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Tax Changes for 2013

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The Internal Revenue Service has announced annual inflation adjustments for tax year 2013, including the tax rate schedules, and other tax changes from the recently passed American Taxpayer Relief Act of 2012.

The tax items for 2013 of greatest interest to most taxpayers include the following changes.

Beginning in tax year 2013 (generally for tax returns filed in 2014), a new tax rate of 39.6 percent has been added for individuals whose income exceeds \$400,000 (\$450,000 for married taxpayers filing a joint return). The other marginal rates — 10, 15, 25, 28, 33 and 35 percent — remain the same as in prior years. The guidance contains the taxable income thresholds for each of the marginal rates.

The standard deduction rises to \$6,100 (\$12,200 for married couples filing jointly), up from \$5,950 (\$11,900 for married couples filing jointly) for tax year 2012.

The American Taxpayer Relief Act of 2012 added a limitation for itemized deductions claimed on 2013 returns of individuals with incomes of \$250,000 or more (\$300,000 for married couples filing jointly).

The personal exemption rises to \$3,900, up from the 2012 exemption of \$3,800. However beginning in 2013, the exemption is subject to a phase-out that begins with adjusted gross incomes of \$250,000 (\$300,000 for married couples filing jointly). It phases out completely at \$372,500 (\$422,500 for married couples filing jointly.)

The Alternative Minimum Tax exemption amount for tax year 2013 is \$51,900 (\$80,800, for married couples filing jointly), set by the American Taxpayer Relief Act of 2012, which indexes future amounts for inflation. The 2012 exemption amount was \$50,600 (\$78,750 for married couples filing jointly).

The maximum Earned Income Credit amount is \$6,044 for taxpayers filing jointly who have 3 or more qualifying children, up from a total of \$5,891 for tax year 2012.

Estates of decedents who die during 2013 have a basic exclusion amount of \$5,250,000, up from a total of \$5,120,000 for estates of decedents who died in 2012.

For tax year 2013, the monthly limitation regarding the aggregate fringe benefit exclusion amount for transit passes and transportation in a commuter highway vehicle is \$245, up from \$240 for tax year 2012 (the legislation provided a retroactive increase from the \$125 limit that had been in place).

Details on these inflation adjustments and others are contained in Revenue Procedure 2013-15, which will be published in Internal Revenue Bulletin 2013-5 on Jan.28, 2013. Other inflation adjusted items were published in October 2012 in [Revenue Procedure 2012-41](#).
