

S H A R I & S O N S



T A X S E R V I C E , I N C .

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S.S.T.S Changes

We hope everyone had a healthy and prosperous year and would like to take this opportunity to thank each and every one of you for your past and continued patronage.

Our fax number has changed to: (419) 775-4471

E-filing begins January 23, 2017.

- Beginning in 2017, if you claim the Earned Income Tax Credit (EITC) or Additional Child Tax Credit (ACTC) on your tax return, the IRS must hold your refund until at least **February 15**. The IRS will begin to release EITC/ACTC refunds starting February 15. However, the IRS cautions taxpayers that these refunds likely won't arrive in bank accounts or on debit cards until the week of **February 27**. Check [Where's My Refund](#) on IRS.gov or the IRS mobile app, [IRS2Go](#), after February 15 for your personalized refund status.
- The mailbox is located on the right side of the office if you need to drop anything off. With the privacy act there are forms that we need signed if you do drop something off make sure that you sign the consent form that is in the mailbox or available on our website (www.staxservice.com). If you have any questions or would like to schedule an appointment, please feel free to call. Keep in mind that you can always drop your return off at any time.

2016 Tax Changes

The tax items for tax year 2016 of greatest interest to most taxpayers include the following dollar amounts:

- For tax year 2016, the 39.6 percent tax rate affects single taxpayers whose income exceeds \$415,050 (\$466,950 for married taxpayers filing jointly), up from \$413,200 and \$464,850, respectively. The other marginal rates – 10, 15, 25, 28, 33 and 35 percent – and the related income tax thresholds for tax year 2016 are described in the revenue procedure.
- The standard deduction for heads of household rises to \$9,300 for tax year 2016, up from \$9,250, for tax year 2015. The other standard deduction amounts for 2016 remain as they were for 2015: \$6,300 for singles and married persons filing separate returns and \$12,600 for married couples filing jointly
- The limitation for itemized deductions to be claimed on tax year 2016 returns of individuals begins with incomes of \$259,400 or more (\$311,300 for married couples filing jointly).
- The personal exemption for tax year 2016 rises \$50 to \$4,050, up from the 2015 exemption of \$4,000. However, the exemption is subject to a phase-out that begins with adjusted gross incomes of \$259,400 (\$311,300 for married couples filing jointly). It phases out completely at \$381,900 (\$433,800 for married couples filing jointly.)
- The Alternative Minimum Tax exemption amount for tax year 2016 is \$53,900 and begins to phase out at \$119,700 (\$83,800, for married couples filing jointly for whom the exemption begins to phase out at \$159,700). The 2015 exemption amount was \$53,600 (\$83,400 for married couples filing jointly). For tax year 2016, the 28 percent tax rate applies to taxpayers with taxable incomes above \$186,300 (\$93,150 for married individuals filing separately).
- The tax year 2016 maximum Earned Income Credit amount is \$6,269 for taxpayers filing jointly who have 3 or more qualifying children, up from a total of \$6,242 for tax year 2015. The revenue procedure has a table providing maximum credit amounts for other categories, income thresholds and phase-outs.
- For tax year 2016, the monthly limitation for the qualified transportation fringe benefit remains at \$130 for transportation, but rises to \$255 for qualified parking, up from \$250 for tax year 2015.

- For tax year 2016 participants who have self-only coverage in a Medical Savings Account, the plan must have an annual deductible that is not less than \$2,250, up from \$2,200 for tax year 2015; but not more than \$3,350, up from \$3,300 for tax year 2015. For self-only coverage the maximum out of pocket expense amount remains at \$4,450. For tax year 2016 participants with family coverage, the floor for the annual deductible remains as it was in 2015 -- \$4,450, however the deductible cannot be more than \$6,700, up \$50 from the limit for tax year 2015. For family coverage, the out of pocket expense limit remains at \$8,150 for tax year 2016 as it was for tax year 2015.
- For tax year 2016, the adjusted gross income amount used by joint filers to determine the reduction in the Lifetime Learning Credit is \$111,000, up from \$110,000 for tax year 2015.
- For tax year 2016, the foreign earned income exclusion is \$101,300, up from \$100,800 for tax year 2015.
- Estates of decedents who die during 2016 have a basic exclusion amount of \$5,450,000, up from a total of \$5,430,000 for estates of decedents who died in 2015.

Shari & Sons Tax Service, Inc.