



INFLATION ADJUSTMENTS FOR CALENDAR YEAR 2019

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INFLATION ADJUSTED AMOUNTS FOR 2019 (TS2020)

IRS release [IR-2018-222](#) provides inflation adjusted amounts that will take effect for calendar year 2019 (tax season 2020). The revenue procedure is summarized in the chart below. Despite the slower chained CPI rate of adjustment, most items have increased for 2019.

Items that are the same for 2019 are marked “N/C.” Also, we’ve included some non-inflation adjusted items, such as the maximum child tax credit, so that all information is together. For additional details, see [Rev. Proc. 2018-57](#).

Adoption Credit or Assistance

Maximum benefit– \$14,080

MAGI phaseout range (all filing statuses) \$211,160 – \$251,160

Affordable Care Act Items

Individual shared responsibility penalty

The penalty is \$0 for tax year 2019

PTC: Excess Advance Premium Tax Credit Repayment Limitations

Household income category	Single filers	All other taxpayers
Less than 200% of FPL (N/C)	\$300	\$600
200% to less than 300% of FPL	\$800	\$1,600
300% to less than 400% of FPL	\$1,325	\$2,650
400% or more of FPL	No limitation	No limitation

Small Employer Health Insurance Credit

Average annual wage phaseout begins – \$27,100

Maximum annual average wage – \$54,200

Alternative Minimum Tax (AMT)

	AMT exemption	AGI exemption phaseout starts at AMTI of...	28% rate starts at income subject to AMT of...
MFJ/QW	\$111,700	\$1,020,600	\$194,800
Single/HOH	\$71,700	\$510,300	\$194,800
MFS	\$55,850	\$510,300	\$97,400

For children subject to the kiddie tax, the AMT exemption is the total of 1) the child's earned income, plus 2) \$7,750

Child Tax Credit / Credit for Other Dependents

Maximum CTC \$2,000 (not inflation adjusted)

Refundable portion of CTC – \$1,400 (N/C)

Refundable credit earned income threshold - \$2,500 (not inflation adjusted)

Maximum ODC \$500 (not inflation adjusted)

Phaseout begins at MAGI of \$200,000 (\$400,000 MFJ) (not inflation adjusted)

Domestic (Household) Employee Coverage

Schedule H filing [threshold](#) – \$2,100 (N/C)

Due diligence penalty in determining AOTC, CTC/ACTC, HOH, or EITC eligibility

Per return penalty – \$530

Earned Income Credit

Investment income maximum – \$3,600

Item	Number of Qualifying Children			
	One	Two	Three or more	No children
Maximum credit	\$3,526	\$5,828	\$6,557	\$529
Earned income for maximum credit	\$10,370	\$14,570	\$14,570	\$6,920
Phaseout range				
Single/QW/HH	\$19,030-\$41,094	\$19,030-\$46,703	\$19,030-\$50,162	\$8,650-\$15,570
MFJ	\$24,820-\$46,884	\$24,820-\$52,493	\$24,820-\$55,952	\$14,450-\$21,370

Education Credits

American Opportunity Credit

The maximum \$2,500 credit phaseout begins at MAGI of \$80,000 (\$160,000 MFJ) and ends at MAGI of \$90,000 (\$180,000 MFJ) (not inflation adjusted)

Lifetime Learning Credit

The maximum \$2,000 credit phaseout begins at MAGI of \$58,000 (\$116,000 for MFJ) and ends at MAGI of \$68,000 (\$136,000 for MFJ)

Educator Expense Deduction

Maximum above-the-line deduction – \$250 (N/C)

Excess business losses

Taxable income threshold - \$255,000 (\$510,000 MFJ)

Expatriation Tax

Covered expat average annual net income tax threshold – \$168,000

Gross income inclusion reduced by – \$725,000

Failure to File Tax Return – Minimum Penalty (applies after 60 days)

Lesser of \$215 or 100% of tax (N/C)

Foreign Earned Income Exclusion

Maximum foreign earned income exclusion – \$105,900

Gift and Estate Tax

Maximum exclusion for gifts to any one person – \$15,000 (N/C)

Basic exclusion amount for determining unified credit against estate tax – \$11,400,000

Health FSAs

The maximum amount that may be contributed to a health FSA is \$2,700

Health Savings Accounts (posted in [Rev. Proc. 2018-30](#))

Maximum contribution amounts

Single coverage – \$3,500 (\$4,500 age 55 or older)

Family coverage – \$7,000 (\$8,000 age 55 or older)

Minimum HDHP deductible

Single coverage – \$1,350

Family coverage – \$2,700

Kiddie Tax

Kiddie Tax Threshold – Begins at child's unearned income of \$1,100

Kiddie Tax Rates – See the AMT table and the Tax Tables for Estates/Trusts and Maximum Capital Gains

Long-Term Care Premiums

Long-term care premiums – maximum premium amount that can be treated as medical care:

- Age 40 or less – \$420 (N/C)
- Over 40 but not more than 50 – \$790
- Over 50 but not more than 60 – \$1,580
- Over 60 but not more than 70 – \$4,220
- Over 70 – \$5,270

Passport Revocation or Denial

Serious delinquent tax debt – \$52,000

Personal Exemption

- The personal exemption is \$0 for 2018-2025; "PEP" phaseout does not apply
- Gross income test for qualifying relative – \$4,200

Qualified Business Income Deduction

Taxable income phase-in range for wage/property limitation

MFJ – \$321,400-\$421,400

MFS – \$160,725-\$210,725

All others – \$160,700-\$210,700

Qualified Small Employer Health Insurance Arrangement

Total HRA payments and reimbursements cannot exceed \$5,150 (\$10,450 for family coverage)

Qualified Transportation Fringe Benefits

Maximum monthly exclusion for transit pass, commuter vehicle and qualified parking – \$265

Section 179 Deduction

Maximum deduction – \$1,020,000

Heavy SUVs (over 6,000 pounds and under 14,000 pounds) – \$25,500

Phaseout begins when cost of qualifying property exceeds – \$2,550,000

Standard Deductions (Note: “Pease” phaseout of itemized deductions does not apply 2018-2025)

	Single	MFJ/QW	MFS	HOH
Standard deduction*	\$12,200	\$24,400	\$12,200	\$18,350
Additional (aged or blind—each)	\$1,650	\$1,300 (N/C)	\$1,300 (N/C)	\$1,650
*Dependents: the greater of \$1,100 or earned income plus \$350				

Student Loan Interest Deduction Phaseout

The \$2,500 deduction phases out at MAGI of:

- \$140,000–\$170,000 (MFJ)
- \$70,000–\$85,000 (all others)

Tax Table: Rates and Brackets for Individuals

	Single	MFJ/QW	MFS	HOH
Tax Rates	Taxable Income	Taxable Income	Taxable Income	Taxable Income
10%	\$0–\$9,700	\$0–\$19,400	\$0–\$9,700	\$0–\$13,850
12%	\$9,701–\$39,475	\$19,401–\$78,950	\$9,701–\$39,475	\$13,851–\$52,850
22%	\$39,476–\$84,200	\$78,951–\$168,400	\$39,476–\$84,200	\$52,851–\$84,200
24%	\$84,201–\$160,725	\$168,401–\$321,450	\$84,201–\$160,725	\$84,201–\$160,700
32%	\$160,726–\$204,100	\$321,451–\$408,200	\$160,726–\$204,100	\$160,701–\$204,100
35%	\$204,101–\$510,300	\$408,201–\$612,350	\$204,101–\$306,175	\$204,101–\$510,300
37%	\$510,301 and over	\$612,351 and over	\$306,176 and over	\$510,301 and over

Tax Table: Rates and Brackets for Estates and Trusts

Tax Rates	Taxable Income
10%	\$0–\$2,600
24%	\$2,601–\$9,300
35%	\$9,301–\$12,750
37%	\$12,751 and over

Tax Table: Maximum Capital Gains Rates for Individuals, Estates and Trusts

	Single	MFJ/QW*	HOH	Estates/Trusts
Tax Rates	Taxable Income	Taxable Income	Taxable Income	Taxable Income
0%	\$0–\$39,375	\$0–\$78,750	\$0–\$52,750	\$0–\$2,650
15%	\$39,376–\$434,550	\$78,751–\$488,850	\$52,751–\$461,700	\$2,651–\$12,950
20%	\$434,551 and over	\$488,851 and over	\$461,701 and over	\$12,951 and over
* MFS brackets are one-half of MFJ brackets				

U.S. Savings Bond Income Exclusion

Exclusion for taxpayers who pay qualified education expenses MAGI phaseout begins at \$81,100 (\$121,600 for joint returns) and ends at \$96,100 (\$151,600 for joint returns).

2019 PENSION PLAN LIMITATIONS

IRS news release [IR-2018-211](#) and [Notice 2018-83](#) announce the inflation adjusted dollar limitations for retirement plans that will take effect in calendar year 2019, as summarized in the chart below. Some items are “no change” (N/C) from 2018.

Item	2019	2018
Elective deferrals for employer plans 401(k), 403(b), 457(b) and TSPs	\$19,000	\$18,500
Catch-up contributions for elective deferral plans above (N/C)	\$6,000	\$6,000
IRA (traditional or Roth) contribution limit	\$6,000	\$5,500
Catch-up contributions for IRA (N/C)	\$1,000	\$1,000
SIMPLE elective deferral limit	\$13,000	\$12,500
Catch-up contribution limit for SIMPLE plans (N/C)	\$3,000	\$3,000
Defined contribution plan (SEP) annual additions limitation	\$56,000	\$55,000
Compensation test limit for highly compensated employees	\$125,000	\$120,000
Dollar limit for key employee in a top-heavy plan	\$180,000	\$175,000
Saver's credit maximum MAGI		
MFJ—50% credit	\$38,500	\$38,000
MFJ—20% credit	\$41,500	\$41,000
MFJ—10% credit	\$64,000	\$63,000
HH—50% credit	\$28,875	\$28,500
HH—20% credit	\$31,125	\$30,750
HH—10% credit	\$48,000	\$47,250
Other filers—50% credit	\$19,250	\$19,000
Other filers—20% credit	\$20,750	\$20,500
Other filers—10% credit	\$32,000	\$31,500
Deductible IRA contribution—active participation MAGI—phaseout starts at:		
MFJ and QW	\$103,000	\$101,000
MFS	first dollar	first dollar
Single and HOH	\$64,000	\$63,000
Spouse active participant	\$193,000	\$189,000
Roth IRA contribution MAGI limitation—phaseout starts at:		
MFJ and QW	\$193,000	\$189,000
MFS (N/C)	first dollar	first dollar
Single and HOH	\$122,000	\$120,000

2019 SOCIAL SECURITY UPDATES

The Social Security Administration [announced](#) that there will be a 2.8% cost of living adjustment (COLA) for 2018 for social security and SSI benefits. A different COLA measurement applies to other items, as summarized below. See the [fact sheet](#) for additional details. Social security and Medicare tax rates remain the same.

Item	2019	2018
Employees:		
Social security tax rate	6.20%	6.20%
Medicare tax rate*	<u>1.45%</u>	<u>1.45%</u>
Total	7.65%	7.65%
Self-employed:		
Social security tax rate	12.4%	12.4%
Medicare tax rate	<u>2.9%</u>	<u>2.9%</u>
Total	15.3%	15.3%
Maximum contribution and benefit base for social security	\$132,900	\$128,400
Maximum employee social security contribution from wages	\$8,239.80	\$7,960.80
Maximum base for Medicare	No limit	No limit
Minimum earnings for one quarter of coverage	\$1,360	\$1,320
Retirement earnings test**		
Under full retirement age	\$17,640 / yr (\$1,470 / mo)	\$17,040 / yr (\$1,420 / mo)
Year full retirement age attained	\$46,920 / yr (\$3,910 / mo)	\$45,360 / yr (\$3,780 / mo)
Coverage thresholds:		
Domestic employees	\$2,100	\$2,100
Election officials/workers	\$1,800	\$1,800

*Individuals with earned income of more than \$200,000 (\$250,000 for married filing jointly, \$125,000 for married filing separately) pay an additional 0.9% in Medicare taxes on earned income exceeding the applicable threshold. These thresholds are not adjusted for inflation.

** If under full retirement age, benefits are reduced \$1 for every \$2 of earnings in excess of earnings test amount; in year of full retirement age, benefits are reduced \$1 for every \$3 of earnings in excess of earnings test – applies only to earnings in months before full retirement age. “[Full retirement age](#)” (or “normal retirement age”) depends on the individual’s birth year. Individuals born in 1953 (starting January 2) will reach full retirement age in 2019.