**8521. Are the itemized deductions of high-income taxpayers subject to phase-out?**

Yes. The aggregate of most itemized deductions is reduced dollar-for-dollar by the lesser of (1) 3 percent of the individual’s adjusted gross income that exceeds $254,200 for a single filer ($305,050 in the case of a married taxpayer filing jointly, $279,650 for heads of household, and $152,525 for married taxpayers filing separately) or (2) 80 percent of the amount of such itemized deductions otherwise allowable for the taxable year.[[1]](#footnote-1) The threshold income levels for determining the phaseout are adjusted annually for inflation.[[2]](#footnote-2)

The phase-out of the value of itemized deductions is not applicable to medical expenses deductible under IRC Section 213, investment interest deductible under IRC Section 163(d), or certain casualty loss deductions.[[3]](#footnote-3) The limitation also is not applicable to estates and trusts.[[4]](#footnote-4) For purposes of certain other calculations, such as the limits on deduction of charitable contributions or the 2 percent floor on miscellaneous itemized deductions, the limitations on each separate category of deductions are applied *before* the overall ceiling on itemized deductions is applied.[[5]](#footnote-5) The deduction limitation is not taken into account in the calculation of the alternative minimum tax.[[6]](#footnote-6)

1. . IRC Sec. 68(a). [↑](#footnote-ref-1)
2. . IRC Sec. 68(b); as amended by ATRA, Sec. 101(2)(b); Rev. Proc. 2008-66, 2008-45 IRB 1107; Rev. Proc. 2013-35, 2013-47 IRB 537. [↑](#footnote-ref-2)
3. . IRC Sec. 68(c). [↑](#footnote-ref-3)
4. . IRC Sec. 68(e). [↑](#footnote-ref-4)
5. . IRC Sec. 68(d). [↑](#footnote-ref-5)
6. . IRC Sec. 56(b)(1)(F). [↑](#footnote-ref-6)