

Part III

Administrative, Procedural, and Miscellaneous

26 CFR 601.602: Tax forms and instructions.

(Also Part I, §§ 1, 23, 24, 25A, 32, 55, 63, 68, 132, 137, 151, 221, 2010)

Rev. Proc. 2013-15

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SECTION 1. PURPOSE

This revenue procedure sets forth inflation adjusted items for 2013. It also includes some items whose values for 2013 are specified in the American Taxpayer Relief Act of 2012, Pub. L. No. 112-240, 126 Stat. 2313 (ATRA): the beginning of the new 39.6 percent income brackets; the beginning income levels for the limitation on certain itemized deductions; and the beginning income levels for the phaseout of personal exemptions. This revenue procedure also modifies and supersedes section 3.12 of Rev. Proc. 2011-52, 2011-45 I.R.B. 701 to reflect a statutory amendment to § 132(f)(2) made by ATRA. Other inflation adjusted items for 2013 are set forth in Rev. Proc. 2012-41, 2012-45 I.R.B. 539 (dated November 5, 2012).

SECTION 2. 2013 ADJUSTED ITEMS

.01 Tax Rate Tables. For taxable years beginning in 2013, the tax rate tables under § 1 are as follows:

TABLE 1 - Section 1(a) - Married Individuals Filing Joint Returns and Surviving Spouses

<u>If Taxable Income Is:</u>	<u>The Tax Is:</u>
Not over \$17,850	10% of the taxable income
Over \$17,850 but not over \$72,500	\$1,785 plus 15% of the excess over \$17,850
Over \$72,500 but not over \$146,400	\$9,982.50 plus 25% of the excess over \$72,500
Over \$146,400 but not over \$223,050	\$28,457.50 plus 28% of the excess over \$146,400
Over \$223,050 but not over \$398,350	\$49,919.50 plus 33% of the excess over \$223,050
Over \$398,350 but not over \$450,000	\$107,768.50 plus 35% of the excess over \$398,350
Over \$450,000	\$125,846 plus 39.6% of the excess over \$450,000

TABLE 2 - Section 1(b) – Heads of Households

<u>If Taxable Income Is:</u>	<u>The Tax Is:</u>
Not over \$12,750	10% of the taxable income
Over \$12,750 but not over \$48,600	\$1,275 plus 15% of the excess over \$12,750
Over \$48,600 but not over \$125,450	\$6,652.50 plus 25% of the excess over \$48,600
Over \$125,450 but not over \$203,150	\$25,865 plus 28% of the excess over \$125,450
Over \$203,150 but not over \$398,350	\$47,621 plus 33% of the excess over \$203,150
Over \$398,350 but	\$112,037 plus 35% of

not over \$425,000	the excess over \$398,350
Over \$425,000	\$121,364.50 plus 39.6% of the excess over \$425,000

TABLE 3 - Section 1(c) – Unmarried Individuals (other than Surviving Spouses and Heads of Households)

<u>If Taxable Income Is:</u>	<u>The Tax Is:</u>
Not over \$8,925	10% of the taxable income
Over \$8,925 but not over \$36,250	\$892.50 plus 15% of the excess over \$8,925
Over \$36,250 but not over \$87,850	\$4,991.25 plus 25% of the excess over \$36,250
Over \$87,850 but not over \$183,250	\$17,891.25 plus 28% of the excess over \$87,850
Over \$183,250 but not over \$398,350	\$44,603.25 plus 33% of the excess over \$183,250
Over \$398,350 but not over \$400,000	\$115,586.25 plus 35% of the excess over \$398,350
Over \$400,000	\$116,163.75 plus 39.6% of the excess over \$400,000

TABLE 4 - Section 1(d) – Married Individuals Filing Separate Returns

<u>If Taxable Income Is:</u>	<u>The Tax Is:</u>
Not over \$8,925	10% of the taxable income
Over \$8,925 but not over \$36,250	\$892.50 plus 15% of the excess over \$8,925
Over \$36,250 but not over \$73,200	\$4,991.25 plus 25% of the excess over \$36,250
Over \$73,200 but not over \$111,525	\$14,228.75 plus 28% of the excess over \$73,200

Over \$111,525 but not over \$199,175	\$24,959.75 plus 33% of the excess over \$111,525
Over \$199,175 but not over \$225,000	\$53,884.25 plus 35% of the excess over \$199,175
Over \$225,000	\$62,923 plus 39.6% of the excess over \$225,000

TABLE 5 - Section 1(e) – Estates and Trusts

<u>If Taxable Income Is:</u>	<u>The Tax Is:</u>
Not over \$2,450	15% of the taxable income
Over \$2,450 but not over \$5,700	\$367.50 plus 25% of the excess over \$2,450
Over \$5,700 but not over \$8,750	\$1,180 plus 28% of the excess over \$5,700
Over \$8,750 but not over \$11,950	\$2,034 plus 33% of the excess over \$8,750
Over \$11,950	\$3,090 plus 39.6% of the excess over \$11,950

.02 Adoption Credit. For taxable years beginning in 2013, under § 23(a)(3) the credit allowed for an adoption of a child with special needs is \$12,970. For taxable years beginning in 2013, under § 23(b)(1) the maximum credit allowed for other adoptions is the amount of qualified adoption expenses up to \$12,970. The available adoption credit begins to phase out under § 23(b)(2)(A) for taxpayers with modified adjusted gross income in excess of \$194,580 and is completely phased out for taxpayers with modified adjusted gross income of \$234,580 or more. (See section 3.10 of this revenue procedure for the adjusted items relating to adoption assistance programs.)

.03 Child Tax Credit. For taxable years beginning in 2013, the value used in

§ 24(d)(1)(B)(i) to determine the amount of credit under § 24 that may be refundable is \$3,000.

.04 Hope Scholarship, American Opportunity, and Lifetime Learning Credits.

(1) For taxable years beginning in 2013, the Hope Scholarship Credit under § 25A(b)(1), as increased under § 25A(i) (the American Opportunity Tax Credit), is an amount equal to 100 percent of qualified tuition and related expenses not in excess of \$2,000 plus 25 percent of those expenses in excess of \$2,000, but not in excess of \$4,000. Accordingly, the maximum Hope Scholarship Credit allowable under § 25A(b)(1) for taxable years beginning in 2013 is \$2,500.

(2) For taxable years beginning in 2013, a taxpayer's modified adjusted gross income in excess of \$80,000 (\$160,000 for a joint return) is used to determine the reduction under § 25A(d)(2) in the amount of the Hope Scholarship Credit otherwise allowable under § 25A(a)(1). For taxable years beginning in 2013, a taxpayer's modified adjusted gross income in excess of \$53,000 (\$107,000 for a joint return) is used to determine the reduction under § 25A(d)(2) in the amount of the Lifetime Learning Credit otherwise allowable under § 25A(a)(2).

.05 Earned Income Credit.

(1) In general. For taxable years beginning in 2013, the following amounts are used to determine the earned income credit under § 32(b). The "earned income amount" is the amount of earned income at or above which the maximum amount of the earned income credit is allowed. The "threshold phaseout amount" is the amount of adjusted gross income (or, if greater, earned income) above which the maximum amount of the

credit begins to phase out. The "completed phaseout amount" is the amount of adjusted gross income (or, if greater, earned income) at or above which no credit is allowed. The threshold phaseout amounts and the completed phaseout amounts shown in the table below for married taxpayers filing a joint return include the increase provided in § 32(b)(3)(B)(i), as adjusted for inflation for taxable years beginning in 2013.

<u>Item</u>	<u>Number of Qualifying Children</u>			
	<u>One</u>	<u>Two</u>	<u>Three or More</u>	<u>None</u>
Earned Income Amount	\$9,560	\$13,430	\$13,430	\$6,370
Maximum Amount of Credit	\$3,250	\$5,372	\$6,044	\$487
Threshold Phaseout Amount (Single, Surviving Spouse, or Head of Household)	\$17,530	\$17,530	\$17,530	\$7,970
Completed Phaseout Amount (Single, Surviving Spouse, or Head of Household)	\$37,870	\$43,038	\$46,227	\$14,340
Threshold Phaseout Amount (Married Filing Jointly)	\$22,870	\$22,870	\$22,870	\$13,310
Completed Phaseout Amount (Married Filing Jointly)	\$43,210	\$48,378	\$51,567	\$19,680

The instructions for the Form 1040 series provide tables showing the amount of the earned income credit for each type of taxpayer.

(2) Excessive Investment Income. For taxable years beginning in 2013, the earned

income tax credit is not allowed under § 32(i) if the aggregate amount of certain investment income exceeds \$3,300.

.06 Exemption Amounts for Alternative Minimum Tax. For taxable years beginning in 2013, the exemption amounts under § 55(d)(1) are:

Joint Returns or Surviving Spouses	\$80,800
Unmarried Individuals (other than Surviving Spouses)	\$51,900
Married Individuals Filing Separate Returns	\$40,400
Estates and Trusts	\$23,100

For taxable years beginning in 2013, under § 55(b)(1), the excess taxable income above which the 28 percent tax rate applies is:

Married Individuals Filing Separate Returns	\$89,750
Joint Returns, Unmarried Individuals (other than surviving spouses), and Estates and Trusts	\$179,500

For taxable years beginning in 2013, the amounts used under § 55(d)(3) to determine the phaseout of the exemption amounts are:

Joint Returns or Surviving Spouses	\$153,900
Unmarried Individuals (other than Surviving Spouses)	\$115,400
Married Individuals Filing Separate Returns and Estates and Trusts	\$76,950

.07 Standard Deduction.

(1) In general. For taxable years beginning in 2013, the standard deduction amounts under § 63(c)(2) are as follows:

<u>Filing Status</u>	<u>Standard Deduction</u>
Married Individuals Filing Joint Returns and Surviving Spouses (§ 1(a))	\$12,200
Heads of Households (§ 1(b))	\$8,950
Unmarried Individuals (other than Surviving Spouses and Heads of Households) (§ 1(c))	\$6,100
Married Individuals Filing Separate Returns (§ 1(d))	\$6,100

(2) Dependent. For taxable years beginning in 2013, the standard deduction amount under § 63(c)(5) for an individual who may be claimed as a dependent by another taxpayer cannot exceed the greater of (1) \$1,000, or (2) the sum of \$350 and the individual's earned income.

(3) Aged or blind. For taxable years beginning in 2013, the additional standard deduction amount under § 63(f) for the aged or the blind is \$1,200. The additional standard deduction amount is increased to \$1,500 if the individual is also unmarried and not a surviving spouse.

.08 Overall Limitation on Itemized Deductions. For taxable years beginning in 2013, the applicable amounts under § 68(b) are \$300,000 in the case of a joint return or a surviving spouse, \$275,000 in the case of a head of household, \$250,000 in the case of an individual who is not married and who is not a surviving spouse or head of household, and \$150,000 in the case of a married individual filing a separate return.

.09 Qualified Transportation Fringe Benefit. For taxable years beginning in 2013, the

monthly limitation under § 132(f)(2)(A) regarding the aggregate fringe benefit exclusion amount for transportation in a commuter highway vehicle and any transit pass is \$245. The monthly limitation under § 132(f)(2)(B) regarding the fringe benefit exclusion amount for qualified parking is \$245.

.10 Adoption Assistance Programs. For taxable years beginning in 2013, under § 137(a)(2) the amount that can be excluded from an employee's gross income for the adoption of a child with special needs is \$12,970. For taxable years beginning in 2013, under § 137(b)(1) the maximum amount that can be excluded from an employee's gross income for the amounts paid or expenses incurred by an employer for qualified adoption expenses furnished pursuant to an adoption assistance program for other adoptions by the employee is \$12,970. The amount excludable from an employee's gross income begins to phase out under § 137(b)(2)(A) for taxpayers with modified adjusted gross income in excess of \$194,580 and is completely phased out for taxpayers with modified adjusted gross income of \$234,580 or more. (See section 3.02 of this revenue procedure for the adjusted items relating to the adoption credit.)

.11 Personal Exemption.

(1) For taxable years beginning in 2013, the personal exemption amount under § 151(d) is \$3,900.

(2) Phaseout. For taxable years beginning in 2013, the personal exemption phases out for taxpayers with the following adjusted gross income amounts:

<u>Filing Status</u>	<u>AGI – Beginning of Phaseout</u>	<u>AGI – Completed Phaseout</u>
Married Individuals Filing Joint Returns and	\$300,000	\$422,500

Surviving Spouses (§ 1(a))

Heads of Households (§ 1(b))	\$275,000	\$397,500
Unmarried Individuals (other than Surviving Spouses and Heads of Households) (§ 1(c))	\$250,000	\$372,500
Married Individuals Filing Separate Returns (§ 1(d))	\$150,000	\$211,250

.12 Interest on Education Loans. For taxable years beginning in 2013, the \$2,500 maximum deduction for interest paid on qualified education loans under § 221 begins to phase out under § 221(b)(2)(B) for taxpayers with modified adjusted gross income in excess of \$60,000 (\$125,000 for joint returns), and is completely phased out for taxpayers with modified adjusted gross income of \$75,000 or more (\$155,000 or more for joint returns).

.13 Unified Credit Against Estate Tax. For an estate of any decedent dying during calendar year 2013, the basic exclusion amount is \$5,250,000 for determining the amount of the unified credit against estate tax under § 2010.

SECTION 3. MODIFICATION OF REV. PROC. 2011-52

To reflect a statutory amendment made by ATRA to § 132(f)(2), section 3.12 of Rev. Proc. 2011-52 is modified to read as follows:

.12 Qualified Transportation Fringe Benefit. For taxable years beginning in 2012, the monthly limitation under § 132(f)(2)(A) regarding the aggregate fringe benefit exclusion amount for transportation in a commuter highway vehicle and any transit pass is \$240. The monthly limitation under § 132(f)(2)(B) regarding the fringe benefit exclusion amount for qualified parking is \$240 for 2012.

SECTION 4. EFFECT ON OTHER REVENUE PROCEDURES

This revenue procedure modifies and supersedes section 3.12 of Rev. Proc. 2011-52.

SECTION 5. EFFECTIVE DATE

Except for section 3, this revenue procedure applies to taxable years beginning in 2013. Section 3 of this revenue procedure applies to taxable years beginning in 2012.

SECTION 6. DRAFTING INFORMATION

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