoption expense:** \$13,570 maximum. Phases out with MAGI between \$203,540 and \$243,540.
- **American opportunity:** \$2,500 per-year maximum (100% of the first \$2,000 of qualifying expenses and 25% of the next \$2,000), with 40% of the credit refundable. Phases out for single taxpayers with MAGIs between \$80,000 and \$90,000 (\$160,000 and \$180,000 for married filing jointly).
- **Lifetime learning:** 20% of up to \$10,000 of qualified tuition and related expenses, up to \$2,000 maximum. Phases out between \$56,000 and \$66,000 of MAGI for single filers and from \$112,000 to \$132,000 for married filing jointly.
- **Sec. 25D residential energy-efficiency property:** 30% of amount paid for qualifying property (for qualified fuel cell property, maximum credit of \$500 for each 0.5 kilowatt of capacity).

- **Small business health insurance:** 50% of amount of nonelective contributions an eligible small business makes on behalf of its employees for premiums for health insurance (35% credit against payroll tax for tax-exempt entities). Available for two consecutive tax years. Phases out for employers with between 10 and 25 full-time-equivalent employees and average annual wages of between \$26,200 and \$52,400.

## Saver's credit applicable percentages

| AGI, married filing jointly | AGI, heads of household | AGI, all other filers | Applicable percentage |
|-----------------------------|-------------------------|-----------------------|-----------------------|
| \$0 to \$37,000             | \$0 to \$27,750         | \$0 to \$18,500       | 50%                   |
| \$37,001 to \$40,000        | \$27,751 to \$30,000    | \$18,501 to \$20,000  | 20%                   |
| \$40,001 to \$62,000        | \$30,001 to \$46,500    | \$20,001 to \$31,000  | 10%                   |

## SEC. 179 AND BONUS DEPRECIATION

- Sec. 179 expense deduction: \$510,000 with \$2,030,000 threshold limit.
- Sec. 168(k) bonus depreciation: 50% of adjusted basis of qualifying property in the first year it is placed in service.

## RETIREMENT PLAN LIMITS

- Maximum 401(k) plan elective deferral: \$18,000 (plus \$6,000 catch-up for age 50+).
- Defined benefit plan maximum benefit: \$215,000.
- Defined contribution plan contribution limit: \$54,000 or 100% of compensation, whichever is less.
- IRA contribution limit: \$5,500 (plus \$1,000 catch-up for age 50+).
- IRA deduction phaseout for active participant in a workplace retirement plan: MAGI from \$99,000 to \$119,000 (married filing jointly); \$62,000 to \$72,000 (single taxpayers and heads of household); \$0 to \$10,000 (married filing separately); \$186,000 to \$196,000 (individual who is not an active participant in a workplace retirement plan whose spouse is an active participant in a workplace retirement plan).
- Roth IRA contribution limit: \$5,500 (plus \$1,000 catch-up for age 50+).
- Roth IRA contribution limit phaseout (MAGI): \$186,000 to \$196,000 (married filing jointly); \$118,000 to \$133,000 (single and heads of household); \$0 to \$10,000 (married filing separately).
- SEP minimum required compensation: \$600; compensation limit: \$270,000.

## ESTATES AND GIFTS

- Per-donee annual gift tax exclusion: \$14,000.
- Exclusion for transfers to noncitizen spouse: \$149,000.
- Gift/estate tax exclusion: \$5,490,000; estate of first spouse to die may pass unused portion of exclusion to surviving spouse.

## Alternative minimum tax

| Filing status or entity                     | AMT exemption amount | AMTI phaseout of exemption* |
|---|----------------------|-----------------------------|
| Married filing jointly or surviving spouses | \$84,500             | \$160,900 to \$498,900      |
| Single or heads of household                | \$54,300             | \$120,700 to \$337,900      |
| Married filing separately                   | \$42,250             | \$80,450 to \$249,450       |
| Estates and trusts                          | \$24,100             | \$80,450 to \$176,850       |

\* At 25% of AMTI above phaseout threshold.