



## Key 2015 tax items as calculated by RIA based on inflation data

The break points to the income tax brackets, standard deduction amounts, exemption amount, and other tax items are adjusted annually for cost-of-living increases. The adjustments are based on the average Consumer Price Index (CPI) for the 12-month period ending the previous Aug. 31. The Aug. 2014 CPI has been released by the Labor Department. (U.S. Department of Labor, Consumer Price Index (for all-urban consumers), 9/17/2014) Using the CPI for Aug. 2014, released on Sept. 17, 2014 (and the CPIs for the preceding 11 months), RIA has calculated 2015 indexed amounts for several tax items, as set forth below.

**Standard deductions.** The basic standard deduction for 2015 will be:

Joint return or surviving spouse	\$12,600 (up from \$12,400 for 2014)
Single (other than head of household or surviving spouse)	\$6,300 (up from \$6,200 for 2014)
Head of household	\$9,250 (up from \$9,100 for 2014)
Married filing separate returns	\$6,300 (up from \$6,200 for 2014)

**Dependents.** For an individual who can be claimed as a dependent on another's return, the basic standard deduction for 2015 will be \$1,050 (up from \$1,000 for 2014), or \$350 (same as for 2014) plus the individual's earned income, whichever is greater. However, the standard deduction may not exceed the regular standard deduction for that individual.

**Older and blind taxpayers.** For 2015, the additional standard deduction for married taxpayers 65 or over or blind will be \$1,250 (up from \$1,200 for 2014). For a single taxpayer or head of household who is 65 or over or blind, the additional standard deduction for 2015 will be \$1,550 (same as for 2014).

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**Kiddie tax.** The exemption from the kiddie tax for 2015 will be \$2,100 (up from \$2,000 for 2014). A parent will be able to elect to include a child's income on the parent's return for 2015 if the child's income is more than \$1,050 and less than \$10,500 (up from \$1,000 and \$10,000 for 2014).

**AMT exemption for child subject to kiddie tax.** The AMT exemption for 2015 for a child subject to the kiddie tax will be the lesser of (1) \$7,400 (up from \$7,250 for 2014) plus the child's earned income, or (2) \$53,600 (up from \$52,800 for 2014).

**Personal exemption.** The personal exemption amount for 2015 will be \$4,000 (up from \$3,950 for 2014).



**RIA observation:** The minimum gross income thresholds for filing will also increase for 2015 since they are based on the basic standard deduction, the additional standard deduction, and the exemption amounts.

**Phase-out of personal exemption.** For 2015, the personal exemption will phase out for taxpayers with the following adjusted gross income amounts:

Joint Return or surviving spouse	\$309,900 (up from \$305,050 for 2014)
Head of household	\$284,050 (up from \$279,650 for 2014)
Single individual (other than surviving spouse or head of household)	\$258,250 (up from \$254,200 for 2014)
Married filing separately	\$154,950 (up from \$152,525 for 2014)

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**Tax rate schedules.** The tax rate schedules for 2015 will be as follows:

FOR MARRIED INDIVIDUALS FILING JOINT RETURNS

AND SURVIVING SPOUSES, THE 2015 RATE BRACKETS WILL BE:

If taxable income is:	The tax is:
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Not over \$18,450	10% of taxable income
Over \$18,450 but not over \$74,900	\$1,845.00 plus 15% of the excess over \$18,450
Over \$74,900 but not over \$151,200	\$10,312.50 plus 25% of the excess over \$74,900
Over \$151,200 but not over \$230,450	\$29,387.50 plus 28% of the excess over \$151,200
Over \$230,450 but not over \$411,500	\$51,577.50 plus 33% of the excess over \$230,450
Over \$411,500 but not over \$464,850	\$111,324.00 plus 35% of the excess over \$411,500
Over \$464,850	\$129,996.50 plus 39.6% of the excess over \$464,850

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FOR SINGLE INDIVIDUALS (OTHER THAN HEADS OF HOUSEHOLDS AND SURVIVING SPOUSES), THE 2015 RATE BRACKETS WILL BE:

If taxable income is:

The tax is:

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Not over \$9,225

10% of taxable income

Over \$9,225 but not  
over \$37,450

\$922.50 plus 15% of the  
excess over \$9,225

Over \$37,450 but not  
over \$90,750

\$5,156.25 plus 25% of the  
excess over \$37,450

Over \$90,750 but not  
over \$189,300

\$18,481.25 plus 28% of the  
excess over \$90,750

Over \$189,300 but not  
over \$411,500

\$46,075.25 plus 33% of the  
excess over \$189,300

Over \$411,500 but not  
over \$413,200

\$119,401.25 plus 35% of the  
excess over \$411,500

Over \$413,200

\$119,996.25 plus 39.6% of the  
excess over \$413,200



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FOR HEADS OF HOUSEHOLDS, THE 2015 RATE

BRACKETS WILL BE:

If taxable income is:	The tax is:
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Not over \$13,150	10% of taxable income
Over \$13,150 but not over \$50,200	\$1,315.00 plus 15% of the excess over \$13,150
Over \$50,200 but not over \$129,600	\$6,872.50 plus 25% of the excess over \$50,200
Over \$129,600 but not over \$209,850	\$26,722.50 plus 28% of the excess over \$129,600
Over \$209,850 but not over \$411,500	\$49,192.50 plus 33% of the excess over \$209,850
Over \$411,500 but not over \$439,000	\$115,737.00 plus 35% of the excess over \$411,500
Over \$439,000	\$125,362.00 plus 39.6% of the excess over \$439,000

FOR MARRIEDS FILING SEPARATE RETURNS, THE 2015 RATE

BRACKETS WILL BE:

If taxable income is:	The tax is:
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Not over \$9,225	10% of taxable income
Over \$9,225 but not over \$37,450	\$922.50 plus 15% of the excess over \$9,225
Over \$37,450 but not over \$75,600	\$5,156.25 plus 25% of the excess over \$37,450
Over \$75,600 but not over \$115,225	\$14,693.75 plus 28% of the excess over \$75,600
Over \$115,225 but not over \$205,750	\$25,788.75 plus 33% of the excess over \$115,225
Over \$205,750 but not over \$232,425	\$55,662.00 plus 35% of the excess over \$205,750
Over \$232,425	\$64,998.25 plus 39.6% of the excess over \$232,425

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## FOR ESTATES AND TRUSTS, THE 2015 RATE

## BRACKETS WILL BE:

If taxable income is: -----	The tax is: -----
Not over \$2,500	15% of taxable income
Over \$2,500 but not over \$5,900	\$375.00 plus 25% of the excess over \$2,500
Over \$5,900 but not over \$9,050	\$1,225.00 plus 28% of the excess over \$5,900
Over \$9,050 but not over \$12,300	\$2,107.00 plus 33% of the excess over \$9,050
Over \$12,300	\$3,179.50 plus 39.6% of the excess over \$12,300

**Reduction of itemized deductions.** The allowable amount of itemized deductions will be reduced if adjusted gross income in 2015 is more than:

Married filing jointly and surviving spouses	\$309,900 (up from \$305,050 for 2014)
Head of household	\$284,050 (up from \$279,650 for 2014)
Single individuals (other than heads of households and surviving spouses)	\$258,250 (up from \$254,200 for 2014)
Married filing sepa- rately	\$154,950 (up from \$152,525 for 2014)

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**AMT figures.** For 2015, the AMT exemption amounts will be:

- ... Joint returns or surviving spouses-\$83,400 (up from \$82,100 for 2014)
- ... Unmarried individuals (other than surviving spouses)-\$53,600 (up from \$52,800 for 2014)
- ... Married individuals filing separate returns-\$41,700 (up from \$41,050 for 2014)
- ... Estates and trusts-\$23,800 (up from \$23,500 for 2014)

For 2015, the excess taxable income above which the 28% tax rate applies will be \$92,700 for married persons filing separately (up from \$91,250 for 2014), and \$185,400 for joint returns, unmarried individuals and estates and trusts (up from \$182,500 for 2014).

For 2015, the amounts used under **Code Sec. 55(d)(3)** to determine the phaseout of the exemption amounts will be:

- ... Joint returns or surviving spouses-\$158,900 (up from \$156,500 for 2014)
- ... Unmarried individuals (other than surviving spouses)-\$119,200 (up from \$117,300 for 2014)
- ... Married filing separately and estates and trusts-\$79,450 (up from \$78,250 for 2014)

**Interest exclusion for higher education.** The interest on U.S. savings bonds redeemed to pay qualified higher education expenses may be tax-free. The exclusion is phased out at certain income levels, which are adjusted annually for cost-of-living increases. The phaseout for 2015 will begin at modified adjusted gross income (MAGI) above \$77,200 (\$115,750 on a joint return). For 2014, the corresponding figures are \$76,000 and \$113,950.

**Qualified transportation fringe benefits.** For 2015, an employee will be able to exclude up to \$250 (same as for 2014) a month for qualified parking expenses, and up to \$130 a month (same as for 2014) of the combined value of transit passes and transportation in a commuter highway vehicle.



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**Refundable child credit.** For 2015, the child credit will be refundable to the extent of the greater of:

- ... 15% of earned income above \$3,000 (same as for 2014), or
- ... for taxpayers with three or more qualifying children, the excess of the taxpayer's social security taxes for the tax year over his earned income tax credit for the year. ( [Code Sec. 24\(d\)](#) )

**Earned income tax credit.** For 2015, the maximum amount of earned income on which the earned income tax credit will be computed is \$6,580 for taxpayers with no qualifying children, \$9,880 for taxpayers with one qualifying child, and \$13,870 for taxpayers with two or more qualifying children. These amounts are up from \$6,480, \$9,720, and \$13,650 for 2014.

For 2015, the phaseout of the allowable earned income tax credit will begin at \$13,750 for joint filers with no qualifying children (\$8,240 for others with no qualifying children), and at \$23,630 for joint filers with one or more qualifying children (\$18,110 for others with one or more qualifying children). These amounts are up from \$13,540, \$8,110, \$23,260 and \$17,830 for 2014.



**RIA observation:** Taxpayers must use IRS tables to determine the amount of their earned income tax credit. While these tables are based on the inflation-adjusted figures set out above, because the credit under the tables is the same for everyone within a \$50 range, there may be slight differences between the credit under the tables and the credit the taxpayer would determine using those inflation-adjusted figures.

The amount of disqualified income (generally investment income) a taxpayer may have before losing the entire earned income tax credit will be \$3,400 for 2015 (up from \$3,350 for 2014).

**Education credits.** For 2015, the Hope Scholarship Credit under [Code Sec. 25A\(b\)\(1\)](#), as increased under [Code Sec. 25A\(i\)](#) (the American Opportunity Tax Credit), will be an amount equal to 100% of qualified tuition and related expenses not in excess of \$2,000 plus 25% of those expenses in excess of \$2,000, but not in excess of \$4,000 (same as for 2014). Accordingly, the maximum Hope Scholarship Credit for 2015 will be \$2,500 (same as for 2014).



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For 2015, a taxpayer's MAGI in excess of \$80,000 (\$160,000 for a joint return) will be used to determine the reduction under **Code Sec. 25A(d)(2)** in the amount of the Hope Scholarship Credit otherwise allowable under **Code Sec. 25A(a)(1)** (same as for 2014).

For 2015, a taxpayer's MAGI in excess of \$55,000 (\$110,000 for a joint return) will be used to determine the reduction under **Code Sec. 25A(d)(2)** in the amount of the Lifetime Learning Credit otherwise allowable under **Code Sec. 25A(a)(2)** (up from \$54,000 and \$108,000 for 2014).

**Expensing.** The amount that may be expensed under **Code Sec. 179** for 2015 will be \$25,000 (same as for 2014). For 2015, the expensing limit will be reduced when more than \$200,000 of expensing-eligible property is placed in service (same as for 2014).

**Adoption credit.** For 2015, the credit allowed for an adoption of a child with special needs will be \$13,400 (up from \$13,190 for 2014). The maximum credit allowed for other adoptions will be the amount of qualified adoption expenses up to \$13,400 (up from \$13,190 for 2014).

For 2015, the credit will begin to phase out for taxpayers with MAGI in excess of \$201,010 (up from \$197,880 for 2014). The phaseout will be complete if MAGI is \$241,010 (up from \$237,880 for 2014).

**Adoption exclusion.** For 2015, the amount that can be excluded from an employee's gross income for the adoption of a child with special needs will be \$13,400 (up from \$13,190 for 2014). For 2015, the maximum amount that can be excluded from an employee's gross income for the amounts paid or expenses incurred by an employer for qualified adoption expenses furnished pursuant to an adoption assistance program for other adoptions by the employee will be \$13,400 (up from \$13,190 for 2014).

For 2015, the amount excludable from an employee's gross income will begin to phase out for taxpayers with MAGI in excess of \$201,010 (up from \$197,880 for 2014). The phaseout will be complete if MAGI is \$241,010 (up from \$237,880 for 2014).

**Student loan interest deduction.** For 2015, the deduction phases out ratably for taxpayers other than joint filers with MAGI between \$65,000 and \$80,000 (\$130,000 and \$160,000 for joint filers). For 2014, the deduction phases out ratably for taxpayers other than joint filers with MAGI between \$65,000 and \$80,000 (\$130,000 and \$160,000 for joint filers).

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**MAGI limits for making deductible contributions by active plan participants to traditional IRAs.** In general, an individual who isn't an active participant in certain employer-sponsored retirement plans, and whose spouse isn't an active participant, may make an annual deductible cash contribution to an IRA up to the lesser of: (1) an inflation-adjusted statutory dollar limit, or (2) 100% of the compensation that's includible in his gross income for that year. For 2015, the statutory dollar limit is \$5,500 (same as for 2014), plus an additional \$1,000 for those age 50 or older. If the individual (or his spouse) is an active plan participant, the deduction phases out over a specified dollar range of MAGI.

For taxpayers filing joint returns, the otherwise allowable deductible contribution will be phased out ratably for 2015 for MAGI between \$98,000 and \$118,000 (up from \$96,000 and \$116,000 for 2014).

For 2015, for single taxpayers and heads of household, the otherwise allowable deductible contribution will be phased out ratably for MAGI between \$61,000 and \$71,000 (up from \$60,000 and \$70,000 for 2014). For married taxpayers filing separate returns, the otherwise allowable deductible contribution will continue to be phased out ratably for MAGI between \$0 and \$10,000 (same as for 2014).

For a married taxpayer who is not an active plan participant but whose spouse is such a participant, the otherwise allowable deductible contribution will be phased out ratably for 2015 for MAGI between \$183,000 and \$193,000 (up from between \$181,000 and \$191,000 for 2014).

**MAGI limits for making contributions to Roth IRAs.** Individuals may make nondeductible contributions to a Roth IRA, subject to the overall limit on IRA contributions. The maximum annual contribution that can be made to a Roth IRA is phased out for taxpayers with MAGI over certain levels for the tax year. For taxpayers filing joint returns, the otherwise allowable contributions to a Roth IRA will be phased out ratably for 2015 for MAGI between \$183,000 and \$193,000 (up from between \$181,000 and \$191,000 for 2014). For single taxpayers and heads of household, it will be phased out ratably for MAGI between \$116,000 and \$131,000 (up from \$114,000 and \$129,000 for 2014). For married taxpayers filing separate returns, the otherwise allowable contribution will continue to be phased out ratably for MAGI between \$0 and \$10,000 (same as for 2014).



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**Saver's credit.** For tax years beginning in 2015, an eligible lower-income taxpayer can claim a nonrefundable tax credit for the applicable percentage (50%, 20%, or 10%, depending on filing status and AGI) of up to \$2,000 of his qualified retirement savings contributions, as follows:

... Joint filers: \$0 to \$36,500, 50%; \$36,500 to \$39,500, 20%; and \$39,500 to \$61,000, 10% (no credit if AGI is above \$61,000).

... Heads of households: \$0 to \$27,375, 50%; \$27,375 to \$29,625, 20%; and \$29,625 to \$45,750, 10% (no credit if AGI is above \$45,750).

... All other filers: \$0 to \$18,250, 50%; \$18,250 to \$19,750, 20%; and \$19,750 to \$30,500, 10% (no credit if AGI is above \$30,500).

By way of comparison, for tax years beginning in 2014, an eligible lower-income taxpayer can claim a nonrefundable tax credit for the applicable percentage (50%, 20%, or 10%, depending on filing status and AGI) of up to \$2,000 of his qualified retirement savings contributions, as follows:

... Joint filers: \$0 to \$36,000, 50%; \$36,000 to \$39,000, 20%; and \$39,000 to \$60,000, 10% (no credit if AGI is above \$60,000).

... Heads of households: \$0 to \$27,000, 50%; \$27,000 to \$29,250, 20%; and \$29,250 to \$45,000, 10% (no credit if AGI is above \$45,000).

... All other filers: \$0 to \$18,000, 50%; \$18,000 to \$19,500, 20%; and \$19,500 to \$30,000, 10% (no credit if AGI is above \$30,000).

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