

Personal Exemption Phaseout

Tax Policy Center

April 12, 2016

The Personal Exemption Phaseout (PEP) reduces personal exemptions (\$4,000 in 2015) for both taxpayers and their dependents by 2 percent for each \$2,500 (or part of \$2,500) that adjusted gross income (AGI) exceeds the threshold for the relevant filing status. The 2001 tax act phased down the phaseout and then eliminated it entirely for 2010. The 2010 tax act extended the repeal through 2012. The [American Taxpayer Relief Act of 2012 \(ATRA\)](#) allowed PEP to resume as scheduled but raised thresholds above those set under previous law.

In 2015, the phaseout will occur over the following income ranges. Thresholds are indexed for inflation after 2015.

Filing Status	Phaseout Begins	Phaseout Ends
Single	\$258,250	\$380,750
Head of Household	\$284,050	\$406,550
Married Filing Jointly or Qualifying Widow(er)	\$309,900	\$432,400
Married Filing Separately	\$154,950	\$216,200

EXAMPLES

Single filer with no dependents and AGI = \$277,000: AGI exceeds phaseout start by \$18,750 (= \$277,000 - \$258,250); divide that excess by \$2,500 = 7.5, which rounds up to 8. Reduction is 16% (= 8 * 2%) of \$4,000, which is \$640.

Married couple with two children and AGI = \$347,000: AGI exceeds phaseout start by \$37,100 (= \$347,000 - \$309,900); divide that excess by \$2,500 = 14.84, which rounds up to 15. Reduction is 30% (= 15 * 2%) of \$16,000, which is \$4,800.

[Individual Income Tax Parameters \(Including Brackets\), 1945-2016](#) (Click on the PDF or Excel links for historical data on the phaseout of personal exemptions from 1991-2009)



The Tax Policy Center is a joint venture of the
Urban Institute and Brookings Institution.



BROOKINGS

For more information, visit taxpolicycenter.org
or email info@taxpolicycenter.org

The findings and conclusions contained within are those of the author and do not necessarily reflect positions or policies of the Urban-Brookings Tax Policy Center or its funders.

Copyright © 2016. Urban Institute. Permission is granted for reproduction of this file, with attribution to the Urban-Brookings Tax Policy Center.