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## flash International Executive Alert

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### United States – Revised Revenue Procedure on 2013 Individual Income Tax Tables, Etc.

by KPMG LLP's Washington National Tax practice, Washington, D.C. (KPMG LLP in the United States is a KPMG International member firm)

On January 15, 2013, the U.S. Internal Revenue Service released a revised Rev. Proc. 2013-15<sup>1</sup>, making some corrections to the advance copy of Rev. Proc. 2013-15,<sup>2</sup> which was released on January 11. The Rev. Proc. provides the tax rate tables for individual taxpayers for 2013 as modified by the *American Taxpayer Relief Act of 2012* and includes:

- the 39.6-percent income tax bracket amounts;<sup>3</sup>
- the beginning income levels for the limitation on certain itemized deductions (the "Pease limitation" amounts);
- the beginning income levels for the phase-out of the personal exemption (the "PEP limitation" amounts).

Rev. Proc. 2013-15 also provides:

- cost-of-living adjustments for inflation for certain credits and items for 2013, as modified by the recent tax legislation;
- exemption amounts for the alternative minimum tax;
- the qualified transportation fringe benefit amount for 2013 of \$245 (and for 2012, the amount is \$240);
- unified credit / exclusion amount of estate tax for decedents dying during 2013 of \$5.25 million.

### Details Provided by IRS

The related IRS release, IR 2013-4<sup>4</sup>, explains:

- Beginning in tax year 2013 (generally for individual income tax returns filed in 2014), a new tax rate of 39.6 percent has been added for individuals whose income exceeds \$400,000 (\$450,000 for married taxpayers filing a joint return). The other marginal rates — 10 percent, 15 percent, 25 percent, 28 percent, 33 percent, and 35 percent — remain the same as in prior years. Rev. Proc. 2013-15 contains the taxable income thresholds for each of the marginal rates.
- The standard deduction increases to \$6,100 (\$12,200 for married couples filing jointly), up from \$5,950 (\$11,900 for married couples filing jointly) for tax year 2012.
- There is a limitation on itemized deductions claimed on a 2013 return of individuals with incomes of \$250,000 or more (\$300,000 for married couples filing jointly).
- The personal exemption increases to \$3,900, up from the 2012 exemption of \$3,800. However, beginning in 2013, the exemption is subject to a phase-out that begins

For related coverage, see [Flash International Executive Alert 2013-001](#), January 3, 2013

with adjusted gross incomes of \$250,000 (\$300,000 for married couples filing jointly). It phases out completely at \$372,500 (\$422,500 for married couples filing jointly).

- The alternative minimum tax exemption amount for tax year 2013 is \$51,900 (\$80,800, for married couples filing jointly), set by the *American Taxpayer Relief Act of 2012*, which indexes future amounts for inflation. The 2012 exemption amount was \$50,600 (\$78,750 for married couples filing jointly).

Revenue Procedure 2013-15 will be published in *Internal Revenue Bulletin* 2013-5 on January 28, 2013.

*Footnotes:*

1 See: <http://www.irs.gov/pub/irs-drop/rp-13-15.pdf> .

2 See [Flash International Executive Alert 2013-011](#), January 15, 2013.

3 Please note that the 2013 head of household tax table in the original Rev. Proc. 2013-15 stated that tax in the top bracket should be “\$121,394.50 plus 39.6 percent of the excess over \$425,000.” However, that was a typographical error; the correct figure should be \$121,364.50 and this correction has been made in the revised version of Rev. Proc. 2013-15.

4 See: <http://www.irs.gov/uac/Newsroom/Annual-Inflation-Adjustments-for-2013> .

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This article is adapted from “[Rev. Proc. 2013-15 - Individual Tax Rate Tables, Inflation Adjusted Amounts for 2013](#)” in KPMG LLP’s *TaxNewsFlash-United States* (January 11, 2013).

The information contained in this newsletter was submitted by KPMG LLP’s Washington National Tax practice. The information contained herein is of a general nature and based on authorities that are subject to change. Applicability of the information to specific situations should be determined through consultation with your tax adviser.

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