



## Getting Ready for Tax Season: Changes for 2012

*The IRS has issued cost-of-living adjustments for the 2012 tax year that modify brackets, deductions, and other thresholds for inflation.*

Although most Americans will not have to worry about 2012 taxes until early 2013 when 2012 tax returns are due, self-employed individuals or anyone who must pay quarterly tax payments will want to plan ahead.

And there's good news for those that do. The IRS recently announced cost-of-living adjustments for the 2012 tax year that bump up brackets, deductions, and other thresholds for inflation.

The following is a summary of the key changes for 2012.

- Exemptions are up: The personal and dependent exemption increases to \$3,800, up \$100 from 2011.
- Standard deductions have increased: The 2012 standard deduction increases to \$11,900 for married couples filing a joint return, \$5,950 for singles and married individuals filing separately, and \$8,700 for heads of household.
- Tax-bracket adjustments: Tax-bracket thresholds have increased for each filing status (see table below).
- Estate tax exclusion has increased: The estate tax exclusion increases to \$5,120,000, up from \$5,000,000 for 2011. The annual exclusion for gifts will remain at \$13,000.
- Earned income credits rise: The maximum earned income tax credit (EITC) rises to \$5,891, up from \$5,751 in 2011. The maximum income limit for the EITC increases to \$50,270, up from \$49,078 in 2011.
- Transportation benefits adjusted: The monthly limit on the value of qualified transportation benefits exclusion for qualified parking provided by an employer to its employees for 2012 rises to \$240, up \$10 from the limit in 2011. However, the temporary increase in the monthly limit on the value of the qualified transportation benefits exclusion for transportation in a commuter highway vehicle and transit pass provided by an employer to its employees expires and reverts to \$125 for 2012.

Several tax benefits are unchanged in 2012. For example, the additional standard deduction for blind people and senior citizens remains at \$1,150 for married individuals and \$1,450 for singles and heads of

household.

Details on these and other inflation adjustments can be found in [Revenue Procedure 2011-52](#).

### 2012 Tax Brackets

	Single	Joint Filers	Married Filing Separately
10%	\$0 - \$8,700	\$0 - \$17,400	\$0 - \$8,700
15%	\$8,700 - \$35,350	\$17,400 - \$70,700	\$8,700 - \$35,350
25%	\$35,350 - \$85,650	\$70,700 - \$142,700	\$35,350 - \$71,350
28%	\$85,650 - \$178,650	\$142,700 - \$217,450	\$71,350 - \$108,725
33%	\$178,650 - \$388,350	\$217,450 - \$388,350	\$108,725 - \$194,175
35%	Over \$388,350	Over \$388,350	Over \$194,175

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