

IRS News Release

Media Relations Office

Washington, D.C.

Media Contact: 202.622.4000

www.irs.gov/newsroom

Public Contact: 800.829.1040

In 2014, Various Tax Benefits Increase Due to Inflation Adjustments

IR-2013-87, Oct. 31, 2013

WASHINGTON — For tax year 2014, the Internal Revenue Service announced today annual inflation adjustments for more than 40 tax provisions, including the tax rate schedules, and other tax changes. [Revenue Procedure 2013-35](#) provides details about these annual adjustments.

The tax items for tax year 2014 of greatest interest to most taxpayers include the following dollar amounts.

- The tax rate of 39.6 percent affects singles whose income exceeds \$406,750 (\$457,600 for married taxpayers filing a joint return), up from \$400,000 and \$450,000, respectively. The other marginal rates – 10, 15, 25, 28, 33 and 35 percent – and the related income tax thresholds are described in the revenue procedure.
- The standard deduction rises to \$6,200 for singles and married persons filing separate returns and \$12,400 for married couples filing jointly, up from \$6,100 and \$12,200, respectively, for tax year 2013. The standard deduction for heads of household rises to \$9,100, up from \$8,950.
- The limitation for itemized deductions claimed on tax year 2014 returns of individuals begins with incomes of \$254,200 or more (\$305,050 for married couples filing jointly).
- The personal exemption rises to \$3,950, up from the 2013 exemption of \$3,900. However, the exemption is subject to a phase-out that begins with adjusted gross incomes of \$254,200 (\$305,050 for married couples filing jointly). It phases out completely at \$376,700 (\$427,550 for married couples filing jointly.)
- The Alternative Minimum Tax exemption amount for tax year 2014 is \$52,800 (\$82,100, for married couples filing jointly). The 2013 exemption amount was \$51,900 (\$80,800 for married couples filing jointly).
- The maximum Earned Income Credit amount is \$6,143 for taxpayers filing jointly who have 3 or more qualifying children, up from a total of \$6,044 for tax year 2013. The revenue procedure has a table providing maximum credit amounts for other categories, income thresholds and phaseouts.
- Estates of decedents who die during 2014 have a basic exclusion amount of \$5,340,000, up from a total of \$5,250,000 for estates of decedents who died in 2013.

- The annual exclusion for gifts remains at \$14,000 for 2014.
- The annual dollar limit on employee contributions to employer-sponsored healthcare flexible spending arrangements (FSA) remains unchanged at \$2,500.
- The foreign earned income exclusion rises to \$99,200 for tax year 2014, up from \$97,600, for 2013.
- The small employer health insurance credit provides that the maximum credit is phased out based on the employer's number of full-time equivalent employees in excess of 10 and the employer's average annual wages in excess of \$25,400 for tax year 2014, up from \$25,000 for 2013.

Details on these inflation adjustments and others not listed in this release can be found in [Revenue Procedure 2013-35](#), which will be published in Internal Revenue Bulletin 2013-47 on Nov. 18, 2013.