The Virginia Age Deduction under HB 5018

Effective for the 2004 taxable year, House Bill 5018 (Chapter 3, 2004 Special Session) changes the age deduction for taxpayers age 62 and over.

- Individuals who were already age 65 on January 1, 2004 will continue to claim an age deduction of \$12,000.
- Individuals who were age 62 or 63 on January 1, 2004 will continue to claim an age deduction of \$6,000 until they reach age 65. Once they reach age 65, they will receive a \$12,000 deduction subject to income limitations, as explained below.
- Individuals who reach age 62 after January 1, 2004 will be eligible for an age deduction when they reach age 65.
- Individuals who reach age 65 after January 1, 2004 will be eligible for a deduction of \$12,000, subject to the following income limitations. The deduction of \$12,000 will be reduced by one dollar for each dollar that their Adjusted Federal Adjusted Gross Income exceeds the following thresholds:

Single \$50,000

Married \$75,000 (total for

both)

Married, filing \$75,000 (total for

separately both)

A table summarizing the new age deduction provisions is shown below.

	Taxable Year								
For each individual born:	2003	2004	2005	2006	2007	2008	2009	2010	
On or before January 1, 1939	\$12,000	\$12,000	\$12,000	\$12,000	\$12,000	\$12,000	\$12,000	\$12,000	
On or between January 2, 1939 & January 1, 1940	\$6,000	\$12,000*	\$12,000*	\$12,000*	\$12,000*	\$12,000*	\$12,000*	\$12,000*	
On or between January 2, 1940 & January 1, 1941	\$6,000	\$6,000	\$12,000*	\$12,000*	\$12,000*	\$12,000*	\$12,000*	\$12,000*	

[&]quot;Adjusted federal adjusted gross income" means the federal adjusted gross income reduced by the taxable social security and Tier 1 railroad retirement benefits reported as a Virginia subtraction.

On or between January 2, 1941 & January 1, 1942	\$6,000	\$6,000	\$6,000	\$12,000*	\$12,000*	\$12,000*	\$12,000*	\$12,000*
On or between January 2, 1942 & January 1, 1943	\$0	\$0	\$0	\$0	\$12,000*	\$12,000*	\$12,000*	\$12,000*
On or between January 2, 1943 & January 1, 1944	\$0	\$0	\$0	\$0	\$0	\$12,000*	\$12,000*	\$12,000*
On or between January 2, 1944 & January 1, 1945	\$0	\$0	\$0	\$0	\$0	\$0	\$12,000*	\$12,000*
On or between January 2, 1945 & January 1, 1946	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$12,000*

^{*} The maximum age deduction of \$12,000 will be subject to income limitations, based on the individual's adjusted federal adjusted gross income. "Adjusted federal adjusted gross income" means the federal adjusted gross income reduced by the taxable social security and Tier 1 railroad retirement benefits reported as a Virginia subtraction. The age deduction will be reduced by one dollar for each dollar that the adjusted federal adjusted gross income exceeds \$50,000 for single filers, or \$75,000 (combined total) for married individuals filing joint or separate returns.