**8540. Is there a phase out of the alternative minimum tax exemption?**

The purpose of the AMT exemption is to prevent its imposition on lower income taxpayers. The exemption amounts are: $52,800 for single and head of household filers, $82,100 for joint filers and $41,050 for married separately filers.

However, the AMT exemption does phase out when AMTI reaches certain threshold levels.[[1]](#endnote-1) The phase out is a reduction of the exemption by 25% of each dollar over the applicable threshold. The following chart sets forth the applicable 2014 AMTI thresholds as well as the total phase out amount.

|  |  |  |
| --- | --- | --- |
| Filing Status | AMTI Exemption Phase Out Threshold Amount | AMTI Total Phase Out Amount |
| Married filing jointly or qualifying widow(er) | $156,500 | $484,900 |
| Single or Head of Household | $117,300 | $328,500 |
| Married filing separately | $78,250 | $242,450 |

*Example*. In 2014, Asher and Ashley, a married couple have AMTI of $200,000. Their AMT exemption without considering the phase out is $82,100. However, the couple’s AMTI is $200,000 and the AMTI exemption phase out threshold amount is $156,500. As a result, their AMT exceeds the threshold amount by $43,500. Applying the phase out, the couple’s 2014 exemption amount is reduced from $82,100 to $71,225 (a reduction of $10.875, or 25% \* $43,500).

**8540.02. Are there special AMT exemption rules that apply to a child subject to the kiddie tax?**

 If a child is subject to the kiddie tax, it is possible that he or she may be subject to AMT. Under special rules, the AMT exemption of a child subject to the kiddie tax is the lesser of the AMT exemption for a single taxpayer ($52,800) or the total of the child’s earned income plus $7,250.[[2]](#endnote-2)

1. IRC Sec. 55(d)(3). [↑](#endnote-ref-1)
2. IRC Sec. 59(j); Rev. Proc. 2013-35, 2013-47 IRB 537. [↑](#endnote-ref-2)