

## General Income Tax Highlights for 2016

Following are some of the tax changes and important tax information for your 2016 tax return:

- The Affordable Care Act requires you receive a 1095 form for 2016. This is like a W2, 1099R or annual Social Security Statement so it's important that you turn this in with your tax information. If you changed health insurance plans during 2016, you should receive a 1095 from each insurer that covered you.
  - People who buy their own insurance will receive a 1095A by January 31, 2016.
  - People in group plans will receive a 1095B or 1095C. **These forms may be delayed until March 2, 2017. The IRS allows us to go ahead and do your return without the 1095 B or C based on information you provide us about your health insurance.**
- The personal exemption has moved up to \$4,050 for 2016.
- The standard deduction for 2016 is:
  - Single \$6,300 (add \$1,250 if 65 or older or blind)
  - Married Filing Jointly \$12,600 (add \$1,550 if 65 or older or blind)
  - Head of Household \$9,300 (add \$1,550 if 65 or older or blind)
  - Married Filing Separately \$6,300 (add \$1,250 if 65 or older or blind)
- The threshold for medical expenses for itemized deductions is 10% if both you & your spouse are under 65.
- Standard Mileage Rates for 2016 are:
  - Business 54.0 cents per mile (down 3.5 cents from 2015)
  - Charitable 14 cents per mile (unchanged from 2015)
  - Medical & moving 19 cents per mile (down 4 cents from 2015)
- IRA Contribution \$5,500. If 50 or older it is \$6,500. Applies to traditional and Roth IRAs.
- Gift Exclusion for 2016 and 2016 is \$14,000.
- The top tax rate for 2016 is 39.6%.
- For most taxpayers the maximum capital gains rate is 15%. For taxpayers in the 33% & 35% tax brackets, the capital gains tax rate is 18.8%. For taxpayers in the 39.6% tax bracket, the capital gains tax rate is 23.8%. (Includes the 3.8% tax on net investment income)
- The following items are important changes for 2016:
  - Tax filers claiming Earned Income Credit &/or Additional Child Tax Credit who have a refund will not receive their refunds before February 15. The IRS intends to more closely monitor these returns for accuracy.
  - Taxpayers who want to claim education credits must receive Form 1098-T. Preparers may not claim education credits if no Form 1098-T is provided by taxpayer.
  - Qualified Charitable Distribution from IRAs by taxpayers who are at least 70 ½.
  - For business owners, for 2016 for the first time the cost of air conditioning & heating units are allowed for Section 179 expense.