

BUSINESS EXPENSE LIMITS This section includes limits on business expense deductions, including the I.R.C. § 179 deduction, the I.R.C. § 274 percentage limits for meal and entertainment expenses, and the I.R.C. § 469 MAGI phaseout range for the special allowance for rental real estate losses.

I.R.C. § 179 Election to Expense Depreciable Assets

	2012	2013	2014
Maximum deduction*	\$500,000	\$500,000	\$25,000
Phaseout begins at new investment of*	\$2,000,000	\$2,000,000	\$200,000

* Does not include additional amounts for disaster areas or empowerment zones

I.R.C. § 274 Meal and Entertainment Expense Deduction

	2012	2013	2014
Limit for most workers	50%	50%	50%
Limit for transportation workers	80%	80%	80%

I.R.C. § 469 Rental Real Estate Special Allowance Limits

Years 2012 to 2014	Maximum	MAGI
MFJ	\$25,000	\$100,000–\$150,000
S or HoH	\$25,000	\$100,000–\$150,000
MFS (living apart)	\$12,500	\$50,000–\$75,000
MFS (living together)	0	N/A

CHILD AND DEPENDENT CREDITS This section includes dollar ceilings and AGI phaseouts for individual income tax credits available to qualifying families.

Adoption Credit

Any Filing Status	2012	2013	2014
Maximum Credit up to	\$12,650	\$12,970	\$13,190
AGI or MAGI Phaseout	\$189,710 to \$229,710	\$194,580 to \$234,580	\$197,880 to \$237,880

Child Tax Credit

Filing Status		2012	2013	2014
MFJ	Credit	up to \$1,000	up to \$1,000	up to \$1,000
	AGI or MAGI phaseout	\$110,000–\$129,001	\$110,000–\$129,001	\$110,000–\$129,001
S, HoH, or QW	Credit	up to \$1,000	up to \$1,000	up to \$1,000
	AGI or MAGI phaseout	\$75,000–\$94,001	\$75,000–\$94,001	\$75,000–\$94,001
MFS	Credit	up to \$1,000	up to \$1,000	up to \$1,000
	AGI or MAGI phaseout	\$55,000–\$74,001	\$55,000–\$74,001	\$55,000–\$74,001

Additional Child Tax Credit

Any Filing Status	2012	2013	2014
Earned income threshold	\$3,000	\$3,000	\$3,000

Child and Dependent Care Credit

2012, 2013, and 2014*	AGI up to \$15,000	AGI \$15,001 to \$43,000	AGI over \$43,000
	35% credit	34% to 21% credit	20% credit

* For 2012, 2013, and 2014 credit is based on up to \$3,000 of qualifying expenses for one dependent and \$6,000 for two or more dependents.

2012 Earned Income Credit Rate and Earned Income or AGI Range

Taxpayers Not Filing as Married Filing Jointly

Qualifying Children	Credit Rate (%)	Income for Maximum Credit	Phaseout	Phaseout Rate (%)	Maximum Credit
None	7.65	\$ 6,210–\$7,770	\$7,770–\$13,980	7.65	\$475
One	34.00	\$9,320–\$17,090	\$17,090–\$36,920	15.98	\$3,169
Two or more	40.00	\$13,090–\$17,090	\$17,090–\$41,952	21.06	\$5,236
Three or more	45.00	\$13,090–\$17,090	\$17,090–\$45,060	21.06	\$5,891

Taxpayers Filing as Married Filing Jointly

Qualifying Children	Credit Rate (%)	Income for Maximum Credit	Phaseout	Phaseout Rate (%)	Maximum Credit
None	7.65	\$6,210–\$12,980	\$12,980–\$19,190	7.65	\$475
One	34.00	\$9,320–\$22,300	\$22,300–\$42,130	15.98	\$3,169
Two	40.00	\$13,090–\$22,300	\$22,300–\$47,162	21.06	\$5,236
Three or more	45.00	\$13,090–\$22,300	\$22,300–\$50,270	21.06	\$5,891

Excessive investment income for 2012: \$3,200

[Rev. Proc. 2011-52, 2011-45 I.R.B. 701]

2013 Earned Income Credit Rate and Earned Income or AGI Range

Taxpayers Not Filing as Married Filing Jointly

Qualifying Children	Credit Rate (%)	Income for Maximum Credit	Phaseout	Phaseout Rate (%)	Maximum Credit
None	7.65	\$6,370–\$7,970	\$7,970–\$14,340	7.65	\$487
One	34.00	\$9,560–\$17,530	\$17,530–\$37,870	15.98	\$3,250
Two or more	40.00	\$13,430–\$17,530	\$17,530–\$43,038	21.06	\$5,372
Three or more	45.00	\$13,430–\$17,530	\$17,530–\$46,227	21.06	\$6,044

Taxpayers Filing as Married Filing Jointly

Qualifying Children	Credit Rate (%)	Income for Maximum Credit	Phaseout	Phaseout Rate (%)	Maximum Credit
None	7.65	\$6,370–\$13,310	\$13,310–\$19,680	7.65	\$487
One	34.00	\$9,560–\$22,870	\$22,870–\$43,210	15.98	\$3,250
Two	40.00	\$13,430–\$22,870	\$22,870–\$48,378	21.06	\$5,372
Three or more	45.00	\$13,430–\$22,870	\$22,870–\$51,567	21.06	\$6,044

Excessive investment income for 2013: \$3,300

[Rev. Proc. 2013-15, 2013-5 I.R.B. 444]

2014 Earned Income Credit Rate and Earned Income or AGI Range

Taxpayers Not Filing as Married Filing Jointly

Qualifying Children	Credit Rate (%)	Income for Maximum Credit	Phaseout	Phaseout Rate (%)	Maximum Credit
None	7.65	\$6,480–\$8,110	\$8,110–\$14,594	7.65	\$496
One	34.00	\$9,720–\$17,830	\$17,830–\$38,512	15.98	\$3,305
Two or more	40.00	\$13,650–\$17,830	\$17,830–\$43,756	21.06	\$5,460
Three or more	45.00	\$13,650–\$17,830	\$17,830–\$48,281	21.06	\$6,143

Taxpayers Filing as Married Filing Jointly

Qualifying Children	Credit Rate (%)	Income for Maximum Credit	Phaseout	Phaseout Rate (%)	Maximum Credit
None	7.65	\$6,480–\$13,540	\$13,540–\$20,024	7.65	\$496
One	34.00	\$9,720–\$23,260	\$23,260–\$43,942	15.98	\$3,305
Two	40.00	\$13,650–\$23,260	\$23,260–\$49,186	21.06	\$5,460
Three or more	45.00	\$13,650–\$23,260	\$23,260–\$53,711	21.06	\$6,143

Excessive investment income for 2014: \$3,350

EDUCATION-RELATED TAX BENEFITS This section includes dollar ceilings and AGI phaseout ranges for education tax benefits.

Coverdell Education Savings Accounts

Filing Status		2012	2013	2014
MFJ	Maximum credit	\$2,000	\$2,000	\$2,000
	MAGI phaseout	\$190,000–\$220,000	\$190,000–\$220,000	\$190,000–\$220,000
S, HoH, or QW or MFS	Maximum credit	\$2,000	\$2,000	\$2,000
	MAGI phaseout	\$95,000–\$110,000	\$95,000–\$110,000	\$95,000–\$110,000

Hope Credit (Called American Opportunity Credit in 2012–2014)

Filing Status		2012	2013	2014
MFJ	Maximum credit	\$2,500	\$2,500	\$2,500
	MAGI phaseout	\$160,000–\$180,000	\$160,000–\$180,000	\$160,000–\$180,000
S, HoH, or QW	Maximum credit	\$2,500	\$2,500	\$2,500
	MAGI phaseout	\$80,000–\$90,000	\$80,000–\$90,000	\$80,000–\$90,000
MFS	Maximum credit	\$0	\$0	\$0
	MAGI phaseout	N/A	N/A	N/A

Lifetime Learning Credit

Filing Status		2012	2013	2014
MFJ	Maximum credit	\$2,000	\$2,000	\$2,000
	MAGI phaseout	\$104,000–\$124,000	\$107,000–\$127,000	\$109,000–\$129,000
S, HoH, or QW	Maximum credit	\$2,000	\$2,000	\$2,000
	MAGI phaseout	\$52,000–\$62,000	\$53,000–\$63,000	\$54,000–\$64,000
MFS	Maximum credit	\$0	\$0	\$0
	MAGI phaseout	N/A	N/A	N/A

Student Loan Interest Deduction

Filing Status		2012	2013	2014
MFJ	Maximum deduction	\$2,500	\$2,500	\$2,500
	MAGI phaseout	\$125,000–\$155,000	\$125,000–\$155,000	\$130,000–\$160,000
S, HoH, or QW	Maximum deduction	\$2,500	\$2,500	\$2,500
	MAGI phaseout	\$60,000–\$75,000	\$60,000–\$75,000	\$65,000–\$80,000
MFS	Maximum deduction	\$0	\$0	\$0
	MAGI phaseout	N/A	N/A	N/A

U.S. Savings Bond Interest Exclusion

Filing Status		2012	2013	2014
MFJ or QW	Maximum exclusion	Qualifying expenses	Qualifying expenses	Qualifying expenses
	MAGI phaseout	\$109,000–\$139,000	\$112,050–\$142,050	\$113,950–\$143,950
S or HoH	Maximum exclusion	Qualifying expenses	Qualifying expenses	Qualifying expenses
	MAGI phaseout	\$72,850–\$87,850	\$74,700–\$89,700	\$76,000–\$91,000
MFS	Maximum exclusion	\$0	\$0	\$0
	MAGI phaseout	N/A	N/A	N/A