

Inflation-adjusted amounts set for tax year 2016

Changes in standard deduction amounts, personal and dependency exemption amounts, tax tables

PROVIDENCE, R.I. – The Rhode Island Division of Taxation has set the standard deduction amounts, exemption amounts, tax bracket ranges, and other key figures for tax years beginning on or after January 1, 2016.

“This information is important to know now for tax-planning purposes,” said Rhode Island Tax Administrator David M. Sullivan. The figures will also aid taxpayers and practitioners throughout 2016 as they make any needed adjustments to withholding or estimated payments, or for other purposes, he said. Following is a summary.

Standard deduction, exemption amounts

For Rhode Island’s personal income tax, the standard deduction and exemption amounts will increase for tax year 2016 as shown below.

Standard deduction amounts		
Filing status:	For 2015:	For 2016:
single	\$ 8,275	\$ 8,300
married filing jointly (or qualifying widow or widower)	16,550	16,600
head of household	12,400	12,450
married filing separately	8,275	8,300

Amounts are determined based on inflation figures calculated by U.S. Bureau of Labor Statistics and inserted in formulas established under Rhode Island General Laws § 44-30-2.6.

Personal and dependency exemption amounts		
	For 2015:	For 2016:
	\$ 3,850	\$ 3,900

Personal income tax: phase-out range

Most taxpayers are able to claim the full amount of the standard deduction to which they are entitled. The same is true for personal exemptions and dependency exemptions.

However, if a taxpayer's federal adjusted gross income (as modified for Rhode Island tax purposes) falls within a certain income range, the standard deduction amount – and the personal and dependency exemption amounts – are limited.

If income exceeds the range, the taxpayer cannot claim a standard deduction or personal or dependency exemption amount. The income ranges are listed in the table below:

Phase-out range for standard deduction, exemption amounts		
	Tax year 2015:	Tax year 2016:
	\$ 192,700 to \$ 214,700	\$ 193,600 to \$ 215,800

Personal income tax: rate schedule

The Division of Taxation has recalculated tax bracket ranges for tax year 2016, as required by statute. The changes were made to the Rhode Island personal income tax's uniform tax rate schedule – which is used by all filers.

Rhode Island personal income tax: uniform tax rate schedule for 2015				
Taxable income:				
Over	But not over	Pay	+ percent on excess	of the amount over
\$ 0	\$ 60,550	\$ --	3.75%	\$ 0
60,550	137,650	2,270.63	4.75%	60,550
137,650	--	5,932.88	5.99%	137,650

Applies to tax
year 2015

Rhode Island personal income tax: uniform tax rate schedule for 2016				
Taxable income:				
Over	But not over	Pay	+ percent on excess	of the amount over
\$ 0	\$ 60,850	\$ --	3.75%	\$ 0
60,850	138,300	2,281.88	4.75%	60,850
138,300	--	5,960.75	5.99%	138,300

Applies to tax
year 2016

If the dollar figures in tax brackets remained constant, a taxpayer might be bumped into a higher bracket solely because of an annual wage increase that is intended to help the worker keep pace with inflation -- an outcome often referred to as bracket creep. To help offset the effects of bracket creep, the General Assembly adopted a provision that requires the tax brackets to be adjusted annually with inflation. Standard deduction and exemption amounts are adjusted in similar fashion.

Trusts and estates: income tax rate schedule

The Division of Taxation has posted the income tax rate schedule for 2016 that will be used by fiduciaries for many trusts and estates. It is as follows:

Trusts and estates: income tax rate schedule for 2016				
Taxable income:				
Over	But not over	Pay	+ percent on excess	of the amount over
\$ 0	\$ 2,450	\$ --	3.75%	\$ 0
2,450	7,750	91.88	4.75%	2,450
7,750	--	343.63	5.99%	7,750

Table is for non-grantor trusts and non-bankruptcy estates. To calculate income tax for grantor trusts and bankruptcy estates, use personal income tax table.