

**IRS RELEASE:
2014 INCOME AND TRANSFER TAX ADJUSTMENTS**

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INFLATION-ADJUSTED THRESHOLD AND CEILING INCREASES

The Social Security Administration and the IRS have released their 2014 list of CPI-adjusted items that will affect individual income, payroll and transfer tax calculations for 2014. We have provided you with some of the key provisions in the following grids.

INCOME TAXES

Threshold amounts above which the top regular and alternative minimum tax (AMT) rates apply.

	<u>2014</u>	<u>2013</u>
39.6% bracket threshold:	Taxable income above:	Taxable income above:
Joint returns / surviving spouses	\$457,600	\$450,000
Heads of household	\$432,200	\$425,000
Other unmarried individuals	\$406,750	\$400,000
Married filing separately	\$228,800	\$225,000
Estates and Trusts	\$12,150	\$11,950
AMT 28% bracket threshold:	AMTI above:	AMTI above:
Joint returns / surviving spouses	\$182,500	\$179,500
Other unmarried individuals	\$182,500	\$179,500
Married filing separately	\$91,250	\$89,750
Estates and Trusts	\$182,500	\$179,500

Personal exemption, standard deduction and foreign income exclusion amounts:

	<u>2014</u>	<u>2013</u>
Personal exemption amount	\$3,950	\$3,900
Personal exemption phased-out:	Beginning/ending at AGI of:	Beginning/ending at AGI of:
Joint returns / surviving spouses	\$305,050 / \$427,550	\$300,000 / \$422,500
Heads of households	\$279,650 / \$402,150	\$275,000 / \$397,500
Other unmarried individuals	\$254,200 / \$ 376,700	\$250,000 / \$372,500
Married filing separately	\$152,525 / \$213,775	\$150,000 / \$211,250
Standard deduction:		
Joint returns / surviving spouses	\$12,400	\$12,200
Heads of households	\$9,100	\$8,950
Other unmarried individuals	\$6,200	\$6,100
Married filing separately	\$6,200	\$6,100
Foreign income exclusion amount	\$99,200	\$97,600

AMT exemption amounts and the AMT exemption phase-out amounts:

AMT exemption amounts:		
Joint returns / surviving spouses	\$82,100	\$80,800
Unmarried individuals	\$52,800	\$51,900
Married filing separately	\$41,050	\$40,400
Estates and Trusts	\$23,500	\$23,100
AMT exemption phased-out:		
Joint returns / surviving spouses	\$156,500	\$153,900
Other unmarried individuals	\$117,300	\$115,400
Married filing separately	\$78,250	\$76,950
Estates and Trusts	\$78,250	\$76,950

PAYROLL TAXES

Employment taxes imposed on wage earners:

	<u>2014</u>	<u>2013</u>
Social Security tax wage base:		
Wage ceiling amount	\$117,000	\$113,700
Maximum tax (rate = 6.2%)	\$7,254.00	\$7,049.40
<u>1.45% Medicare tax wage bracket:</u>		
Joint filers	First \$250,000 of wages	First \$250,000 of wages
Married separate taxpayers	First \$125,000 of wages	First \$125,000 of wages
Other wage-earners	First \$200,000 of wages	First \$200,000 of wages
<u>2.35% Medicare tax wage bracket:</u>		
Joint filers	Wages above \$250,000	Wages above \$250,000
Married separate taxpayers	Wages above \$125,000	Wages above \$125,000
Other wage-earners	Wages above \$200,000	Wages above \$200,000

Self-employment (SE) taxes:

	<u>2014</u>	<u>2013</u>
Social Security tax wage base:		
SE income ceiling amount	\$117,000	\$113,700
Maximum tax (rate = 12.4%)	\$14,508.00	\$14,098.80
<u>2.9% Medicare tax wage bracket:</u>		
Joint filers	First \$250,000 of wages	First \$250,000 of wages
Married separate taxpayers	First \$125,000 of wages	First \$125,000 of wages
Other SE income-earners	First \$200,000 of wages	First \$200,000 of wages
<u>3.8% Medicare tax wage bracket:</u>		
Joint filers	Wages above \$250,000	Wages above \$250,000
Married separate taxpayers	Wages above \$125,000	Wages above \$125,000
Other SE income-earners	Wages above \$200,000	Wages above \$200,000

TRANSFER TAXES

Estate and gift tax exclusions and valuation limitation:

	<u>2014</u>	<u>2013</u>
Basic estate / gift tax exclusion	\$5,340,000	\$5,250,000
Generation-skipping tax exclusion	\$5,340,000	\$5,250,000
Gift tax annual exclusion	\$14,000	\$14,000
For gifts to a non-citizen spouse	\$145,000	\$143,000
Special use value reduction limit	\$1,090,000	\$1,070,000

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