

# TAX IMPACT



## IMPORTANT TAX FIGURES FOR 2016



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The following table provides some important federal tax information for 2016, as compared with 2015. Many of the dollar amounts are unchanged or have changed only slightly due to low inflation. Other amounts are changing due to legislation.

<b>Social Security/ Medicare</b>	<b>2016</b>	<b>2015</b>
Social Security Tax Wage Base	\$118,500	\$118,500
Medicare Tax Wage Base	No limit	No limit
Employee portion of Social Security	6.2%	6.2%
<b>Individual Retirement Accounts</b>	<b>2016</b>	<b>2015</b>
Roth IRA Individual, up to 100% of earned income	\$ 5,500	\$ 5,500
Traditional IRA Individual, up to 100% of earned Income	\$ 5,500	\$ 5,500
Roth and traditional IRA additional annual "catch-up" contributions for account owners age 50 and older	\$ 1,000	\$ 1,000
<b>Qualified Plan Limits</b>	<b>2016</b>	<b>2015</b>
Defined Contribution Plan limit on additions on <i>Sections 415(c)(1)(A)</i>	\$ 53,000	\$ 53,000
Defined Benefit Plan limit on benefits ( <i>Section 415(b)(1)(A)</i> )	\$210,000	\$210,000
Maximum compensation used to determine contributions	\$265,000	\$265,000
401(k), SARSEP, 403(b) Deferrals ( <i>Section 402(g)</i> ), & 457 deferrals ( <i>Section 457(b)(2)</i> )	\$ 18,000	\$18,000
401(k), 403(b), 457 & SARSEP additional "catch-up" contributions for employees age 50 and older	\$ 6,000	\$ 6,000
SIMPLE deferrals ( <i>Section 408(p)(2)(A)</i> )	\$ 12,500	\$ 12,500
SIMPLE additional "catch-up" contributions for employees age 50 and older	\$ 3,000	\$ 3,000
Compensation defining highly compensated employee ( <i>Section 414(q)(1)(B)</i> )	\$120,000	\$120,000

Compensation defining key employee (officer)	\$170,000	\$170,000
Compensation triggering Simplified Employee Pension contribution requirement ( <i>Section 408(k)(2)(c)</i> )	\$ 600	\$ 600
<b>Driving Deductions</b>	<b>2016</b>	<b>2015</b>
Business mileage, per mile	54 cents	57.5 cents
Charitable mileage, per mile	14 cents	14 cents
Medical and moving, per mile	19 cents	23 cents
<b>Business Equipment</b>	<b>2016</b>	<b>2015</b>
Maximum Section 179 deduction	\$500,000	\$500,000
Phase out for Section 179	\$2 million	\$2 million
<b>Transportation Fringe Benefit Exclusion</b>	<b>2016</b>	<b>2015</b>
Monthly commuter highway vehicle and transit pass	\$ 255	\$ 250
Monthly qualified parking	\$ 255	\$ 250
<b>Standard Deduction</b>	<b>2016</b>	<b>2015</b>
Married filing jointly	\$ 12,600	\$ 12,600
Single (and married filing separately)	\$ 6,300	\$ 6,300
Heads of Household	\$ 9,300	\$ 9,250
<b>Personal Exemption</b>	<b>2016</b>	<b>2015</b>
Amount	\$4,050	\$ 4,000
<b>Personal Exemption Phaseout</b>	<b>2016</b>	<b>2015</b>
Married filing jointly and surviving spouses	Begins at \$311,300	Begins at \$309,900
Heads of Household	Begins at \$285,350	Begins at \$284,050
Unmarried individuals	Begins at \$259,400	Begins at \$258,250
Married filing separately	Begins at \$155,650	Begins at \$154,950
<b>Domestic Employees</b>	<b>2016</b>	<b>2015</b>
Threshold when a domestic employer must withhold and pay FICA for babysitters, house cleaners, etc.	\$ 2,000	\$ 1,900
<b>Kiddie Tax</b>	<b>2016</b>	<b>2015</b>
Net unearned income not subject to the "Kiddie Tax"	\$ 2,100	\$ 2,100
<b>Estate Tax</b>	<b>2016</b>	<b>2015</b>
Federal estate tax exemption	\$5.45 million	\$5.43 million
Maximum estate tax rate	40%	40%

Annual Gift Exclusion	2016	2015
Amount you can give each recipient	\$14,000	\$14,000

**ABOUT RICHARD E. MORRIS, CPA, MST**

Richard is a senior vice president and director of tax services at CBM. He has over 25 years of public accounting experience, working with closely held businesses, their owners and executives. Richard also has extensive involvement in estate, corporate, trust, individual and partnership taxation and planning, including compensation, retirement planning and succession issues.



He stays on the forefront of current and pending tax legislation and has been a speaker and instructor to numerous groups, associations and universities on tax, business formation and real estate issues. In addition to appearing on TV numerous times, he has also authored numerous tax articles. In May 2014, Richard received Enterprise Worldwide’s “Brand Ambassador” award. EW, a division of The Rainmaker Companies, is an alliance of independent accounting firms working together to provide the best possible service to clients on a worldwide basis.

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**ABOUT CBM - CPAs & Business Advisors**

Since 1921, Councilor, Buchanan & Mitchell, P.C. (CBM) has been serving the Washington, DC & Baltimore Metropolitan areas and the Mid-Atlantic Region. Our professionals have first-hand knowledge and specialization in a variety of industries including automotive dealerships, not-for-profit organizations, construction and real estate companies, and privately-held businesses.

In July 2012, CBM was voted “Firm of the Year” by Enterprise Worldwide (EW), an international association of accountants and advisors. In 2014 and 2015, CBM named a Top 50 Accounting Firm by the Washington Business Journal. In June 2015, CBM was named “2015 CPA Firm of the Year” by Washington SmartCEO.

