

What's New

This section summarizes important tax changes that took effect in 2013. Most of these changes are discussed in more detail throughout this publication.

Future developments. For the latest information about the tax law topics covered in this publication, including information about any tax legislation, go to www.irs.gov/pub17.

Additional Medicare Tax. Beginning in 2013, a 0.9% Additional Medicare Tax applies to Medicare wages, railroad retirement (RRTA) compensation, and self-employment income that are more than:

- \$125,000 if married filing separately,
- \$250,000 if married filing jointly, or
- \$200,000 for any other filing status.

See Form 8959 and its instructions.

Net Investment Income Tax. Beginning in 2013, you may be subject to Net Investment Income Tax (NIIT). The NIIT is 3.8% of the smaller of (a) your net investment income or (b) the excess of your modified adjusted gross income over:

- \$125,000 if married filing separately,
- \$250,000 if married filing jointly or qualifying widow(er), or

- \$200,000 if any other filing status.

See Form 8960 and its instructions.

Change in tax rates. The highest tax rate is 39.6%. For more information, see the [2013 Tax Computation Worksheet](#) or the [2013 Tax Rate Schedules](#) near the end of this publication.

Tax rate on net capital gain and qualified dividends. The maximum tax rate of 15% on net capital gain and qualified dividends has increased to 20% for some taxpayers. See [chapter 16](#).

Medical and dental expenses. You can deduct only the part of your medical and dental expenses that is more than 10% of your adjusted gross income (7.5% if either you or your spouse is age 65 or older). See [chapter 21](#).

Personal exemption amount increased for certain taxpayers. Your personal exemption is increased to \$3,900. But the amount is reduced if your adjusted gross income is more than:

- \$150,000 if married filing separately,
- \$250,000 if single,
- \$275,000 if head of household, or
- \$300,000 if any other filing status.

See [chapter 3](#).

Limit on itemized deductions. You may not be able to deduct all of your itemized deductions if your adjusted gross income is more than:

- \$150,000 if married filing separately,
- \$250,000 if single,
- \$275,000 if head of household, or
- \$300,000 if any other filing status.

See [chapter 29](#).

Same-sex marriages. If you have a same-sex spouse whom you legally married in a state (or foreign country) that recognizes same-sex marriage, you and your spouse generally must use the married filing jointly or married filing separately filing status on your 2013 return, even if you and your spouse now live in a state (or foreign country) that does not recognize same-sex marriage. See [chapter 2](#).

If you meet certain requirements, you may be able to file amended returns to change your filing status for some earlier years. For details on filing amended returns, see [chapter 1](#).

Health flexible spending arrangements (FSAs). You cannot have more than \$2,500 in salary reduction contributions made to a

health FSA for plan years beginning after 2012. See [chapter 5](#).

Expiring credits. The plug-in electric vehicle credit and the refundable part of the credit for prior year minimum tax have expired. You cannot claim either one on your 2013 return. See [chapter 37](#).

Ponzi-type investment schemes. There are new rules for how to claim a theft loss deduction on Form 4684 due to a Ponzi-type investment scheme. See [chapter 25](#).

Home office deduction simplified method. If you can take a home office deduction, you may be able to use a simplified method to figure it. See Publication 587.

Standard mileage rates. The 2013 rate for business use of your car is increased to 56½ cents a mile. See [chapter 26](#).

The 2013 rate for use of your car to get medical care is increased to 24 cents a mile. See [chapter 21](#).

The 2013 rate for use of your car to move is increased to 24 cents a mile. See Publication 521, Moving Expenses.

Reminders

Listed below are important reminders and other items that may help you file your 2013 tax return. Many of these items are explained in more detail later in this publication.

Enter your social security number (SSN). Enter your SSN in the space provided on your tax form. If you filed a joint return for 2012 and are filing a joint return for 2013 with the same spouse, enter your names and SSNs in the same order as on your 2012 return. See [chapter 1](#).

Secure your tax records from identity theft. Identity theft occurs when someone uses your personal information, such as your name, SSN, or other identifying information, without your permission, to commit fraud or other crimes. An identity thief may use your SSN to get a job or may file a tax return using your SSN to receive a refund. For more information about identity theft and how to reduce your risk from it, see [chapter 1](#).

Taxpayer identification numbers. You must provide the taxpayer identification number for each person for whom you claim certain tax benefits. This applies even if the person was born in 2013. Generally, this number is the person's social security number (SSN). See [chapter 1](#).

Foreign source income. If you are a U.S. citizen with income from sources outside the United States (foreign income), you must report all such income on your tax return unless it is exempt by U.S. law. This is true whether you live inside or outside the United States and whether or not you receive a Form W-2 or Form 1099 from the foreign payer. This applies to earned income (such as wages and tips) as well as unearned income (such as interest, dividends, capital gains, pensions, rents and royalties).

If you live outside the United States, you may be able to exclude part or all of your foreign source earned income. For details, see Publication 54, Tax Guide for U.S.

Citizens and Resident Aliens Abroad.

Foreign financial assets. If you had foreign financial assets in 2013, you may have to file Form 8938 with your return. Check www.irs.gov/form8938 for details.

Automatic 6-month extension to file tax return. You can use Form 4868, Application for Automatic Extension of Time To File U.S. Individual Income Tax Return, to obtain an automatic 6-month extension of time to file your tax return. See [chapter 1](#).

Include your phone number on your return. To promptly resolve any questions we have in processing your tax return, we would like to be able to call you. Please enter your daytime telephone number on your tax form next to your signature and occupation. If you are filing a joint return, you can enter either your or your spouse's daytime phone number.

Payment of taxes. You can pay your taxes online, by phone, or by

check or money order. You can make a direct transfer from your bank account or use a credit or debit card. If you *e-file*, you can schedule an electronic payment. See [chapter 1](#).

Faster ways to file your return. The IRS offers fast, accurate ways to file your tax return information without filing a paper tax return. You can use IRS *e-file* (electronic filing). See [chapter 1](#).

Free electronic filing. You may be able to file your 2013 taxes online for free. See [chapter 1](#).

Change of address. If you change your address, you should notify the IRS. See [Change of Address](#) in chapter 1.

Refund on a late filed return. If you were due a refund but you did not file a return, you generally must file your return within 3 years from the date the return was due (including extensions) to get that refund. See [chapter 1](#).

F frivolous tax returns. The IRS has published a list of positions