

2019 Standard Deductions, Exemptions & Credits

Standard Deductions. The standard deduction for singles and married persons filing separate returns is \$12,200, up from \$12,000 in 2018. The deduction for married couples filing jointly and surviving spouses is \$24,400, up from \$24,000 in 2018. The deduction for head of household is \$18,350, up from \$18,000 in 2018.

FILING STATUS	STANDARD DEDUCTION AMOUNT
Single	\$12,200
Married Filing Jointly & Surviving Spouse	\$24,400
Married Filing Separately	\$12,200
Head of Household	\$18,350

Itemized Deductions. For high-income taxpayers who itemize their deductions, the Pease limitations, named after former Representative Don Pease (D-OH), previously capped or phased out certain deductions. The Pease limitation was eliminated as of the 2018 tax year, but will return after 2025 when the Tax Jobs and Cuts Act of 2017 expires, unless Congress takes action to adjust that expiration.

Personal Exemptions. There will be no personal exemption amounts for 2019. The personal exemption was eliminated as of the 2018 tax year, but will return after 2025 when the Tax Jobs and Cuts Act of 2017 expires, unless Congress takes action to adjust that expiration.

Family Related Tax Item Updates:

Earned Income Tax Credit (EITC). For 2019, the maximum EITC amount available is \$3,526 for taxpayers filing jointly with one child; \$5,828 for two children; \$6,557 for three or more children and \$529 for no children. Phaseouts are based on filing status and number of children and begin at \$8,650 for single taxpayers with no children and \$19,030 for single taxpayers with one or more children.

Child Tax Credit. The Child Tax Credit may be worth as much as \$2,000 per qualifying child depending on your income, and includes a refundable piece of up to \$1,400 per child. A refundable credit means that you can use the credit even if you do not owe any tax.

Kiddie Tax. For 2019, the threshold for the kiddie tax — meaning the amount of unearned net income that a child can take home without paying any federal income tax — is \$2,100.

Adoption Credit. For 2019, the credit allowed for an adoption of a child with special needs is \$14,080, and the maximum credit allowed for other adoptions is the amount of qualified adoption expenses up to \$13,810. Phaseouts do apply beginning at taxpayers with modified adjusted gross income (MAGI) in excess of \$207,140 and completely phased out for taxpayers with MAGI of \$247,140 or more.

[continued...]

Information gathered from irs.gov

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Education Related Updates:

American Opportunity Tax Credit (“AOTC”). Formerly known as the “Hope Scholarship Credit,” the AOTC for 2019 will be an amount equal to 100% of qualified tuition and related expenses not in excess of \$2,000 plus 25% of those expenses in excess of \$2,000 but not in excess of \$4,000. That means that the maximum Hope Scholarship Credit allowable for 2019 is \$2,500. Income restrictions do apply and for 2019, those kick in for taxpayers with modified adjusted gross income (MAGI) in excess of \$80,000 (\$160,000 for a joint return).

Lifetime Learning Credit. As with the Hope Scholarship Credit, income restrictions apply to the Lifetime Learning Credit. For 2019, those restrictions begin with taxpayers with modified adjusted gross income (MAGI) in excess of \$58,000 (\$116,000 for a joint return).

Student Loan Interest Deduction. For 2019, the maximum amount that you can take as a deduction for interest paid on student loans remains at \$2,500. Phaseouts apply for taxpayers with modified adjusted gross income (MAGI) in excess of \$70,000 (\$140,000 for joint returns), and is completely phased out for taxpayers with modified adjusted gross income (MAGI) of \$85,000 or more (\$170,000 or more for joint returns).

Health Care and Fringe Benefit Updates:

Flexible Spending Accounts. The annual dollar limit on employee contributions to employer-sponsored healthcare flexible spending accounts (FSA) edges up to \$2,700 for 2019 (up from \$2,650 in 2018).

High-Deductible Health Plans (“HDHP”). For 2019, the minimum annual deductible remains at \$1,350 for individual coverage, and \$2,700 for family coverage. The contribution limits for a Health Savings Account (“HSA”) for an individual is \$3,500 (up from \$3,450 in 2018), and for a family is \$7,000 (up from \$6,900 in 2018).

Qualified Transportation Fringe Benefit. For 2019, the monthly limitation for transportation in a commuter highway vehicle and any transit pass is \$265. The monthly limitation for qualified parking is \$265.

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