

2012 – 2014 Tax Environment

	<u>2012 Law</u>	<u>2013 Law</u>	<u>2014 Law</u>
Individual Income Tax			
<u>General Overview</u>	<ul style="list-style-type: none"> Bush-era tax cuts continue in effect High-income taxpayers not subject to phase-out of their itemized deductions or personal exemptions AMT thresholds retroactively increased and permanently indexed for inflation 	<ul style="list-style-type: none"> With the passage of the American Taxpayer Relief Act of 2012 (ATRA), lower rates with special treatment of qualified dividends and capital gains, with exceptions for high-income taxpayers New 3.8% Medicare surtax on Net Investment Income AMT thresholds adjusted for inflation 	<ul style="list-style-type: none"> The rates established by ATRA continue, with brackets indexed for inflation 3.8% Medicare surtax on Net Investment Income continues without inflation adjustment AMT thresholds adjusted for inflation
<u>Ordinary Income Tax Rates of Individuals</u>	10%, 15%, 25%, 28%, 33% and 35%	10%, 15%, 25%, 28%, 33%, 35% and 39.6% on taxable income over \$400,000 for singles and \$450,000 for married* filing jointly	10%, 15%, 25%, 28%, 33%, 35% and 39.6% on taxable income over \$406,750 for singles and \$457,600 for married filing jointly
<u>Ordinary Income Tax Rates of Estates and Trusts</u>	15%, 25%, 28%, 33% and 35% on taxable income in excess of \$11,650	15%, 25%, 28%, 33% and 39.6% on taxable income in excess of \$11,950	15%, 25%, 28%, 33% and 39.6% on taxable income in excess of \$12,150
<u>Qualified Dividends and Long Term Capital Gains</u>	<ul style="list-style-type: none"> 0% and 15% Other special purpose rates (e.g., collectibles 28%) 	<ul style="list-style-type: none"> 0%, 15% and 20% Other special purpose rates (e.g., collectibles 28%) 	<ul style="list-style-type: none"> 0%, 15% and 20% Other special purpose rates (e.g., collectibles 28%)
<u>Itemized Deductions and Personal Exemptions</u>	<ul style="list-style-type: none"> The personal exemption (\$3,800) is not subject to phase-out High income taxpayers are not subject to phase-out of their itemized deductions 	<ul style="list-style-type: none"> Phase-out personal exemptions (\$3,900) and up to 80% of itemized deductions for high-income taxpayers Beginning of phase-out AGI \$250,000 for singles and \$300,000 for married filing jointly 	<ul style="list-style-type: none"> Phase-out personal exemptions (\$3,950) and up to 80% of itemized deductions for high-income taxpayers Beginning of phase-out AGI \$254,200 for singles and \$305,050 for married filing jointly
<u>Standard Deduction</u>	\$5,950 for singles and \$11,900 for married filing jointly	\$6,100 for singles and \$12,200 for married filing jointly	\$6,200 for singles and \$12,400 for married filing jointly

- Following the Supreme Court's decision in *United States v. Windsor* and pursuant to Revenue Ruling 2013-17 for federal tax purposes "married" applies to valid same-sex marriages, regardless of the state in which the couple resides, but does not extend to civil unions.



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<u>Alternative Minimum Tax</u>	Thresholds retroactively increased for 2012 by ATRA and permanently indexed for inflation thereafter		
<u>AMT Exemption Amount</u>	<ul style="list-style-type: none"> \$78,750 married filing jointly and surviving spouse \$39,375 married filing separate \$50,600 single filers and head of household Subject to phase-outs 	<ul style="list-style-type: none"> \$80,800 married filing jointly and surviving spouse \$40,400 married filing separate \$51,900 single filers and head of household Subject to phase-outs 	<ul style="list-style-type: none"> \$82,100 married filing jointly and surviving spouse \$41,050 married filing separate \$52,800 single filers and head of household Subject to phase-outs
<u>Medicare Contribution Tax on Net Investment Income</u>			
	N/A	<ul style="list-style-type: none"> 3.8% Medicare contribution tax Individual threshold amount MAGI \$200,000 for singles, \$250,000 for married filing jointly Estate and trust threshold amount AGI \$11,950 	<ul style="list-style-type: none"> 3.8% Medicare contribution tax Individual threshold amount MAGI \$200,000 for singles, \$250,000 for married filing jointly Estate and trust threshold amount AGI \$12,150
<u>Gift, Estate, GST Tax</u>			
<u>Gift Tax Annual Exclusion</u>	\$13,000	\$14,000	\$14,000
<u>Marginal Gift, Estate and GST Tax Rates</u>	35%	40%	40%
<u>Exclusions/Exemption</u>	\$5,000,000 adjusted for inflation		
	\$5,120,000 with portability for estate tax purposes	\$5,250,000 with portability for estate tax purposes	\$5,340,000 with portability for estate tax purposes

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