

**1040**

Form 1040

2013 Tax Year

Registered Tax Return Preparer Edition

TAX PREPARATION

2013 Key Amounts

Standard Deduction		Earned Income Credit (Maximum)	
MFJ or QW ¹	\$ 12,200	No children	\$ 487
Single ²	6,100	1 child	3,250
HOH ²	8,950	2 children	5,372
MFS ¹	6,100	>2 children	6,044
Dependent ²	1,000 ³	Investment income limit	3,300
Personal Exemption		Kiddie Tax Threshold	
\$3,900		\$2,000	
Gift Tax Annual Exclusion		Elective Deferral Limits	
\$14,000		SIMPLE IRA Plan	
Estate and Gift Tax Exclusion Amount		< age 50	\$ 12,000
\$5,250,000		≥ age 50	14,500
Standard Mileage Rates			
Business	56.5¢	401(k), 403(b) and 457 Plans	
Medical/moving	24¢	< age 50	\$ 17,500
Charitable	14¢	≥ age 50	23,000
Profit-Sharing Plan/SEP			
Contribution limit			\$ 51,000
Compensation limit ⁴			\$255,000
Health Savings Accounts (HSAs)			
	Contribution (deduction) limit		\$ 3,250
Self-only coverage	Plan minimum deductible		1,250
	Plan out-of-pocket limit		6,250
	Contribution (deduction) limit		\$ 6,450
Family coverage	Plan minimum deductible		2,500
	Plan out-of-pocket limit		12,500
	Additional contribution amount if age 55 or older		\$ 1,000

¹ Add \$1,200 for age 65 or older or blind, each.² Add \$1,500 for age 65 or older or blind, each.³ If greater, amount of earned income plus \$350 (but not to exceed \$6,100).⁴ For computing employer contributions.**2013 Quick Tax Method****MFJ, QW Taxable Income**

2013 Quick Tax Method

\$ 0	- \$ 17,850	× 10.0%	minus	\$ 0.00	= Tax
17,851	- 72,500	× 15.0	minus	892.50	= Tax
72,501	- 146,400	× 25.0	minus	8,142.50	= Tax
146,401	- 223,050	× 28.0	minus	12,534.50	= Tax
223,051	- 398,350	× 33.0	minus	23,687.00	= Tax
398,351	- 450,000	× 35.0	minus	31,654.00	= Tax
450,001	and over	× 39.6	minus	52,354.00	= Tax

Single Taxable Income

\$ 0	- \$ 8,925	× 10.0%	minus	\$ 0.00	= Tax
8,926	- 36,250	× 15.0	minus	446.25	= Tax
36,251	- 87,850	× 25.0	minus	4,071.25	= Tax
87,851	- 183,250	× 28.0	minus	6,706.75	= Tax
183,251	- 398,350	× 33.0	minus	15,869.25	= Tax
398,351	- 400,000	× 35.0	minus	23,836.25	= Tax
400,001	and over	× 39.6	minus	42,236.25	= Tax

HOH Taxable Income

\$ 0	- \$ 12,750	× 10.0%	minus	\$ 0.00	= Tax
12,751	- 48,600	× 15.0	minus	637.50	= Tax
48,601	- 125,450	× 25.0	minus	5,497.50	= Tax
125,451	- 203,150	× 28.0	minus	9,261.00	= Tax
203,151	- 398,350	× 33.0	minus	19,418.50	= Tax
398,351	- 425,000	× 35.0	minus	27,385.50	= Tax
425,001	and over	× 39.6	minus	46,935.50	= Tax

MFS Taxable Income

\$ 0	- \$ 8,925	× 10.0%	minus	\$ 0.00	= Tax
8,926	- 36,250	× 15.0	minus	446.25	= Tax
36,251	- 73,200	× 25.0	minus	4,071.25	= Tax
73,201	- 111,525	× 28.0	minus	6,267.25	= Tax
111,526	- 199,175	× 33.0	minus	11,843.50	= Tax
199,176	- 225,000	× 35.0	minus	15,827.00	= Tax
225,001	and over	× 39.6	minus	26,177.00	= Tax

Note: Assumes taxable income is all ordinary income. High-income taxpayers may also be subject to the 3.8% tax on net investment income and/or the 0.9% additional Medicare tax on earned income. **Caution:** IRS Tax Tables must be used for taxable income under \$100,000. To calculate the exact tax using the Quick Tax Method for taxable income under \$100,000, round taxable income to the nearest \$25 or \$75 increment before using the formula. Round \$50 or \$100 increments up.

2013 AGI Phase-Out Amounts/Thresholds

<i>Filing Status</i>	Tuition and Fees Deduction ¹		Student Loan Interest Deduction		Education Savings Bond Interest Exclusion		Lifetime Learning Credit		American Opportunity Credit
MFJ	\$130,000 / \$160,000		\$125,000 - \$155,000		\$112,050 - \$142,050		\$107,000 - \$127,000		\$160,000 - \$180,000
QW	65,000 /	80,000	60,000 -	75,000	112,050 -	142,050	53,000 -	63,000	80,000 -
Single	65,000 /	80,000	60,000 -	75,000	74,700 -	89,700	53,000 -	63,000	80,000 -
HOH	65,000 /	80,000	60,000 -	75,000	74,700 -	89,700	53,000 -	63,000	80,000 -
MFS	Do Not Qualify		Do Not Qualify		Do Not Qualify		Do Not Qualify		Do Not Qualify
	Itemized Deductions ²	Saver's Credit ³	Earned Income Credit ³				Traditional IRA Deduction ⁴	Roth IRA Contribution Limit ⁵	
			No Child	1 Child	2 Children	>2 Children			
MFJ	\$ 300,000	\$ 59,000	\$ 19,680	\$ 43,210	\$ 48,378	\$ 51,567	\$ 95,000 - \$115,000	\$178,000 - \$188,000	
QW	300,000	29,500	14,340	37,870	43,038	46,227	95,000 - 115,000	178,000 - 188,000	
Single	250,000	29,500	14,340	37,870	43,038	46,227	59,000 - 69,000	112,000 - 122,000	
HOH	275,000	44,250	14,340	37,870	43,038	46,227	59,000 - 69,000	112,000 - 122,000	
MFS	150,000	29,500	Do Not Qualify				0 ⁵ - 10,000	0 ⁵ - 10,000	

¹ Amounts shown are thresholds for \$4,000 and \$2,000 deduction, respectively.

² Amount at which phase-out begins.

³ Amount at which phase-out is complete.

⁴ Phase-out only applies if taxpayer is covered by an employer retirement plan. For MFJ, phase-out range for \$178,000-\$188,000.

⁵ Married individuals filing MFS who live apart at all times during the year are treated as single.

⁶ Amount at which tax begins.

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2014 Key Amounts

Standard Deduction		Earned Income Credit (Maximum)	
MFJ or QW ¹	\$ 12,400	No Children	\$ 496
Single ²	6,200	1 Child	3,305
HOH ²	9,100	2 Children	5,460
MFS ¹	6,200	>2 Children	6,143
Dependent ²	1,000 ⁵	Investment Income Limit	\$ 3,350
Traditional IRA Deduction		Elective Deferral Limits	
Phase-Out Begins at AGI of		SIMPLE IRA	
MFJ, ⁴ QW ⁴	\$ 96,000	< age 50	\$ 12,000
MFJ ³	181,000	≥ age 50	14,500
Single ⁴	60,000	401(k), 403(b) and 457 Plans	
HOH ⁴	60,000	< age 50	\$ 17,500
MFS ⁴	0	≥ age 50	23,000
Gift Tax Annual Exclusion		Kiddie Tax Threshold	
\$14,000		\$2,000	

Profit-Sharing Plan/SEP

Contribution limit	\$ 52,000
Compensation limit (for computing employer contributions)	260,000

¹ Add \$1,200 for ≥ age 65 or blind, each.

² Add \$1,550 for ≥ age 65 or blind, each.

³ Noncovered spouse.

⁴ Covered by an employer retirement plan.

⁵ If greater, earned income plus \$350, not to exceed \$6,200.

Updates

For supplemental information to the material in this handbook, please refer to the Updates section of our website: tax.thomsonreuters.com/quickfinder.

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2014 Quick Tax Method

MFJ or QW Taxable Income

\$ 0	- \$ 18,150	× 10.0%	minus	\$ 0.00	= Tax
18,151	- 73,800	× 15.0	minus	907.50	= Tax
73,801	- 148,850	× 25.0	minus	8,287.50	= Tax
148,851	- 226,850	× 28.0	minus	12,753.00	= Tax
226,851	- 405,100	× 33.0	minus	24,095.50	= Tax
405,101	- 457,600	× 35.0	minus	32,197.50	= Tax
457,601	and over	× 39.6	minus	53,247.10	= Tax

Single Taxable Income

\$ 0	- \$ 9,075	× 10.0%	minus	\$ 0.00	= Tax
9,076	- 36,900	× 15.0	minus	453.75	= Tax
36,901	- 89,350	× 25.0	minus	4,143.75	= Tax
89,351	- 186,350	× 28.0	minus	6,824.25	= Tax
186,351	- 405,100	× 33.0	minus	16,141.75	= Tax
405,101	- 406,750	× 35.0	minus	24,243.75	= Tax
406,751	and over	× 39.6	minus	42,954.25	= Tax

HOH Taxable Income

\$ 0	- \$ 12,950	× 10.0%	minus	\$ 0.00	= Tax
12,951	- 49,400	× 15.0	minus	647.50	= Tax
49,401	- 127,550	× 25.0	minus	5,587.50	= Tax
127,551	- 206,600	× 28.0	minus	9,414.00	= Tax
206,601	- 405,100	× 33.0	minus	19,744.00	= Tax
405,101	- 432,200	× 35.0	minus	27,846.00	= Tax
432,201	and over	× 39.6	minus	47,727.20	= Tax

MFS Taxable Income

\$ 0	- \$ 9,075	× 10.0%	minus	\$ 0.00	= Tax
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2014 Quick Tax Method

9,076	-	36,900	× 15.0	minus	453.75	= Tax
36,901	-	74,425	× 25.0	minus	4,143.75	= Tax
74,426	-	113,425	× 28.0	minus	6,376.50	= Tax
113,426	-	202,550	× 33.0	minus	12,047.75	= Tax
202,551	-	228,800	× 35.0	minus	16,098.75	= Tax
228,801	and over		× 39.6	minus	26,623.55	= Tax

Note: Assumes taxable income is all ordinary income. High-income taxpayers may also be subject to the 3.8% tax on net investment income and/or the 0.9% additional Medicare tax on earned income.

Tax Rules By Age for 2013

Age Rule

- 13** Cannot claim a child care credit for children age 13 or older.
- 17** Cannot claim \$1,000 child tax credit for children age 17 or older.
 - • Children working for parents' unincorporated business subject to FICA.
 - • Generally cannot contribute to an ESA for children age 18 or older.
- 18** Adoption credit/exclusion generally unavailable for children age 18 or older.
 - • Taxpayer qualifies for saver's credit (if neither a dependent nor student).
 - • Kiddie tax doesn't apply *if* child's earned income > than half his support.
- 19** Exemption for dependent children who are not full-time students expires.
 - • Kiddie tax generally no longer applies except to full-time students.
- 21** Children working for parents' unincorporated business subject to FUTA.
 - • Exemption for dependent children who are full-time-students expires.
- 24** Can purchase savings bonds and exclude income used for education.
 - • Kiddie tax no longer applies.
- 25** Taxpayers with no children qualify for EIC.
- 27** Income exclusion for health insurance coverage and self-employed health insurance deduction for coverage of children age 26 and younger expires.
- 30** Generally must distribute ESA when beneficiary reaches age 30.
- 50** • •

Tax Rules By Age for 2013

Eligible for catch-up contributions to IRAs, SIMPLE-IRAs, 401(k), 403(b) and 457 plans.

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Qualified public safety employees eligible for penalty-free withdrawals from a governmental defined benefit pension plan, if retired.

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55 Eligible for penalty-free withdrawal from employer retirement plan (but not an IRA) if separated from service.

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Eligible for catch-up contributions to HSAs.

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59½ Penalty for early withdrawal from retirement accounts expires.

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Roth IRA distributions are tax-free (if any Roth held for at least five years).

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Non-itemizers become eligible for a higher standard deduction.

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Taxpayers with no children no longer qualify for EIC.

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65 HSA and MSA withdrawals not used for medical costs are taxed but no longer subject to a 20% penalty.

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Eligible for credit for the elderly.

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7.5% (rather than 10%) of AGI threshold applies to medical expenses.

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70½ Contributions no longer allowed to traditional IRAs.

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RMDs from retirement plans (other than Roth IRAs) must begin.