

# T<sup>GDB</sup> Tax LAW UPDATE

## 2017 COST OF LIVING ADJUSTMENTS ANNOUNCED

### SOME TAX BENEFITS INCREASE DUE TO INFLATION ADJUSTMENTS

**T**HE INTERNAL REVENUE SERVICE, AS REQUIRED BY VARIOUS SECTIONS OF THE INTERNAL REVENUE CODE, RECENTLY ANNOUNCED THE 2017 COST OF LIVING ADJUSTED AMOUNTS THAT WILL APPLY TO CERTAIN DEDUCTIONS AND EXEMPTIONS TO INCOME TAX BRACKETS BEGINNING IN 2017.

### CHANGED FOR 2017

#### GIFT AND ESTATE TAX RELATED AMOUNTS

- Unified Credit Amount: \$2,141,800 (= Lifetime Exemption of \$5,490,000)
- Annual Exclusion for Gifts to a non-U.S. Citizen Spouse: \$149,000
- Special Use Valuation Amount for certain qualified real property: \$1,120,000
- Cap on 2% Interest Rate Portion of Estate Taxes Payable on certain installment payments: \$1,490,000

#### INCOME TAX RELATED AMOUNTS

2017 ORDINARY-INCOME TAX BRACKETS				
TAX RATE	SINGLE	HEAD OF HOUSEHOLD	MARRIED FILING JOINTLY OR SURVIVING SPOUSE	MARRIED FILING SEPARATELY
10%	\$0 – \$9,325	\$0 – \$13,350	\$0 – \$18,650	\$0 – \$9,325
15%	\$9,326 – \$37,950	\$13,351 – \$50,800	\$18,651 – \$75,900	\$9,326 – \$37,950
25%	\$37,951 – \$91,900	\$50,801 – \$131,200	\$75,901 – \$153,100	\$37,951 – \$76,550
28%	\$91,901 – \$191,650	\$131,201 – \$212,500	\$153,101 – \$233,350	\$76,551 – \$116,675
33%	\$191,651 – \$416,700	\$212,501 – \$416,700	\$233,351 – \$416,700	\$116,676 – \$208,350
35%	\$416,701 – \$418,400	\$416,701 – \$444,550	\$416,701 – \$470,700	\$208,351 – \$235,350
39.6%	Over \$418,400	Over \$444,550	Over \$470,700	Over \$235,350

#### PHASE-OUT OF MISCELLANEOUS DEDUCTIONS

- Single taxpayers: beginning at \$216,500, completely phased out at \$384,000 of AGI\*
- Heads of household: beginning at \$287,650, completely phased out at \$410,150 of AGI.
- Married filing jointly: beginning at \$313,800, completely phased out at \$436,300 of AGI.
- Married filing separately: beginning at \$156,900, completely phased out at \$218,150 of AGI.

AGI: Adjusted Gross Income

2017 AMT BRACKETS FOR ALTERNATIVE MINIMUM TAXABLE INCOME				
TAX RATE	SINGLE	HEAD OF HOUSEHOLD	MARRIED FILING JOINTLY OR SURVIVING SPOUSE	MARRIED FILING SEPARATELY
26%	\$0 – \$187,800	\$0 – \$187,800	\$0 – \$187,800	\$0 – \$93,900
28%	Over \$187,800	Over \$187,800	Over \$187,800	Over \$93,900

#### RETIREMENT PLAN AMOUNTS

- Annual benefit for defined benefit plans: \$215,000
- Annual compensation for benefit purposes of certain qualified and SEP plans: \$270,000
- SEP Contribution Limit: \$54,000

In addition to those changes mentioned above, additional changes have been made to “phase out amounts” for Traditional IRAs and Roth IRAs.

### UNCHANGED FOR 2017

#### GIFT AND ESTATE TAX RELATED AMOUNTS

- Annual Gift Tax Exclusion: remains at \$14,000

#### INCOME TAX AMOUNTS

- Personal exemption and dependency: \$4,050
- Retirement Plan amounts: except as noted above

Please feel free to call at 212.935.3131 or email the attorneys in the Tax & Estate Planning Group to discuss any questions you may have.

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