



2016

FEDERAL TAX RATES



**Known Internationally as  
Moore Stephens Doeren Mayhew, P.C.**

**An Independent Firm Associated With  
Moore Stephens International Limited**

**Florida • Michigan • North Carolina • Texas**

**[doeren.com](http://doeren.com)**

## INDIVIDUAL INCOME TAX RATES<sup>1</sup>

---

### Single

| <i>If taxable income is ...</i> | <i>... tax is ...</i> | <i>... of amount over</i> |
|---------------------------------|-----------------------|---------------------------|
| \$ 0 – \$ 9,275                 | 10%                   | \$ 0                      |
| \$ 9,276 – \$ 37,650            | \$ 927.50 + 15%       | \$ 9,275                  |
| \$ 37,651 – \$ 91,150           | \$ 5,183.75 + 25%     | \$ 37,650                 |
| \$ 91,151 – \$190,150           | \$ 18,558.75 + 28%    | \$ 91,150                 |
| \$190,151 – \$413,350           | \$ 46,278.75 + 33%    | \$190,150                 |
| \$413,351 – \$415,050           | \$119,934.75 + 35%    | \$413,350                 |
| Over \$415,050                  | \$120,529.75 + 39.6%  | \$415,050                 |

### Head of household

| <i>If taxable income is ...</i> | <i>... tax is ...</i> | <i>... of amount over</i> |
|---------------------------------|-----------------------|---------------------------|
| \$ 0 – \$ 13,250                | 10%                   | \$ 0                      |
| \$ 13,251 – \$ 50,400           | \$ 1,325.00 + 15%     | \$ 13,250                 |
| \$ 50,401 – \$130,150           | \$ 6,897.50 + 25%     | \$ 50,400                 |
| \$130,151 – \$210,800           | \$ 26,835.00 + 28%    | \$130,150                 |
| \$210,801 – \$413,350           | \$ 49,417.00 + 33%    | \$210,800                 |
| \$413,351 – \$441,000           | \$116,258.50 + 35%    | \$413,350                 |
| Over \$441,000                  | \$125,936.00 + 39.6%  | \$441,000                 |

### Married filing jointly or surviving spouse

| <i>If taxable income is ...</i> | <i>... tax is ...</i> | <i>... of amount over</i> |
|---------------------------------|-----------------------|---------------------------|
| \$ 0 – \$ 18,550                | 10%                   | \$ 0                      |
| \$ 18,551 – \$ 75,300           | \$ 1,855.00 + 15%     | \$ 18,550                 |
| \$ 75,301 – \$151,900           | \$ 10,367.50 + 25%    | \$ 75,300                 |
| \$151,901 – \$231,450           | \$ 29,517.50 + 28%    | \$151,900                 |
| \$231,451 – \$413,350           | \$ 51,791.50 + 33%    | \$231,450                 |
| \$413,351 – \$466,950           | \$111,818.50 + 35%    | \$413,350                 |
| Over \$466,950                  | \$130,578.50 + 39.6%  | \$466,950                 |

### Married filing separately

| <i>If taxable income is ...</i> | <i>... tax is ...</i> | <i>... of amount over</i> |
|---------------------------------|-----------------------|---------------------------|
| \$ 0 – \$ 9,275                 | 10%                   | \$ 0                      |
| \$ 9,276 – \$ 37,650            | \$ 927.50 + 15%       | \$ 9,275                  |
| \$ 37,651 – \$ 75,950           | \$ 5,183.75 + 25%     | \$ 37,650                 |
| \$ 75,951 – \$115,725           | \$ 14,758.75 + 28%    | \$ 75,950                 |
| \$115,726 – \$206,675           | \$ 25,895.75 + 33%    | \$115,725                 |
| \$206,676 – \$233,475           | \$ 55,909.25 + 35%    | \$206,675                 |
| Over \$233,475                  | \$ 65,289.25 + 39.6%  | \$233,475                 |

<sup>1</sup> These rates generally apply to earned income, business income, interest and nonqualified dividends. Long-term capital gains rates apply to qualified dividends.

## STANDARD DEDUCTIONS

---

| <b>Filing status</b>                       | <b>Deduction</b> |
|--|------------------|
| Single                                     | \$ 6,300         |
| Head of household                          | \$ 9,300         |
| Married filing jointly or surviving spouse | \$12,600         |
| Married filing separately                  | \$ 6,300         |

## CAPITAL GAINS TAX RATES

---

| Type of gain   | Maximum rate <sup>1</sup> |
|--|---------------------------|
| Short-term gain (assets held 12 months or less)  | 39.6%                     |
| Long-term gain (generally assets held more than 12 months)                                     | 15% or 20% <sup>2</sup>   |
| Long-term gain on collectibles   | 28%                       |
| Long-term gain attributable to certain depreciation recapture                                  | 25%                       |
| Gain on qualified small business stock held more than 5 years                                  | 14% <sup>3</sup>          |
| Long-term gain that would be taxed at 15% or less based on the taxpayer's ordinary-income rate | 0%                        |

<sup>1</sup> The 3.8% net investment income tax applies to net investment income to the extent that modified adjusted gross income (MAGI) exceeds \$200,000 (singles and heads of households), \$250,000 (joint filers) or \$125,000 (separate filers).

<sup>2</sup> The 20% rate applies only to those with taxable income exceeding \$415,050 (singles), \$441,000 (heads of households), \$466,950 (joint filers) or \$233,475 (separate filers).

<sup>3</sup> Effective rate based on 50% exclusion from a 28% rate. If stock was acquired after February 17, 2009, and before September 28, 2010, the rate is 7% (75% exclusion from a 28% rate). If stock was acquired on or after September 28, 2010, the rate is 0%.

## ALTERNATIVE MINIMUM TAX

---

### Single, head of household, married filing jointly or surviving spouse

| <i>If taxable income is ...</i> | <i>... tax is ...</i> | <i>... of amount over</i> |
|---------------------------------|-----------------------|---------------------------|
| \$0 – \$186,300                 | 26%                   | \$ 0                      |
| Over \$186,300                  | \$48,438 + 28%        | \$186,300                 |

### Married filing separately

| <i>If taxable income is ...</i> | <i>... tax is ...</i> | <i>... of amount over</i> |
|---------------------------------|-----------------------|---------------------------|
| \$0 – \$ 93,150                 | 26%                   | \$ 0                      |
| Over \$ 93,150                  | \$24,219 + 28%        | \$93,150                  |

### Exemptions

| <i>Filing status</i>        | <i>Exemption amount</i> |
|-----------------------------|-------------------------|
| Single or head of household | \$53,900                |
| Married filing jointly      | \$83,800                |
| Married filing separately   | \$41,900                |

### Exemption phaseouts based on AMT income

| <i>Filing status</i>        | <i>Income range of phaseout</i> |
|-----------------------------|---------------------------------|
| Single or head of household | \$119,700 – \$335,300           |
| Married filing jointly      | \$159,700 – \$494,900           |
| Married filing separately   | \$ 79,850 – \$247,450           |

## STANDARD MILEAGE RATES

---

| Use of vehicle    | Deduction per mile |
|-------------------|--------------------|
| Business          | 54 cents           |
| Medical or moving | 19 cents           |
| Charitable        | 14 cents           |

## FICA RATES AND EXPANDED MEDICARE TAXES

---

The rate for the employee portion of Social Security tax is 6.2%, and the maximum earned income it applies to is \$118,500, while the Medicare rate is 1.45% and applies to all earned income.

Self-employed individuals pay both the employee and employer portions, but get a deduction for the employer portion.

Cash wages totaling \$2,000 or more to household employees are also subject to FICA taxes.

An additional 0.9% Medicare tax applies to FICA wages and self-employment income exceeding \$200,000 (singles and heads of households), \$250,000 (joint filers) or \$125,000 (separate filers).

## PERSONAL EXEMPTION AND ITEMIZED DEDUCTION LIMITS

---

Exemption amount: \$4,050

Personal exemptions and many itemized deductions are reduced if adjusted gross income (AGI) exceeds certain levels: \$259,400 (singles), \$285,350 (heads of households), \$311,300 (joint filers) and \$155,650 (separate filers).

## HEALTH SAVINGS ACCOUNTS

---

| <b>Limit</b>  | <b>Individual</b> | <b>Family</b> |
|---|-------------------|---------------|
| Contribution  | \$3,350           | \$ 6,750      |
| Catch-up contribution                                 | \$1,000           | \$ 1,000      |
| Minimum high-deductible health plan (HDHP) deductible | \$1,300           | \$ 2,600      |
| Maximum HDHP out-of-pocket costs                      | \$6,550           | \$13,100      |

## COVERDELL ESAs

---

Contribution limit per beneficiary: \$2,000

### Phaseouts based on contributor's MAGI

| <b>Filing status</b>        | <b>MAGI range of phaseout</b> |
|-----------------------------|-------------------------------|
| Single or head of household | \$ 95,000 – \$110,000         |
| Married filing jointly      | \$190,000 – \$220,000         |

## RETIREMENT BENEFIT LIMITS

---

| <b>Benefit</b>  | <b>Limit</b> |
|---|--------------|
| Contributions to 401(k), 403(b), 457(b)(2), 457(c)(1) and SARSEP plans          | \$ 18,000    |
| Contributions to defined contribution plans                                     | \$ 53,000    |
| Contributions to SIMPLEs  | \$ 12,500    |
| Contributions to IRAs   | \$ 5,500     |
| Catch-up contributions to 401(k), 403(b), 457(b)(2), 457(c)(1) and SARSEP plans | \$ 6,000     |
| Catch-up contributions to SIMPLEs   | \$ 3,000     |
| Catch-up contributions to IRAs  | \$ 1,000     |
| Compensation for benefit purposes for qualified plans and SEPs                  | \$265,000    |
| Highly compensated employee threshold   | \$120,000    |
| Annual benefit for defined benefit plans  | \$210,000    |

## LONG-TERM CARE INSURANCE

---

| <b>Age</b>   | <b>Premium deduction limit</b> |
|--------------|--------------------------------|
| 40 and under | \$ 390                         |
| 41 to 50     | \$ 730                         |
| 51 to 60     | \$1,460                        |
| 61 to 70     | \$3,900                        |
| Over 70      | \$4,870                        |

## EARNINGS THRESHOLDS FOR PHASEOUT OF SOCIAL SECURITY BENEFITS

---

| <b>Retirement age status</b>     | <b>Earnings limit</b> |
|----------------------------------|-----------------------|
| Before Full Retirement Age (FRA) | \$15,720 per year     |
| Pre-FRA in year you reach FRA    | \$3,490 per month     |
| FRA and after                    | None                  |

## ESTATE AND TRUST INCOME TAX RATES

---

| <b>If taxable income is ...</b> | <b>... tax is ...</b> | <b>... of amount over</b> |
|---------------------------------|-----------------------|---------------------------|
| \$ 0 – \$ 2,550                 | 15%                   | \$ 0                      |
| \$2,551 – \$ 5,950              | \$ 382.50 + 25%       | \$ 2,550                  |
| \$5,951 – \$ 9,050              | \$1,232.50 + 28%      | \$ 5,950                  |
| \$9,051 – \$12,400              | \$2,100.50 + 33%      | \$ 9,050                  |
| Over \$12,400                   | \$3,206.00 + 39.6%    | \$12,400                  |

## GIFT AND ESTATE TAX EXEMPTIONS AND RATES

---

| <b>Year</b> | <b>Exemption</b> | <b>Top rate</b> |
|-------------|------------------|-----------------|
| 2015        | \$ 5,430,000     | 40%             |
| 2016        | \$ 5,450,000     | 40%             |

A surviving spouse may be able to use the deceased spouse's unused estate tax exemption. The annual gift tax exclusion is \$14,000 per recipient (\$28,000 if spouses elect "split-gift" treatment).

This publication is distributed with the understanding that the author, publisher and distributor are not rendering legal, accounting or other professional advice or opinions on specific facts or matters, and, accordingly, assume no liability whatsoever in connection with its use. It reflects tax law as of February 5, 2016. Some material may be affected by subsequent tax law changes. Contact your tax advisor for the latest information. ©2016

## CORPORATE INCOME TAX RATES

| <i>If taxable income is ...</i> | <i>... tax is ...</i> | <i>... of amount over</i> |
|---------------------------------|-----------------------|---------------------------|
| \$ 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              |
| Over \$18,333,333               | \$ 0 + 35%            | \$ 0                      |

Personal service corporations are taxed at a flat 35% rate.

## SECTION 179 EXPENSING

|                    | 2015        | 2016        |
|--------------------|-------------|-------------|
| Expensing limit    | \$ 500,000  | \$ 500,000  |
| Phaseout threshold | \$2,000,000 | \$2,010,000 |

## BONUS DEPRECIATION

| 2015 | 2016 |
|------|------|
| 50%  | 50%  |

## DEPRECIATION CLASSES AND METHODS

| Class     | Method               | Examples                                  |
|-----------|----------------------|---|
| 36-month  | Straight-line        | Software                                  |
| 3-year    | 200% DB <sup>1</sup> | Dies, molds, small tools                  |
| 5-year    | 200% DB <sup>1</sup> | Vehicles, computers, office equipment     |
| 7-year    | 200% DB <sup>1</sup> | Manufacturing equipment, office furniture |
| 7-year    | 150% DB <sup>1</sup> | Farm equipment                            |
| 27.5-year | Straight-line        | Rental residential buildings              |
| 39-year   | Straight-line        | Nonresidential buildings                  |

<sup>1</sup> Declining-balance.

## MACRS DEPRECIATION RATES (with half-year convention)

| Year | Asset class |        |        |
|------|-------------|--------|--------|
|      | 3-year      | 5-year | 7-year |
| 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%  |