



Various Tax Benefits Will Change in 2015 Due to Inflation Adjustments

The IRS has [announced](#) a number of inflation-adjusted tax items for 2015. Items that may be of particular interest to employers and employees include the following:



- **Limit on Health Flexible Spending Arrangement (FSA) Contributions.** The annual dollar limit on employee contributions to employer-sponsored health FSAs **increases to \$2,550** (up \$50 from the amount for 2014).
- **Small Business Health Care Tax Credit.** The maximum amount of the small business health care tax credit is phased out based on the employer's number of full-time equivalent employees in excess of 10 (unchanged from last year) and the employer's **average annual wages in excess of \$25,800** (up from \$25,400 for 2014).
- **Qualified Transportation Fringe Benefits.** The monthly limit on the value of the fringe benefit exclusion for transportation in a commuter highway vehicle and any transit pass **remains unchanged at \$130**. The monthly limit for qualified parking **remains unchanged at \$250**.
- **Medical Savings Accounts (MSAs).** The 2015 limits for annual deductibles and the maximum out-of-pocket expenses for high deductible health plans (HDHPs) are as follows:
 - **Self-only coverage.** The minimum annual deductible **remains unchanged at \$2,200**, while the maximum annual deductible increases to **\$3,300**. The annual out-of-pocket expenses required to be paid (other than for premiums) for covered benefits cannot exceed **\$4,450**.
 - **Family coverage.** The minimum annual deductible increases to **\$4,450**, and the maximum annual deductible increases to **\$6,650**. The annual out-of-pocket expenses required to be paid (other than for premiums) for covered benefits cannot exceed **\$8,150**.
- **Earned Income Credit.** The maximum Earned Income Credit amount is **\$6,242** for taxpayers filing jointly who have 3 or more qualifying children, up from a total of \$6,143 for tax year 2014. IRS [Revenue Procedure 2014-61](#) includes a table that provides maximum credit amounts for other categories, income thresholds, and phase-outs.

Details on these inflation adjustments and others are contained in [Revenue Procedure 2014-61](#). You can visit the [Fringe Benefits](#) section of your online HR library to learn more about the tax consequences of various employer-provided benefits.

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