



DONALD D. WILSON JR., P.A.  
CERTIFIED PUBLIC ACCOUNTANT

## Adjusted Gross Income Phaseout Ranges

### Background

Many of the tax law's benefits are limited to taxpayers with adjusted gross income (AGI) below a certain level. To help you keep track of the appropriate AGI phaseout ranges for your clients' situations, the following chart summarizes the more popular ones and provides the applicable statutory reference. **The limits shown are for both the 2007 and 2008 tax years unless otherwise noted.**

Description	IRC Sec(s).	See Footnotes (next page)	Adjusted Gross Income Phaseout Range		
			Joint Return	Single (S)/Head of Household (H)	Married Filing Separately
Adoption credit/exclusion 2007 2008	23 and 137	1	\$170,820–\$210,820 \$174,730–\$214,730	\$170,820–\$210,820 \$174,730–\$214,730	No credit/exclusion No credit/exclusion
AMT exemption phase out 2007 2008	55(d)(3)	2	\$150,000–\$415,000 \$150,000–\$330,000	\$112,500–\$289,900 \$112,500–\$247,500	\$75,000–\$207,500 \$75,000–\$165,000
Child credit	24	1, 4	\$110,000–?	\$75,000–?	\$55,000–?
Coverdell Education Savings Accounts	530	1	\$190,000–\$220,000	\$95,000–\$110,000	\$95,000–\$110,000
Dependent care credit (35% reduced 1% for each \$2,000 or portion thereof AGI over amount shown; minimum credit is 20%)	21		\$15,000–\$43,000	\$15,000–\$43,000	No credit
Education loan interest deduction 2007 2008	221(b)(2)	1	\$110,000–\$140,000 \$115,000–\$145,000	\$55,000–\$70,000 \$55,000–\$70,000	No deduction No deduction
Elderly/disabled credit	22	3, 5	\$10,000–\$25,000	\$7,500–\$17,500	\$5,000–\$12,500
Hope Scholarship Credit 2007 2008	25A	1	\$94,000–\$114,000 \$96,000–\$116,000	\$47,000–\$57,000 \$48,000–\$58,000	No credit No credit
IRA deduction with pension coverage 2007 2008	219(g)	1	\$83,000–\$103,000 \$85,000–\$105,000	\$52,000–\$62,000 \$53,000–\$63,000	\$0–\$10,000 \$0–\$10,000
IRA deduction with spouse having pension coverage 2007 2008	219(g)(7)	1	\$156,000–\$166,000 \$159,000–\$169,000	Not applicable Not applicable	\$0–\$10,000 \$0–\$10,000
Itemized deduction reduction threshold 2007 2008	68	1, 6	\$156,400 \$159,950	\$156,400 \$159,950	\$78,200 \$79,975

Description	IRC Sec(s).	See Footnotes	Adjusted Gross Income Phaseout Range		
			Joint Return	Single (S)/Head of Household (H)	Married Filing Separately
Lifetime Learning Credit 2007 2008	25A	1	\$94,000–\$114,000 \$96,000–\$116,000	\$47,000–\$57,000 \$48,000–\$58,000	No credit No credit
Passive activity rehabilitation credit exception	469(i)	1, 3	\$200,000–\$250,000	\$200,000–\$250,000	\$100,000–\$125,000
Passive rental loss (\$25,000) exception	469(i)	1, 3	\$100,000–\$150,000	\$100,000–\$150,000	\$50,000–\$75,000
Personal exemptions 2007  2008	151	7	\$234,600–\$357,100  \$239,950–\$362,450	\$156,400–\$278,900 (S); \$195,500–\$318,000 (H)  \$159,950–\$282,450 (S); \$199,950–\$322,450 (H)	\$117,300–\$178,550  \$119,975–\$181,225
Retirement contribution credit 2007—50% credit  20% credit  10% credit  2008—50% credit  20% credit  10% credit	25B	1	Up to \$31,000  \$31,001–\$34,000  \$34,001–\$52,000  Up to \$32,000  \$32,001–\$34,500  \$34,501–\$53,000	Up to \$15,500 (S) Up to \$23,250 (H)  \$15,501–\$17,000 (S) \$23,251– \$25,500 (H)  \$17,001–\$26,000 (S) \$25,501–\$39,000 (H)  Up to \$16,000 (S) Up to \$24,000 (H)  \$16,001–\$17,250 (S) \$24,001– \$25,875 (H)  \$17,251–\$26,500 (S) \$25,876–\$39,750 (H)	Up to \$15,500  \$15,501–\$17,000  \$17,001–\$26,000  Up to \$16,000  \$16,001–\$17,250  \$17,251–\$26,500
Rollover to Roth IRA	408A	1	\$100,000	\$100,000	Rollover not allowed
Roth IRA 2007 2008	408A	1	\$156,000–\$166,000 \$159,000–\$169,000	\$ 99,000–\$114,000 \$101,000–\$116,000	\$0–\$10,000 \$0–\$10,000
Savings bond interest exclusion 2007 2008	135	1	\$ 98,400–\$128,400 \$100,650–\$130,650	\$65,600–\$80,600 \$67,100–\$82,100	No exclusion No exclusion
Tuition deduction 2007 \$4,000 deduction \$2,000 deduction	222	1, 8	\$130,000 \$160,000	\$65,000 \$80,000	No deduction No deduction

**Notes:**

1. Phaseout applies to alternative minimum taxable income rather than AGI.
2. Married individuals filing separately can claim the credit exception only if they lived apart during the entire year.
3. Size of phaseout range depends on the number of qualifying children in the family.
4. Married individuals normally must file a joint return to take the credit even though a married filing separately phaseout range is shown.
5. The amount of reduction depends on the amount that AGI exceeds the threshold.
6. The exemption amount at the end of the phase-out range is \$2,333 per dependent in 2008 and \$1,133 per dependent at the end of 2007.
7. The tuition deduction expires for tax years beginning after 2007, unless extended by Congress.