



**PELLETIER CHASE & ASSOCIATES, LLC**  
*Certified Public Accountants and Business Advisors*

## 2016 POCKET TAX GUIDE

482 CONGRESS STREET, SUITE 400  
 PORTLAND, MAINE 04101  
 TEL: (207) 771-8800  
 FAX: (207) 771-8801  
<http://www.PCA-CPA.com>

### 2016 U.S. ESTATE AND TRUST RATES

Base Taxable Income	Tax On Base	% On Excess Over Base
\$ 0	\$ 0.00	15.0%
2,550	382.50	25.0%
5,950	1,232.50	28.0%
9,050	2,100.50	33.0%
12,400	3,206.00	39.6%

### 2016 Estate and Gift Tax Rate Exclusions

The Federal Estate tax exclusion for 2016 is \$5,450,000.  
 The Maine Estate tax exclusion for 2016 is \$5,450,000.

### 2016 Annual Gift Tax Exclusion per Donee

Gifts per person - \$14,000  
 Joint gifts by spouses - \$28,000

### 2016 RETIREMENT PLAN CONTRIBUTION LIMITS

#### Individual Limitations

**401(K) Contributions** \$18,000  
 Catch-up contributions for age 50 and over - \$6,000

#### Profit Sharing and Money Purchase Plans

100% of comp ≤ \$265,000 up to \$53,000  
 Catch-up contributions for age 50 and over - \$6,000

#### Simplified Employee Pension (SEP) Plans

25% of comp ≤ \$265,000 up to \$53,000  
 Catch-up contributions for age 50 and over - \$6,000

**Simple Plan Contributions** \$12,500

Catch-up contributions for age 50 and over - \$3,000

#### Employer Plan Limitations

	% Of Compensation*
<b>Profit Sharing or SEP Plan</b>	25%
<b>Money Purchase Plan</b>	25%

\*Or net self-employment income after SECA tax deduction and plan contribution.

#### Individual Retirement Accounts

**Contribution Limits** - lesser of \$5,500\* or compensation/earned income  
 Catch-up contributions for age 50 and over - \$1,000

### 2016 RETIREMENT DEDUCTION LIMITS

*Not a Participant in Another Plan* - lesser of \$5,500\* or compensation/earned income

#### Active in Another Plan

Joint AGI	Deduction Is	Single AGI
\$0 - \$98,000	\$5,500* max.	\$0 - \$61,000
98,000 - 118,000	phased out	61,000 - 71,000

Contribution must be made before the original due date of the tax return.

\*Plus up to \$5,500 for nonworking spouse.

### 2016 ESTIMATED TAX PAYMENTS

Estimated tax for 2016 must be paid if both of the following apply:

1. Taxpayer expects to owe at least \$1,000 in tax for 2016, after subtracting the credit for taxes withheld, and
2. Taxpayer expects withholding and credits to be less than the small of:
  - a. 90% of the tax to be shown on the taxpayer's 2016 tax return or
  - b. 100% (110% if taxpayer's 2015 AGI exceeded \$150,000) of the tax shown on the taxpayer's 2015 tax return.

#### Due dates (for calendar year-end individuals)

Installment	Due Date
First	April 15, 2016
Second	June 15, 2016
Third	September 15, 2016
Fourth	January 16, 2017

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## 2016 U.S. INDIVIDUAL INCOME TAX RATES

### Married Taxpayers Filing Jointly or Surviving Spouse

Base Taxable Income	Tax On Base	% On Excess Over Base
\$ 0	\$ 0.00	10.0%
18,550	1,855.00	15.0%
75,300	10,367.50	25.0%
151,900	29,517.50	28.0%
231,450	51,791.50	33.0%
413,350	111,818.50	35.0%
466,950	130,578.50	39.6%

### Single

Base Taxable Income	Tax On Base	% On Excess Over Base
\$ 0	\$ 0.00	10.0%
9,275	927.50	15.0%
37,650	5,183.75	25.0%
91,150	18,558.75	28.0%
190,150	46,278.75	33.0%
413,350	119,934.75	35.0%
415,050	120,529.75	39.6%

### Head of Household

Base Taxable Income	Tax On Base	% On Excess Over Base
\$ 0	\$ 0.00	10.0%
13,250	1,325.00	15.0%
50,400	6,897.50	25.0%
130,150	26,835.00	28.0%
210,800	49,417.00	33.0%
413,350	116,258.50	35.0%
441,000	125,936.00	39.6%

### Federal Standard Deduction\*

#### 2016

Joint return	\$12,600
Single	6,300
Head of Household	9,300
Married filing separately	6,300
Additional - blind or elderly	
Single	1,550
Married	1,250

\* You are allowed to deduct the greater of your standard deduction or your itemized deductions.

## 2016 U.S. INDIVIDUAL INCOME TAX RATES (Continued)

### Long-Term Capital Gains Rates for Individuals

The maximum tax rate on net capital gains for 2016 is 20%. This applies to gains on property held more than 12 months. The reduction in the maximum tax rate on capital gains does not apply to the sale of collectibles, on which the maximum tax rate remains at 28%, or the sale of rental real estate, on which the maximum tax rate is 25%.

The tax rate on qualified dividends is a maximum rate of 20%.

### Federal Personal Exemptions

Deduction for each taxpayer, spouse, and dependent \$4,050

### HEALTH SAVINGS ACCOUNTS (HSA) CAPS

Individual	\$3,350
Family	\$6,750

\*Catch-up contribution for age 55 and over - \$1,000

### 2016 EDUCATION TAX CONSIDERATIONS

#### American Opportunity Credit

100% of the first \$2,000 of qualified education expenses; 25% of qualified expenses between \$2,000 and \$4,000 (maximum credit \$2,500). This credit is available for the first four years of a student's post-secondary education, subject to phase-out rules.

Phase-out begins at modified adjusted gross income of \$160,000 for joint return; \$80,000 for all others.

#### Lifetime Learning Credit

20% of the first \$10,000 of qualified education expenses per qualified student; eligible for only one credit (Hope or Lifetime Learning) per student, subject to phase-out.

Phase-out begins at modified adjusted gross income of \$111,000 for joint return and \$55,000 for all others.

#### Interest on Education Loans

Maximum interest deduction - \$2,500

Modified adjusted gross income phase-out for married and joint status is \$130,000 - \$160,000. Phase-out for all other filing statuses is \$65,000 - \$80,000.

## SOCIAL SECURITY INCOME

### Maximum Annual Earned Income Limit - 2016

Under Normal Retirement Age (NRA)	\$15,720
During year NRA is attained	41,880
Above NRA	No limit

### 2016 SOCIAL SECURITY TAX

	Tax Base	Rate	Maximum Tax
Social Security	\$118,500	6.20%	\$7,347.00
Medicare	No Limit	<u>1.45</u> 7.65%	N/A

### 2016 SELF-EMPLOYMENT TAX RATES\*

	Tax Base	Rate	Maximum Tax
Social Security	\$118,500	12.4%	\$14,694.00
Medicare	No Limit	<u>2.9</u> 15.3%	N/A

\*Rates in effect on December 31, 2014

### 2016 STANDARD MILEAGE DEDUCTIONS\*

Use	Per Mile
Business	54.0 cents
Charitable	14.0 cents
Medical	19.0 cents
Moving	19.0 cents

### 2016 SECTION 179 EXPENSE DEDUCTION

Maximum	\$25,000
Phase-out	\$200,000