

2012 Personal Exemptions, Standard Deductions, and Age-Related Income Exemptions

	Montana	Federal
Standard Deduction	20% with Minimum of \$3,720 Joint or Head of Household, \$1,860 Single or Separate, and Maximum of \$8,400 Joint or Head of Household, \$4,200 Single or Separate	\$11,900 Joint, \$8,700 Head of Household, \$5,950 Single or Separate
Personal Exemption	\$2,240	\$3,800
Additional Age-Based Exemption or Standard Deduction	Additional Personal Exemption if Age 65+, \$2,240 / taxpayer	Additional Standard Deduction if Age 65+ \$1,150 / taxpayer if married, \$1,450 Single or Head of Household
Age-Based Exempt Income	Retirement Income \$3,830 per taxpayer, phases out for combined Federal Adjusted Gross Income over \$31,920 Interest Income \$800/taxpayer Age 65+	

Taxpayer Impacts of Provisions of Income Tax Simplification Bills

For a bill to be revenue neutral, the total of tax increases must equal the total of tax reductions.

Eliminating Credits

Increases taxes for specific taxpayers who use credits.

Tie to Federal Taxable Income

Larger personal exemption and standard deduction

Reduces taxes for all by reducing taxable income.

Largest reduction for taxpayer with dependents who take standard deduction.

Smallest reduction for taxpayers age 65+ with no dependents who itemize.

Eliminating state additions and subtractions to income and state-specific itemized deductions

Increases taxes for specific taxpayers who use itemized deductions for federal taxes, health and long-term care insurance premiums, political contributions, or dependent care expenses.

Increases taxes for specific taxpayers who use Montana-specific tax-favored savings accounts.

Eliminating Married Separate on the Same Form

Increases taxes on couples who currently file separate returns on the same form.

Rate Changes

For given taxable income, lower rates reduce taxes and higher rates increase taxes.

Interacts with changes in taxable income.