

IRS News Release

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In 2011, Many Tax Benefits Increase Slightly Due to Inflation Adjustments

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WASHINGTON — In 2011, personal exemptions and standard deductions will rise and tax brackets will widen due to inflation, the Internal Revenue Service announced today.

These inflation adjustments relate to eight tax provisions that were either modified or extended by the Tax Relief, Unemployment Insurance Reauthorization and Job Creation Act of 2010 that became law on Dec. 17. New dollar amounts affecting 2011 returns, filed by most taxpayers in early 2012, include the following:

- The value of each personal and dependent exemption, available to most taxpayers, is \$3,700, up \$50 from 2010.
- The new standard deduction is \$11,600 for married couples filing a joint return, up \$200, \$5,800 for singles and married individuals filing separately, up \$100, and \$8,500 for heads of household, also up \$100. The additional standard deduction for blind people and senior citizens is \$1,150 for married individuals, up \$50, and \$1,450 for singles and heads of household, also up \$50. Nearly two out of three taxpayers take the standard deduction, rather than itemizing deductions, such as mortgage interest, charitable contributions and state and local taxes.
- Tax-bracket thresholds increase for each filing status. For a married couple filing a joint return, for example, the taxable-income threshold separating the 15-percent bracket from the 25-percent bracket is \$69,000, up from \$68,000 in 2010.
- The maximum earned income tax credit (EITC) for low- and moderate- income workers and working families rises to \$5,751, up from \$5,666 in 2010. The maximum income limit for the EITC rises to \$49,078, up from \$48,362 in 2010. The credit varies by family size, filing status and other factors, with the maximum credit going to joint filers with three or more qualifying children.
- The modified adjusted gross income threshold at which the lifetime learning credit begins to phase out is \$102,000 for joint filers, up from \$100,000, and \$51,000 for singles and heads of household, up from \$50,000.

Several tax benefits are unchanged in 2011. For example, the monthly limit on the value of qualified transportation benefits (parking, transit passes, etc.) provided by an employer to its employees, remains at \$230. Details on these inflation adjustments can be found in Revenue Procedure 2011-12 that will be posted today on IRS.gov.

By law, the dollar amounts for a variety of tax provisions, affecting virtually every taxpayer, must be revised each year to keep pace with inflation. Most of the new dollar amounts, including retirement-plan-related adjustments, were announced in October. To avoid confusion, the eight provisions released today were not included in the October announcements, due to the anticipated impact of extender legislation.