



# 2017 tax planning tables



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## 2017 important deadlines

### Last day to...

#### January 31

- Issue 1099 to service providers, issue paper/e-filing of 1099's to IRS

#### March 15

- Establish and fund SEP plans for corporations for 2016 (filing an extension extends the deadline)
- Fund employer contributions for retirement plans for corporations (filing an extension extends the deadline)

#### April 1

- Take 2016 required minimum distribution (RMD) from traditional IRAs if you reached age 70½ in 2016

#### April 18

- File 2016 federal individual income tax return (or file an extension)
- Pay first-quarter 2017 federal individual income tax
- Make 2016 contribution to traditional IRA, Roth IRA, or Education Savings Account (ESA)
- Establish and fund SEP plans for sole proprietorships and partnerships for 2016 (filing an extension extends the deadline)

#### June 15

- Pay second-quarter 2017 federal individual estimated income tax

#### September 15

- Establish a SIMPLE IRA/safe harbor 401(k)
- Pay third-quarter 2017 federal individual estimated income tax

#### October 16

- File 2016 federal individual income tax return subject to automatic extensions
- Re-characterize a 2016 Roth IRA conversion

#### November 29

- Double up to avoid violating the “wash sale” rule

#### December 29

- Sell stock or listed options to realize a gain or loss
- Take 2017 RMDs from traditional IRAs and most qualified plans if you reached the age of 70½ before 2017
- Complete a Roth IRA conversion
- Complete a 529 plan contribution
- Sell shares acquired through the 2017 exercise of incentive stock options (ISOs) in disqualifying disposition to limit alternative minimum tax (AMT) exposure

#### December 31

- Establish a new qualified plan (calendar-year taxpayers)
- Complete gifts for the current calendar year (charitable or other)

## 2017 income tax rate schedules

### Married taxpayer filing jointly/surviving spouse

Taxable income*		Pay	Tax	
Over	But not over		+ % on excess	Of the amount over
\$ 0	\$ 18,650	\$ 0.00	10%	\$ 0
\$ 18,651	\$ 75,900	\$ 1,865.00	15%	\$ 18,650
\$ 75,901	\$ 153,100	\$ 10,452.50	25%	\$ 75,900
\$ 153,101	\$ 233,350	\$ 29,752.50	28%	\$ 153,100
\$ 233,351	\$ 416,700	\$ 52,222.50	33%	\$ 233,350
\$ 416,701	\$ 470,700	\$ 112,728.00	35%	\$ 416,700
\$ 470,701	-	\$131,628.00	39.6%	\$ 470,700

### Single Taxpayer

Taxable income*		Pay	Tax	
Over	But not over		+ % on excess	Of the amount over
\$ 0	\$ 9,325	\$ 0.00	10%	\$ 0
\$ 9,325	\$ 37,950	\$ 932.50	15%	\$ 9,325
\$ 37,951	\$ 91,900	\$ 5,226.25	25%	\$ 37,950
\$ 91,901	\$ 191,650	\$ 18,713.75	28%	\$ 91,900
\$ 191,651	\$ 416,700	\$ 46,643.75	33%	\$ 191,650
\$ 416,701	\$ 418,400	\$120,910.25	35%	\$ 416,700
\$ 418,401	-	\$121,505.25	39.6%	\$ 418,400

### Head of Household

Taxable income*		Pay	Tax	
Over	But not over		+ % on excess	Of the amount over
\$ 0	\$ 13,350	\$ 0.00	10%	\$ 0
\$ 13,351	\$ 50,800	\$ 1,335.00	15%	\$ 13,350
\$ 50,801	\$ 131,200	\$ 6,952.50	25%	\$ 50,800
\$ 131,201	\$ 212,500	\$ 27,052.50	28%	\$ 131,200
\$ 212,501	\$ 416,700	\$ 49,816.50	33%	\$ 212,500
\$ 416,701	\$ 444,500	\$117,202.50	35%	\$ 416,701
\$ 444,551	-	\$126,950.00	39.6%	\$ 444,550

### Married taxpayer filing separately

Taxable income*		Pay	Tax	
Over	But not over		+ % on excess	Of the amount over
\$ 0	\$ 9,325	\$ 0.00	10%	\$ 0
\$ 9,326	\$ 37,950	\$ 932.50	15%	\$ 9,325
\$ 37,951	\$ 76,550	\$ 5,226.25	25%	\$ 37,950
\$ 76,551	\$ 116,675	\$ 14,876.25	28%	\$ 76,550
\$ 116,676	\$ 208,350	\$ 26,111.25	33%	\$ 116,675
\$ 208,351	\$ 235,350	\$ 56,364.00	35%	\$ 208,350
\$ 235,351	-	\$ 65,814.00	39.6%	\$ 235,350

\* Taxable income is income after all deductions (including either itemized or standard deduction) and exemptions.

### Standard deductions

Married/ joint	Single	Head of household	Dependents	Married/ separate
\$12,700	\$6,350	\$9,350	\$1,050	\$6,350

For dependents with earned income, the deductions greater of \$1,050 or earned income +\$350 (up to \$6,300).

### Additional standard deductions

Married, age 65 or older or blind	\$ 1,250*
Married, age 65 or older and blind	\$ 2,500*
Single, age 65 or older or blind	\$ 1,550
Single, age 65 or older and blind	\$ 3,100

\* per person

### Personal and dependency exemption: \$4,050

#### Personal and dependency exemption phaseouts

Phaseouts	Exemption reduced when AGI* exceeds	Exemption phased out when AGI exceeds
Married/joint	\$313,800	\$436,300
Single	\$261,500	\$384,000
Head of household	\$287,650	\$410,150
Married/separate	\$156,900	\$218,150

\* AGI = adjusted gross income

#### Itemized deduction phaseouts

Phaseouts	Deduction reduced when AGI exceeds*
Married/joint	\$313,800
Single	\$261,500
Head of household	\$287,650
Married/separate	\$156,900

\* Itemized deductions will be trimmed by 3% of the amount by which your AGI exceeds these thresholds. However, the amount of your itemized deductions will never be reduced by more than 80%.

#### Tax credit for dependent children

	Modified adjusted gross income (MAGI)	Tax credit for each child younger than 17
Married/joint	\$0 - \$110,000	\$1,000
Single	\$0 - \$75,000	\$1,000

Tax credit is reduced by \$50 for each \$1,000 by which the taxpayer's MAGI exceeds the maximum threshold.

## Alternative minimum tax (AMT)

### Tax Brackets

AMT income	Tax
Up to \$187,800*	26%
Over \$187,800	28%

\* \$93,900 if married filing separately

### AMT exemption

	Exemption	Phased out on excess over
Married filing joint and surviving spouse	\$84,500	\$160,900
Unmarried individual	\$54,300	\$120,700
Married filing separately	\$42,250	\$80,450
Estates and trusts	\$24,100	\$80,450

## Capital gains and losses and dividends

	10% and 15% tax brackets	25% up to 35% tax brackets	39.6% tax bracket
Short-term (one year or less)	Ordinary rate	Ordinary rate	Ordinary rate
Long-term (longer than one year)	0%*	15%	20%
Dividends	Qualified dividends are taxed at the long-term capital gain rates; nonqualified dividends are taxed at ordinary income tax rates.		

\* To the extent taxable income remains in these brackets. Consult your tax advisor about how this applies to your situation. Higher rates apply to collectibles and unrecaptured 1250 gain.

### Netting capital gains and losses

1. Net short-term gains and short-term losses.
2. Net long-term gains and long-term losses.
3. Net short-term against long-term.
4. Deduct up to \$3,000 of excess losses against ordinary income per year.
5. Carry over any remaining losses to future tax years.

## Education planning

### Education Savings Accounts (ESA)

- Maximum non-deductible contribution is \$2,000 per child, per year.
- Must be established for the benefit of a child younger than the age of 18.
- Maximum contribution amount is lowered if a contributor's modified adjusted gross income (MAGI) is between:
  - - \$95,000 and \$110,000 for individual filers
  - - \$190,000 and \$220,000 for joint filers
- No contributions can be made if contributor's MAGI exceeds the stated limits or the beneficiary is age 18 or older.
- Interest, dividends, and capital gains grow tax-deferred and may be distributed federal-income-tax free as long as the money is used to pay qualified education expenses.

### 529 plans

- Earnings accumulate tax-deferred; qualified withdrawals may be federal-income-tax-free.
- No income, state-residency, or age restrictions.
- Potential state-tax incentives available in some states.
- Contributions up to \$70,000 (single) and \$140,000 (married couple) allowed in one year without a reduction in the applicable gift/estate tax exclusion (see page 11). No additional gifting in the current year or next four years without incurring potential gift tax implications.

*Please consider the investment objectives, risks, charges, and expenses carefully before investing in a 529 savings plan. The official statement, which contains this and other information, can be obtained by calling your Financial Advisor. Read it carefully before you invest.*

### American Opportunity Credit

<b>Maximum Credit</b>	\$2,500 per student for first four years of qualified expenses paid
<b>MAGI phaseouts:</b>	
Married filing jointly	\$160,000 - \$180,000
Single filer	\$80,000 - \$90,000

### Lifetime Learning Credit

<b>Maximum Credit</b>	20% of first \$10,000 (per tax return) of qualified expenses paid in 2016
<b>MAGI phaseouts:</b>	
Married filing jointly	\$112,000 - \$132,000
Single filer	\$56,000 - \$66,000

## Exclusion of U.S. Savings Bond interest

### MAGI phaseouts:

Married filing jointly	\$117,250 - \$147,250
Others	\$78,150 - \$93,150

Bonds must be titled in name(s) of taxpayer(s) only. Owner must be age 24 or older at time of issue. Must be Series EE issued after 1989 or any Series I bonds. Proceeds must be used for qualified postsecondary education expenses of the taxpayer, spouse, or dependent.

## Student loan interest deduction

**Maximum phaseouts:** \$2,500

### MAGI phaseouts:

Married filing jointly	\$130,000 - \$165,000
Others	\$65,000 - \$80,000

## Kiddie tax

Children who have not reached the age of 19 by the end of the tax year are subject to the "kiddie tax" rules. If the child continues to be a full-time student, the rules apply until he or she turns age 24. The following tax rate schedule will apply (assumes no earned income).

Unearned Income	Tax Treatment
Less than \$1,050	No tax
\$1,050 - \$2,100	Taxed at child's rate
More than \$2,100	Taxed at the higher of the parent's top marginal rate or the child's tax rate

## Estimated annual college costs

	Public	Private
2016	\$20,846	\$45,170
2021	\$24,520	\$53,647
2026	\$28,842	\$63,716
2031	\$33,925	\$75,675

## Retirement accounts

### Pretax 401(k), 403(b), 457, Roth 401(k), or 403(b)

<b>Employee maximum deferral contributions</b>	<b>Catch-up contribution (if age 50 or older)</b>
\$18,000	\$6,000

Combined limit for Roth 401(k) or Roth 403(b) and pretax traditional 401(k) or pretax 403(b) deferral contributions is \$18,000 for those younger than 50.

### Traditional and Roth IRA

<b>Maximum contribution</b>	<b>Catch-up contribution (if age 50 or older)</b>
\$5,500	\$1,000

2017 contributions must be made no later than the tax-filing deadline, regardless of tax extensions. Traditional IRA contributions cannot be made for the year the owner turns age 70½ or subsequent years.

### Traditional IRA deductibility limits

**If neither individual nor spouse is a participant in another plan:**

\$5,500\* maximum deduction

**If the individual is an active participant in another plan:**

Married/joint MAGI <sup>+</sup>	Single/MAGI <sup>+</sup>	Deduction
Up to \$99,000	Up to \$62,000	\$5,500 <sup>±</sup>
\$99,000 - \$119,000	\$62,000 - \$72,000	Phased out
\$119,000 and over	\$72,000 and over	\$0

\* If a spouse (working or non-working) is not covered by a retirement plan but his or her spouse is covered, the spouse who is not covered is allowed full deductibility up to \$186,000 joint MAGI, phased out at \$196,000 joint MAGI.

<sup>+</sup> Modified adjusted gross income

<sup>±</sup> Maximum deduction is \$6,500 if age 50 or older

Note: Phaseout for married filing separately is \$0 - \$10,000

### Roth IRA qualifications

- Contribution amount is limited if modified adjusted gross income (MAGI) is between:
  - \$118,000 and \$133,000 for individual returns \*
  - \$186,000 and \$196,000 for married/joint filers
  - \$0 and \$10,000 for married filing separate
- Cannot contribute if MAGI exceeds limits.
- Contributions are not deductible.
- Contributions are allowed after the age of 70½ if made from earned income.

\* Includes single filers, head of household, and married filing separately if you did not live with your spouse at any time during the year.



## Retirement plan limits

Maximum elective deferral to SIMPLE IRA and SIMPLE 401(k) plans	\$ 12,500
Catch-up contributions for SIMPLE IRA and SIMPLE 401(k) plans (if age 50 or older)	\$ 3,000
Maximum annual defined contribution plan limit	\$ 54,000
Maximum compensation for calculating qualified plan contributions	\$ 270,000
Maximum annual defined benefit limit	\$ 215,000
Threshold for highly compensated employee	\$ 120,000
Threshold for key employee in top-heavy plans	\$ 175,000
Maximum SEP contribution is lesser of limit or 25% of eligible income	\$ 54,000

### Uniform Lifetime/Minimum Distribution Table

Age	Life Expectancy Factor	Age	Life Expectancy Factor
70	27.4	88	12.7
71	26.5	89	12.0
72	25.6	90	11.4
73	24.7	91	10.8
74	23.8	92	10.2
75	22.9	93	9.6
76	22.0	94	9.1
77	21.2	95	8.6
78	20.3	96	8.1
79	19.5	97	7.6
80	18.7	98	7.1
81	17.9	99	6.7
82	17.1	100	6.3
83	16.3	101	5.9
84	15.5	102	5.5
85	14.8	103	5.2
86	14.1	104	4.9
87	13.4	105	4.5

## Social Security benefits

### Earnings test

The earnings test indicates the level of earnings permissible for Social Security benefits recipients without incurring a deduction from benefits. These limits are indexed to increase in national earnings.

<b>Worker younger than full retirement age</b>	\$16,920
<b>Year worker reaches full retirement age</b> (applies only to earnings for months prior to attaining full retirement age)	\$44,880
<b>Worker at full retirement age</b>	No limit

### Maximum monthly benefit: \$2,687

This benefit is for an individual who reaches full retirement age in 2017 and earns at least the maximum wage base amount for the best 35 years.

Information provided by the Social Security Administration

### Taxation thresholds

Up to a certain percentage of an individual's Social Security benefits is subject to taxation when his or her provisional income\* exceeds certain threshold amounts:

	<b>Up to 50% taxed</b>	<b>Up to 85% taxed</b>
<b>Married/joint</b>	\$32,000 - \$44,000	More than \$44,000
<b>Single</b>	\$25,000 - \$34,000	More than \$34,000
<b>Married filing separately</b>	85% taxable <sup>+</sup>	

\* Provisional income generally includes modified adjusted gross income (MAGI) plus nontaxable interest and one-half of Social Security benefits.

<sup>+</sup> There is an exception to this rule if you lived apart from your spouse for the entire year. Consult your tax advisor for more information.

## Social Security tax rates

<b>Maximum wage base for Social Security</b>	\$127,200
<b>Employee</b>	6.20%
<b>Employer</b>	6.20%
<b>Self-employed</b>	12.40%

## Medicare tax rates

### Thresholds

<b>Single</b>	\$200,000
<b>Married/joint</b>	\$250,000
<b>Married/separate</b>	\$125,000
<b>Trust/estate</b>	\$12,400

	<b>Below threshold</b>	<b>Above threshold</b>
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### Tax rate on employee compensation

Compare thresholds to Medicare wages as reported on IRS Form W-2

<b>Employee's tax rate</b>	1.45%	2.35%*
<b>Employer's tax rate</b>	1.45%	1.45%

### Tax rate on self-employment income

Compare threshold to net self-employment income as determined by IRS Form 1040 Schedule SE

<b>Owner's rate</b>	2.90%	3.80%*
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### Tax rate on net investment income

Compare threshold to MAGI

<b>Investor's tax rate</b>	0.00%	3.80%
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\* Includes the 0.9% Medicare surtax.

## Health and long-term care

### Long-term care deduction for medical care\*

<b>Age attained before the close of the taxable year</b>	<b>Limit on premiums</b>
40 or less	\$ 410
More than 40 but not more than 50	\$ 770
More than 50 but not more than 60	\$ 1,530
More than 60 but not more than 70	\$ 4,090
More than 70	\$ 5,110

\* Limitations apply based on type of taxpayer. You should consult your tax advisor regarding your situation

### Health Savings Account (HSA) limits

#### Maximum contribution

Single	Family
\$3,400	\$6,750

\$1,000 catch-up contribution allowed per individual age 55 or older

#### Minimum health insurance plan deductible

Single	Family
\$1,300	\$2,600

#### Maximum out-of-pocket expenses

Single	Family
\$6,550	\$13,100

## Federal trust and estate income tax

### Tax rates

Taxable income		Tax		
More than	But not more than	Pay	+ % on excess	Of the amount more than
\$ 0	\$ 2,550	\$ 0.00	15%	\$ 0
\$ 2,550	\$ 6,000	\$ 382.50	25%	\$ 2,550
\$ 6,000	\$ 9,150	\$ 1,245.00	28%	\$ 6,000
\$ 9,150	\$ 12,500	\$ 2,100.50	33%	\$ 9,150
\$ 12,500		\$ 3,232.50	39.6%	\$ 12,500

## Estate, gift, and generation-skipping transfer tax

### Gift tax annual exclusion

\$14,000

An individual can give up to \$14,000 per person per year to any number of beneficiaries (family or non-family) without paying gift tax or “using up” any available applicable exclusion amount.

### Estate and gift tax-basic exclusion

\$5,490,000

Estate of gift taxes apply to the extent that your cumulative transfers (lifetime exclusion gifts plus the taxable estate at death) exceed your applicable exclusion.

Your applicable exclusion consists of your \$5,490,000 basic exclusion plus any “unused” exclusion received from a spouse who predeceased you.

*Exclusion “portability”*: A deceased spouse’s unused exclusion can only be transferred if (1) the spouse died after December 31, 2010, and (2) the deceased spouse’s executor made an election to transfer any unused exclusion to the surviving spouse by filing a timely estate tax return.

### Generation-skipping transfer (GST) tax exemption

\$5,490,000

### Estate, gift, and GST tax rate

40%

Applies to transfers in excess of the applicable exclusion/GST exemption.

## Corporate income tax

### Tax rates

Taxable income		Tax			
Over	But not over	Pay	+ % on excess	Of the amount over	
\$ 0	\$ 50,000	\$ 0	15%	\$ 0	
\$ 50,000	\$ 75,000	\$ 7,500	25%	\$ 50,000	
\$ 75,000	\$ 100,000	\$ 13,750	34%	\$ 75,000	
\$ 100,000	\$ 335,000	\$ 22,250	39%	\$ 100,000	
\$ 335,000	\$ 10,000,000	\$ 113,900	34%	\$ 335,000	
\$ 10,000,000	\$ 15,000,000	\$ 3,400,000	35%	\$ 10,000,000	
\$ 15,000,000	\$ 18,333,333	\$ 5,150,000	38%	\$ 15,000,000	
\$ 18,333,333		\$ 6,416,667	35%	\$ 18,333,333	

Note: There are no special federal capital gains rates for corporations. For corporations, capital losses are deductible only against capital gains. Corporations pay alternative minimum tax (AMT) at a 20% rate.

Stay abreast of pending tax legislation and keep in touch with your accountant.

## Suggested spending guidelines

<b>Mortgage payments</b>	Not to exceed 28% of gross (pretax) income
<b>Discretionary expenses (clothing, entertainment, restaurants, etc.)</b>	Not to exceed 20% of after-tax income
<b>Auto loans and credit card debt</b>	Not to exceed 20% of after -tax income
<b>Combined monthly debt</b>	Not to exceed 36% of monthly gross (pretax) income

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