



2013

Federal Tax Rates

INDIVIDUAL INCOME TAX RATES¹

Single

<i>If taxable income is ...</i>	<i>... tax is ...</i>	<i>... of amount over</i>
\$ 0 – \$ 8,925	10%	\$ 0
\$ 8,926 – \$ 36,250	\$ 892.50 + 15%	\$ 8,925
\$ 36,251 – \$ 87,850	\$ 4,991.25 + 25%	\$ 36,250
\$ 87,851 – \$183,250	\$ 17,891.25 + 28%	\$ 87,850
\$183,251 – \$398,350	\$ 44,603.25 + 33%	\$183,250
\$398,351 – \$400,000	\$115,586.25 + 35%	\$398,350
Over \$400,000	\$116,163.75 + 39.6%	\$400,000

Head of household

<i>If taxable income is ...</i>	<i>... tax is ...</i>	<i>... of amount over</i>
\$ 0 – \$ 12,750	10%	\$ 0
\$ 12,751 – \$ 48,600	\$ 1,275.00 + 15%	\$ 12,750
\$ 48,601 – \$125,450	\$ 6,652.50 + 25%	\$ 48,600
\$125,451 – \$203,150	\$ 25,865.00 + 28%	\$125,450
\$203,151 – \$398,350	\$ 47,621.00 + 33%	\$203,150
\$398,351 – \$425,000	\$112,037.00 + 35%	\$398,350
Over \$425,000	\$121,364.50 + 39.6%	\$425,000

Married filing jointly or surviving spouse

<i>If taxable income is ...</i>	<i>... tax is ...</i>	<i>... of amount over</i>
\$ 0 – \$ 17,850	10%	\$ 0
\$ 17,851 – \$ 72,500	\$ 1,785.00 + 15%	\$ 17,850
\$ 72,501 – \$146,400	\$ 9,982.50 + 25%	\$ 72,500
\$146,401 – \$223,050	\$ 28,457.50 + 28%	\$146,400
\$223,051 – \$398,350	\$ 49,919.50 + 33%	\$223,050
\$398,351 – \$450,000	\$107,768.50 + 35%	\$398,350
Over \$450,000	\$125,846.00 + 39.6%	\$450,000

Married filing separately

<i>If taxable income is ...</i>	<i>... tax is ...</i>	<i>... of amount over</i>
\$ 0 – \$ 8,925	10%	\$ 0
\$ 8,926 – \$ 36,250	\$ 892.50 + 15%	\$ 8,925
\$ 36,251 – \$ 73,200	\$ 4,991.25 + 25%	\$ 36,250
\$ 73,201 – \$111,525	\$ 14,228.75 + 28%	\$ 73,200
\$111,526 – \$199,175	\$ 24,959.75 + 33%	\$111,525
\$199,176 – \$225,000	\$ 53,884.25 + 35%	\$199,175
Over \$225,000	\$ 62,923.00 + 39.6%	\$225,000

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

STANDARD DEDUCTIONS

Filing status	Deduction
Single	\$ 6,100
Head of household	\$ 8,950
Married filing jointly or surviving spouse	\$12,200
Married filing separately	\$ 6,100

CAPITAL GAINS TAX RATES

Type of gain	Maximum rate
Short-term gain (assets held 12 months or less)	39.6%
Long-term gain (generally assets held more than 12 months)	15% or 20% ¹
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% ²
Long-term gain that would be taxed at 15% or less based on the taxpayer's ordinary-income rate	0%

¹ The 20% rate applies only to those with taxable income exceeding \$400,000 (singles), \$425,000 (heads of households), \$450,000 (joint filers) or \$225,000 (separate filers).

² Effective rate based on 50% exclusion from a 28% rate.

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 – \$179,500	26%	\$ 0
Over \$179,500	\$46,670 + 28%	\$179,500

Married filing separately

<i>If taxable income is ...</i>	<i>... tax is ...</i>	<i>... of amount over</i>
\$0 – \$ 89,750	26%	\$ 0
Over \$ 89,750	\$23,335 + 28%	\$ 89,750

Exemptions

<i>Filing status</i>	<i>Exemption amount</i>
Single or head of household	\$51,900
Married filing jointly	\$80,800
Married filing separately	\$40,400

Exemption phaseouts based on AMT income

<i>Filing status</i>	<i>Income range of phaseout</i>
Single or head of household	\$115,400 – \$323,000
Married filing jointly	\$153,900 – \$477,100
Married filing separately	\$ 76,950 – \$238,550

STANDARD MILEAGE RATES

Use of vehicle	Deduction per mile
Business	56.5 cents
Medical or moving	24 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 \$113,700, 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 \$1,800 or more to household employees are also subject to FICA taxes.

Beginning in 2013, 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). A new 3.8% Medicare tax applies to net investment income to the extent that modified adjusted gross income (MAGI) exceeds these same amounts.

PERSONAL EXEMPTION AND ITEMIZED DEDUCTION LIMITS

Exemption amount: \$3,900

Personal exemptions and many itemized deductions are reduced if adjusted gross income (AGI) exceeds certain levels: \$250,000 (singles), \$275,000 (heads of households), \$300,000 (joint filers) and \$150,000 (separate filers).

HEALTH SAVINGS ACCOUNTS

Limit	Individual	Family
Contribution	\$3,250	\$ 6,450
Catch-up contribution	\$1,000	\$ 1,000
Minimum high-deductible health plan (HDHP) deductible	\$1,250	\$ 2,500
Maximum HDHP out-of-pocket costs	\$6,250	\$12,500

COVERDELL ESAs

Contribution limit per beneficiary: \$2,000

Phaseouts based on contributor's MAGI

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

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	\$6,416,667 + 35%	\$ 18,333,333

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

SECTION 179 EXPENSING

	2013	2014
Expensing limit	\$ 500,000	\$ 25,000
Phaseout threshold	\$2,000,000	\$200,000

BONUS DEPRECIATION

2013	2014¹
50%	0%

¹ 50% for certain long-lived and transportation property.

DEPRECIATION CLASSES AND METHODS

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

¹ Declining-balance.

MACRS DEPRECIATION RATES (with half-year convention)

	Asset class		
Year	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%

RETIREMENT BENEFIT LIMITS

Benefit	Limit
Contributions to 401(k), 403(b), 457(b)(2), 457(c)(1) and SARSEP plans	\$ 17,500
Contributions to defined contribution plans	\$ 51,000
Contributions to SIMPLEs	\$ 12,000
Contributions to IRAs	\$ 5,500
Catch-up contributions to 401(k), 403(b), 457(b)(2), 457(c)(1) and SARSEP plans	\$ 5,500
Catch-up contributions to SIMPLEs	\$ 2,500
Catch-up contributions to IRAs	\$ 1,000
Compensation for benefit purposes for qualified plans and SEPs	\$255,000
Highly compensated employee threshold	\$115,000
Annual benefit for defined benefit plans	\$205,000

LONG-TERM CARE INSURANCE

Age	Premium deduction limit
40 and under	\$ 360
41 to 50	\$ 680
51 to 60	\$ 1,360
61 to 70	\$ 3,640
Over 70	\$ 4,550

EARNINGS THRESHOLDS FOR PHASEOUT OF SOCIAL SECURITY BENEFITS

Retirement age status	Earnings limit
Before Full Retirement Age (FRA)	\$15,120 per year
Pre-FRA in year you reach FRA	\$3,340 per month
After FRA	None

ESTATE AND TRUST INCOME TAX RATES

<i>If taxable income is ...</i>	<i>... tax is ...</i>	<i>... of amount over</i>
\$ 0 – \$ 2,450	15%	\$ 0
\$2,451 – \$ 5,700	\$ 367.50 + 25%	\$ 2,450
\$5,701 – \$ 8,750	\$ 1,180.00 + 28%	\$ 5,700
\$8,751 – \$11,950	\$ 2,034.00 + 33%	\$ 8,750
Over \$11,950	\$ 3,090.00 + 39.6%	\$11,950

GIFT AND ESTATE TAX EXEMPTIONS AND RATES

Year	Exemption	Top rate
2012	\$ 5,120,000	35%
2013	\$ 5,250,000	40%

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

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