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THINKSTOCK

POSSIBLE U.S. TAX CHANGES FOR SNOWBIRDS

REPUBLICANS HAVE CONTROL OF THE U.S. SENATE, SO THEIR PARTY NOW HAS BOTH HOUSES OF CONGRESS. THIS COULD GIVE STALLED LEGISLATION A BOOST.

A proposed snowbird visa previously made it through the House, but not the Senate; the GOP majority could give it new life. And, three senators are pushing to prevent those who renounce U.S. citizenship from re-entering the U.S.

On the U.S. income tax front, it's unlikely the election results will spark reform for individual taxpayers. It's more likely we'll see steps to curb corporate tax avoidance measures.

But there's still plenty going on. At the end of October, the IRS, in Revenue Procedure 2014-61, announced their inflation adjustments for more than 40 tax provisions. This included income, gift, estate and expatriation tax provisions.

Most important to advisors

- > The 39.6% tax rate affects singles whose income exceeds \$413,200, or \$464,850 for married taxpayers filing a joint return. That's up from \$406,750 and \$457,600, respectively. The other marginal rates—10%, 15%, 25%, 28%, 33% and 35%—and the related income-tax thresholds are described in the revenue procedure.
- > The standard deduction rises to \$6,300 for singles and married persons filing separate returns, and \$12,600 for married couples filing jointly: up from \$6,200 and \$12,400, respectively, for tax year 2014. The standard deduction for heads of household rises to \$9,250, up from \$9,100.
- > Limitation for itemized deductions to be claimed on individual 2015 tax year returns

begins with incomes of \$258,250 or more (\$309,900 for married couples filing jointly).

- > The personal exemption for tax year 2015 rises to \$4,000 from \$3,950 in 2014. However, the exemption is subject to a phase-out that begins with adjusted gross incomes of \$258,250 (\$309,900 for married couples filing jointly). It phases out completely at \$380,750 (\$432,400 for married couples filing jointly).
- > The Alternative Minimum Tax exemption amount for 2015 is \$53,600 (\$83,400, for married couples filing jointly). The 2014 exemption amount was \$52,800 (\$82,100 for married couples filing jointly).
- > The 2015 maximum Earned Income Credit amount is \$6,242 for taxpayers filing jointly and who have three or more qualifying children, up from a total of \$6,143 for tax year 2014.
- > Estates of people who die during 2015 have a basic exclusion amount of \$5.43 million, up from \$5.34 million in 2014.
- > For 2015, the exclusion from tax on a gift to a spouse who is not a U.S. citizen is \$147,000, up from \$145,000 in 2014.
- > For 2015, the foreign earned income exclusion breaks the six-figure mark, rising to \$100,800 from \$99,200 for 2014.
- > The annual exclusion for gifts remains at \$14,000.
- > Expatriation to avoid tax for mark-to-market tax exemption purposes has a capital gain exemption threshold of \$690,000.^{AE}