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February 2011

This is our 16th annual TAXES AT A GLANCE, a quick reference for several income tax amounts—rates, limitations, percents, minimums and maximums, phase-outs, etc., including changes from many recent tax acts. We caution against using this information as the sole source of answers to your tax questions. Please call us for more information and further explanations. And, see our website (www.jvtr.com) for other useful information and for updates to this document.

	2011	2010	2009	2008	2007
Tax Rates on Taxable Income—Individual					
Beginning of the 1st bracket:	10%	10%	10%	10%	10%
Joint (MFJ) or qualifying widow(er)	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
Single (S)	0	0	0	0	0
Head of household (HH)	0	0	0	0	0
Married filing separately (MFS)	0	0	0	0	0
Beginning of the 2nd bracket:	15%	15%	15%	15%	15%
Joint or qualifying widow(er)	\$ 17,000	\$ 16,750	\$ 16,700	\$ 16,050	\$ 15,650
Single	8,500	8,375	8,350	8,025	7,825
Head of household	12,150	11,950	11,950	11,450	11,200
Married filing separately	8,500	8,375	8,350	8,025	7,825
Beginning of the 3rd bracket:	25%	25%	25%	25%	25%
Joint or qualifying widow(er)	\$ 69,000	\$ 68,000	\$ 67,900	\$ 65,100	\$ 63,700
Single	34,500	34,000	33,950	32,550	31,850
Head of household	46,250	45,550	45,500	43,650	42,650
Married filing separately	34,500	34,000	33,950	32,550	31,850
Beginning of the 4th bracket:	28%	28%	28%	28%	28%
Joint or qualifying widow(er)	\$ 139,350	\$ 137,300	\$ 137,050	\$ 131,450	\$ 128,500
Single	83,600	82,400	82,250	78,850	77,100
Head of household	119,400	117,650	117,450	112,650	110,100
Married filing separately	69,675	68,650	68,525	65,725	64,250
Beginning of the 5th bracket:	33%	33%	33%	33%	33%
Joint or qualifying widow(er)	\$ 212,300	\$ 209,250	\$ 208,850	\$ 200,300	\$ 195,850
Single	174,400	171,850	171,550	164,550	160,850
Head of household	193,350	190,550	190,200	182,400	178,350
Married filing separately	106,150	104,625	104,425	100,150	97,925
Beginning of the 6th bracket:	35%	35%	35%	35%	35%
MFJ, S, HH	\$ 379,150	\$ 373,650	\$ 372,950	\$ 357,700	\$ 349,700
Married filing separately	189,575	186,825	186,475	178,850	174,850

	2011	2010	2009	2008	2007
Tax Rates on Taxable Income—Trusts and Estates					
Beginning of the 1st bracket	15%	15%	15%	15%	15%
	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
Beginning of the 2nd bracket	25%	25%	25%	25%	25%
	\$ 2,300	\$ 2,300	\$ 2,300	\$ 2,200	\$ 2,150
Beginning of the 3rd bracket	28%	28%	28%	28%	28%
	\$ 5,450	\$ 5,350	\$ 5,350	\$ 5,150	\$ 5,000
Beginning of the 4th bracket	33%	33%	33%	33%	33%
	\$ 8,300	\$ 8,200	\$ 8,200	\$ 7,850	\$ 7,650
Beginning of the 5th bracket	35%	35%	35%	35%	35%
	\$ 11,350	\$ 11,200	\$ 11,150	\$ 10,700	\$ 10,450

	2011	2010	2009	2008	2007
Tax Rates on Taxable Income—Corporate					
Beginning of the 15% bracket	\$ 0	Same	Same	Same	Same
Beginning of the 25% bracket	50,000	Same	Same	Same	Same
Beginning of the first 34% bracket	75,000	Same	Same	Same	Same
Beginning of the 39% bracket	100,000	Same	Same	Same	Same
Beginning of the second 34% bracket	335,000	Same	Same	Same	Same
Beginning of the first 35% bracket	10,000,000	Same	Same	Same	Same
Beginning of the 38% bracket	15,000,000	Same	Same	Same	Same
Beginning of the second 35% bracket	18,333,333	Same	Same	Same	Same
Flat tax rate for personal service corporations	35%	Same	Same	Same	Same

Maximum Tax Rates on L-T Capital Gains

Individual:

On sale of most long-term capital gain assets	0% or 15%	0% or 15%	0% or 15%	0% or 15%	5% or 15%
On sale of trade or business use real estate (limited to amount of depreciation claimed)	25%	Same	Same	Same	Same
On sale of collectibles	28%	Same	Same	Same	Same

Corporate (no special rate for capital gains)

	34% or 35%	Same	Same	Same	Same
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Estate and Gift

Annual gift exclusion, per donee	\$ 13,000	\$ 13,000	\$ 13,000	\$ 12,000	\$ 12,000
Annual gift exclusion with spousal gift splitting	26,000	26,000	26,000	24,000	24,000
Lifetime gift “exclusion” amount	5,000,000	1,000,000	1,000,000	1,000,000	1,000,000
Estate “exclusion” amount	5,000,000	Repealed *	3,500,000	2,000,000	2,000,000
Range of taxable estate and gift tax rates*	18% to 35%	18% to 35%	18% to 45%	18% to 45%	18% to 45%
Beginning taxable amount for highest rate*	\$ 500,000	\$ 500,000	\$ 1,500,000	\$ 1,500,000	\$ 1,500,000

*See pages 8 and 9 for more details.

Fed Estimated Tax Safe Harbors-Individuals

General rule - % of current year tax	90%	Same	Same	Same	Same
Excep based on this % of py tax if AGI<=\$150K	100%	Same	Same	Same	Same
Excep based on this % of py tax if AGI>\$150K	110%	Same	Same	Same	Same

Exemptions—Individuals, Estates and Trusts

Personal and dependent (maximum per each)	\$ 3,700	\$ 3,650	\$ 3,650	\$ 3,500	\$ 3,400
Estate	600	Same	Same	Same	Same
Simple trust	300	Same	Same	Same	Same
Complex trust	100	Same	Same	Same	Same
Phase-outs for personal/dependent exemption:					
Joint and surviving spouse, starting at AGI of	No Phase-out	No Phase-out	\$ 250,200	\$ 239,950	\$ 234,600
Single, starting at AGI of	No Phase-out	No Phase-out	166,800	159,950	156,400
Head of household, starting at AGI of	No Phase-out	No Phase-out	208,500	199,950	195,500
Married filing separately, starting at AGI of	No Phase-out	No Phase-out	125,100	119,975	117,300
Phase-out percent (for each \$2,500 unit of AGI in excess of the above amounts)	0%	0%	.67%	.67%	1.33%

Itemized Deduction Limits—Individuals

Medical deduction AGI threshold %	7.5%	Same	Same	Same	Same
Misc itemized deduction AGI threshold %	2.0%	Same	Same	Same	Same
Phase-outs for “excess” itemized deductions start at these AGI amounts:					
Joint, single, head of household with AGI >	No Phase-out	No Phase-out	\$ 166,800	\$ 159,950	\$ 156,400
Married filing separately with AGI >	No Phase-out	No Phase-out	83,400	79,975	78,200
Phase-out % (for AGI in excess of above)	0%	0%	1%	1%	2%

	2011	2010	2009	2008	2007
Standard Deductions—Individuals					
Joint (MFJ) or qualifying widow(er)	\$ 11,600	\$ 11,400	\$ 11,400	\$ 10,900	\$ 10,700
Single (S)	5,800	5,700	5,700	5,450	5,350
Head of household (HH)	8,500	8,400	8,350	8,000	7,850
Married filing separately (MFS)	5,800	5,700	5,700	5,450	5,350
Additional for elderly and blind-married	1,150	1,100	1,100	1,050	1,050
Additional for elderly and blind-unmarried	1,450	1,400	1,400	1,350	1,300
Taxpayer claimed as a dependent	950	950	950	900	850
Additional std ded for real estate taxes (S/MFJ)	NA	NA	\$500/\$1,000	\$500/\$1,000	NA

Alternative Minimum Tax—Individuals

AMT exemptions:

Joint or qualifying widower	\$ 74,450	\$ 72,450	\$ 70,950	\$ 69,950	\$ 66,250
Single and head of household	48,450	47,450	46,700	46,200	44,350
Married filing separately (1/2 of the above)	37,225	36,225	35,475	34,975	33,125
Estates and trusts	22,500	Same	Same	Same	Same

AMT rates:

On qualifying dividends	0% or 15%	0% or 15%	0% or 15%	0% or 15%	5% or 15%
On qualifying capital gains	0% or 15%	0% or 15%	0% or 15%	0% or 15%	5% or 15%
On AMTI minus exemption, up to \$175,000	26%	Same	Same	Same	Same
On AMTI over \$175,000	28%	Same	Same	Same	Same

Pension Amounts, Limitations and Other

Maximum IRA contribution	\$ 5,000	\$ 5,000	\$ 5,000	\$ 5,000	\$ 4,000
Additional “catch-up” contribution if 50 yrs old	1,000	Same	Same	Same	Same
Maximum allowable SIMPLE plan deferral	11,500	11,500	11,500	10,500	10,500
Additional “catch-up” contribution if 50 yrs old	2,500	Same	Same	Same	Same
Maximum allowable 401(k) and 403(b) deferral	16,500	16,500	16,500	15,500	15,500
Additional “catch-up” contribution if 50 yrs old	5,500	5,500	5,500	5,000	5,000
Maximum allowable 457 plan deferral	16,500	16,500	16,500	15,500	15,500
Additional “catch-up” contribution if 50 yrs old	5,500	5,500	5,500	5,000	5,000
Maximum DC plan annual compensation	245,000	245,000	245,000	230,000	225,000
Max annual % addition to DC plan account	100%	Same	Same	Same	Same
Max annual \$\$ addition to DC plan account	\$ 49,000	\$ 49,000	\$ 49,000	\$ 46,000	\$ 45,000
Maximum annual benefit from DB plan	195,000	195,000	195,000	185,000	180,000
Definition of “highly compensated” employee	110,000	110,000	110,000	105,000	100,000
Definition of “key” employee, top heavy plan - officers with compensation of more than	160,000	160,000	160,000	150,000	145,000
Minimum age for no penalty IRA withdrawal	59½	Same	Same	Same	Same

Required Minimum Distributions

Minimum distributions from IRAs, 401(k)s, PS plans must <u>begin</u> no later than April 1 of the year following the year of attaining age 70½				The 2009 RMD could be waived	
Minimum distribution factors for these ages: (This is the “Uniform Table”, which may not be used in some circumstances. Divide the beginning of the year balance in the account by the appropriate factor for the age that year)	70 = 27.4 71 = 26.5 72 = 25.6 73 = 24.7 74 = 23.8	75 = 22.9 76 = 22.0 77 = 21.2 78 = 20.3 79 = 19.5	80 = 18.7 81 = 17.9 82 = 17.1 83 = 16.3 84 = 15.5	85 = 14.8 86 = 14.1 87 = 13.4 88 = 12.7 89 = 12.0	90 = 11.4 91 = 10.8 92 = 10.2 93 = 9.6 94 = 9.1

	2011	2010	2009	2008	2007
FICA and FUTA Limits and Amounts					
<i>Employee and employer shares of FICA:</i>					
Annual social security (SS) wage maximum	\$ 106,800	\$ 106,800	\$ 106,800	\$ 102,000	\$ 97,500
Social security withholding percent	4.2%	6.2%	6.2%	6.2%	6.2%
Annual Medicare wage maximum	No cap	Same	Same	Same	Same
Medicare withholding percent	1.45%	Same	Same	Same	Same
<i>Self employed share of FICA:</i>					
Annual SE earnings max subject to SS tax	\$ 106,800	\$ 106,800	\$ 106,800	\$ 102,000	\$ 97,500
SE social security tax percent	10.4%	12.4%	12.4%	12.4%	12.4%
Annual SE earnings cap subject to Medicare tax	No cap	Same	Same	Same	Same
SE Medicare tax percent	2.9%	Same	Same	Same	Same
Percent of SE tax deductible by self employed	50%	Same	Same	Same	Same
Percent of SE health insur ded by self employed	100%	Same	Same	Same	Same
Maximum wages subject to FUTA tax	\$ 7,000	Same	Same	Same	Same

Social Security Benefits and Taxation					
<i>Annual earnings at which benefits begin to be cut prior to "Full Retirement Age" (FRA):</i>					
Under FRA (reduction of \$1 for every \$2)	\$ 14,160	\$ 14,160	\$ 14,160	\$ 13,560	\$ 12,960
In year of FRA (reduction of \$1 for every \$3)	37,680	37,680	37,680	36,120	34,440
FRA and older (no reduction)	No limit	Same	Same	Same	Same

FRA and % reduction in SS benefit if born in 1937 or earlier: Age 65 has .555% reduction per month for # mos pre-age 65.
 Full retirement ages (years + months) and monthly % reductions (pre-FRA) in the Social Security benefit for these years:

1938	65+2 / .548%	1941	65+8 / .530%	1955	66+2 / .516%	1958	66+8 / .505%
1939	65+4 / .541%	1942	65+10 / .525%	1956	66+4 / .512%	1959	66+10 / .502%
1940	65+6 / .535%	1943-1954	66+0 / .520%	1957	66+6 / .509%	1960 + after	67+0 / .500%

Annual "base amount" (as defined) at which Soc Sec benefits begin to be taxed:

MFJ, at up to 50% taxable	\$ 32,000	Same	Same	Same	Same
MFJ, at up to 85% taxable	40,000	Same	Same	Same	Same
Single, at up to 50% taxable	25,000	Same	Same	Same	Same
Single, at up to 85% taxable	34,000	Same	Same	Same	Same

Long-Term Care Premiums					
<i>Amount deductible per person as medical expenses (and then subject to the AGI limitation):</i>					
Age 40 or less	\$ 340	\$ 330	\$ 320	\$ 310	\$ 290
Age 41 to 50	640	620	600	580	550
Age 51 to 60	1,270	1,230	1,190	1,150	1,110
Age 61 to 70	3,390	3,290	3,180	3,080	2,950
Over 70	4,240	4,110	3,980	3,850	3,680

Medicare Part B Premiums / Deductibles					
<i>Monthly Medicare Part B premiums - "hold harmless" base amount</i>					
	\$ 96.40	\$ 96.40	\$ 96.40	\$ 96.40	\$ 93.50
<i>For 2011 (for marrieds) - monthly Medicare Part B premiums if 2009 "modified" AGI is:</i>					
Between \$170,001 and \$214,000	\$ 161.50	See	See	See	See
Between \$214,001 and \$320,000	230.70	Prior	Prior	Prior	Prior
Between \$320,001 and \$428,000	299.90	"Glance"	"Glance"	"Glance"	"Glance"
Over \$428,000	369.10				
Annual Medicare Part B deductible	\$ 162.00	\$ 155.00	\$ 135.00	\$ 135.00	\$ 131.00

	2011	2010	2009	2008	2007
Health Savings Accounts					
<i>Plan deductible must be at least:</i>					
Self coverage	\$ 1,200	\$ 1,200	\$ 1,150	\$ 1,100	\$ 1,100
Family coverage	2,400	2,400	2,300	2,200	2,200
<i>Maximum contributions:</i>					
Self coverage	3,050	3,050	3,000	2,900	2,850
Family coverage	6,150	6,150	5,950	5,800	5,650
Additional “catch-up” contr if >55 yrs old	1,000	1,000	1,000	900	800
<i>Out of pocket limits:</i>					
Self coverage	5,950	5,950	5,800	5,600	5,500
Family coverage	11,900	11,900	11,600	11,200	11,000
Is unused balance at end of year forfeited?	No	Same	Same	Same	Same
Flexible Spending Accounts					
<i>Health care spending account:</i>					
Is there a max deferral imposed by tax code?	No	Same	Same	Same	Same
Is maximum deferral usually set by sponsor?	Yes	Same	Same	Same	Same
Is unused balance at end of year forfeited?	Yes	Same	Same	Same	Same
<i>Dependent care spending account:</i>					
Maximum deferral imposed by tax code	\$ 5,000	Same	Same	Same	Same
Is maximum deferral usually set by sponsor?	Yes	Same	Same	Same	Same
Is unused balance at end of year forfeited?	Yes	Same	Same	Same	Same
Miscellaneous—Individuals					
Max child and dependent care credit (1 child)	\$ 1,050	Same	Same	Same	Same
Max child and dep care credit (2+ children)	2,100	Same	Same	Same	Same
Child tax credit per child under 17	1,000	Same	Same	Same	Same
Max adoption credit, for each child adopted	13,360	13,170	12,150	11,650	11,390
Hope scholarship credit, per student	See AOC	See AOC	See AOC	1,800	1,650
Hope scholarship credit in Midwest disaster area	NA	NA	3,600	3,600	NA
American Opportunity Credit (AOC), per student	2,500	2,500	2,500	N/A	N/A
Lifetime learning credit, per family	2,000	2,000	2,000	2,000	2,000
Lifetime learning credit in MW disaster area	NA	NA	4,000	4,000	NA
Age for child NOT subject to “Kiddie tax” (KT)	18	Same	Same	Same	Same
Age for full time student NOT subject to KT	24	Same	Same	Same	NA
Michigan Items					
Individual income tax flat rate	4.35%	4.35%	4.35%	4.35%	4.01%
Personal exemption amount (minimum)	TBA	\$ 3,600	\$ 3,600	\$ 3,500	\$ 3,400
Single Business Tax (SBT) flat rate	NA	NA	NA	NA	1.9%
New Michigan Business Tax (MBT):					
Business income tax rate (BIT)	4.95%	Same	Same	Same	NA
Modified gross receipts tax rate (MGRT)	.8%	Same	Same	Same	NA
MBT surtax, as % of the total MBT amount	21.99%	Same	Same	Same	NA
Max senior citizens (age 65+) subtraction for interest, dividend, and cap gain income (reduced by the “pension” subtraction):					
Single return	TBA	\$ 10,058	\$ 10,058	\$ 9,690	\$ 9,420
Joint return	TBA	\$ 20,115	20,115	19,380	18,840
Max subtraction for retirement, pension and certain IRA benefits:					
Single return	TBA	\$ 45,120	\$ 45,120	\$ 43,440	\$ 42,240
Joint return	TBA	90,240	90,240	86,880	84,480

	2011	2010	2009	2008	2007
Automobile Items					
<i>Annual deprec \$ cap on "luxury" autos:</i>					
1st year (bonus)	TBD	\$ 11,060	\$ 10,960	\$ 10,960	\$ 3,060
1st year	TBD	3,060	2,960	2,960	3,060
2nd year	TBD	4,900	4,800	4,800	4,900
3rd year	TBD	2,950	2,850	2,850	2,850
4th year and thereafter	TBD	1,775	Same	Same	Same
<i>Annual deprec \$ cap on light trucks and vans:</i>					
1st year (bonus)	TBD	\$ 11,160	\$ 10,960	\$ 10,960	\$ 3,060
1st year	TBD	3,160	2,960	2,960	3,060
2nd year	TBD	5,100	4,800	4,800	4,900
3rd year	TBD	2,950	2,850	2,850	2,850
4th year and thereafter	TBD	1,875	1,775	1,775	1,775
<i>Mileage deductions and allowances for:</i>					
Business (per mile):					
Jan 1 – Aug 31	NA	NA	NA	NA	\$.485
Sept 1 – Dec 31	NA	NA	NA	NA	\$.485
Jan 1 - June 30	\$.51	\$.50	\$.55	\$.505	NA
July 1 - Dec 31	.51	.50	.55	.585	NA
Charity (per mile):	\$.14	Same	Same	Same	Same
Medical and moving (per mile):					
Jan 1 – Aug 31	NA	NA	NA	NA	\$.20
Sept 1 – Dec 31	NA	NA	NA	NA	.20
Jan 1 - June 30	\$.19	\$.165	\$.24	\$.19	NA
July 1 - Dec 31	.19	.165	.24	.27	NA
<i>Qualified transportation exclusions:</i>					
Parking per month	\$ 230	\$ 230	\$ 230	\$ 220	\$ 215
Transit passes per month - Jan and Feb	230	230	120	115	110
Transit passes per month - Mar - Dec	230	230	230	115	110

Per Diems for Business Travel

In lieu of substantiating all expenses, these reimbursement amounts for "ordinary and necessary" employer related expenses incurred under an "accountable plan" while "away from home" in the US will not be taxable to the employee and will be deductible by the employer. (In lieu of using the CONUS tables.)

	For lodging expenses only	(M&IE) For meals and incidental expenses only	Equals maximum per diem rate
Effective 10-1-10 thru 9-30-11:			
"High cost" locality	\$ 168	\$ 65	\$ 233
"Low cost" locality	108	52	160
Effective 10-1-09 thru 9-30-10:			
"High cost" locality	193	65	258
"Low cost" locality	111	52	163
Effective 10-1-08 thru 9-30-09:			
"High cost" locality	198	58	256
"Low cost" locality	113	45	158
Effective 10-1-07 thru 9-30-08:			
"High cost" locality	179	58	237
"Low cost" locality	107	45	152

Self-employed persons may use the M&IE amounts above in lieu of substantiating those expenses but they must obtain actual receipts for lodging expenses.

	2011	2010	2009	2008	2007
Depreciation Items and Tables					
Annual maximum Section 179 deprec deduction	\$ 500,000**	\$ 500,000**	\$ 250,000*	\$ 250,000*	\$ 125,000
Sec 179 deprec deduction reduced \$ for \$ for annual asset investments in excess of	2,000,000**	2,000,000**	800,000*	800,000*	500,000
Maximum Sec 179 deprec deduction for an SUV with a GVWR of at least 6,000 lbs.	25,000	25,000	25,000	25,000	25,000
Additional "bonus" depreciation (new only):					
For qualifying assets acquired in these years	100%***	50%**	50%*	50%*	NA
Acquired between 9-8-10 and 12-31-11	100%***	100%***			

* These amounts from the *Economic Stimulus Act of 2008* or the *American Recovery and Reinvestment Act of 2009*.

** These amounts from the *Small Business Jobs and Credit Act of 2010*.

*** These amounts from the *Tax Relief, Unemployment Insurance Reauthorization, and Job Creation Act of 2010*.

MACRS deprec table (200% DB switching to SL, with "mid quarter" conventions):	Half-Year Convention	First Qtr Convention	Second Qtr Convention	Third Qtr Convention	Fourth Qtr Convention
For three year assets:					
1 st year % depreciation	33.33	58.33	41.67	25.00	8.33
2 nd year % depreciation	44.45	27.78	38.89	50.00	61.11
3 rd year % depreciation	14.81	12.35	14.14	16.67	20.37
4 th year % depreciation	7.41	1.54	5.30	8.33	10.19
For five year assets:					
1 st year % depreciation	20.00	35.00	25.00	15.00	5.00
2 nd year % depreciation	32.00	26.00	30.00	34.00	38.00
3 rd year % depreciation	19.20	15.60	18.00	20.40	22.80
4 th year % depreciation	11.52	11.01	11.37	12.24	13.68
5 th year % depreciation	11.52	11.01	11.37	11.30	10.94
6 th year % depreciation	5.76	1.38	4.26	7.06	9.58
For seven year assets:					
1 st year % depreciation	14.29	25.00	17.85	10.71	3.57
2 nd year % depreciation	24.49	21.43	23.47	25.51	27.55
3 rd year % depreciation	17.49	15.31	16.76	18.22	19.68
4 th year % depreciation	12.49	10.93	11.97	13.02	14.06
5 th year % depreciation	8.93	8.75	8.87	9.30	10.04
6 th year % depreciation	8.92	8.74	8.87	8.85	8.73
7 th year % depreciation	8.93	8.75	8.87	8.86	8.73
8 th year % depreciation	4.46	1.09	3.33	5.53	7.64

Asset categories:

- 36 month assets (SL): Most software.
- 3 year assets (200% DB): Dies, molds, small tools, certain horses.
- 5 year assets (200% DB): Autos, computers, typewriters, copiers, many types of equipment, private aircraft.
- 7 year assets (200% DB): Most mfging equipment, office furniture, printing equipment, oil and gas production equip.
- 7 year assets (150% DB): Farm equipment.
- 27.5 year assets (SL): Residential (houses, apartments, low income housing) real estate rental.
- 39 year assets (SL): Non-residential (commercial) real estate rental.

SL = "Straight line" depreciation method (expense evenly over the life).

DB = "Declining balance" depreciation method (larger expense earlier in the life).

Note that certain qualified non-residential (i.e., commercial) leasehold improvements and certain restaurant improvements qualify for 15 year SL amortization when placed into service between 10-23-04 and 12-31-07; extended through 2007 by the *Tax Relief and Health Care Act of 2006*; extended through 12-31-11 by the *Tax Relief, Unemployment Insurance Reauthorization, and Job Creation Act of 2010*. Qualified LHI property can be eligible for bonus depreciation but qualified restaurant property and qualified retail improvement properties are not. As provided in the *Economic Stimulus Act of 2008* and the *American Recovery and Reinvestment Act of 2009* LHIs are also eligible for bonus depreciation if acquired and placed into service in 2008 or 2009.

Summary of Gift Taxes

In June 2001, President GW Bush signed into law the *Economic Growth and Tax Relief Reconciliation Act of 2001* (EGTRRA, H.R. 1836), dramatically changing gift tax planning and taxation. See the table below.

In December 2010, President Obama signed into law the *Tax Relief, Unemployment Insurance Reauthorization, and Job Creation Act of 2010* (H.R. 4853), dramatically increasing lifetime gift exclusions and lowering gift tax rates for two years. See the table below.

The table below shows amounts that can be transferred during lifetime without the imposition of the federal gift tax (annual exclusion gifts as well as lifetime exclusion gifts), amounts of generation skipping lifetime exclusion gifts, and a schedule of gift tax rates.

For Gifts Made In	Annual Gift Exclusions (Per Donee) See (B)	Unified Credit Exemption Equivalent (Former rules) See (C)	“Applicable Exclusion Amount” (New rules) See (C)	Gifts to A Spouse During Lifetime	Highest Tax Rate Applicable to Gifts	Generation Skipping Tax (GST) Lifetime Exclusion See (D)
1987-1997	\$ 10,000	\$ 600,000		Unlimited	55%	\$ 1,000,000
1998	10,000	625,000		Unlimited	55	1,000,000
1999	10,000	650,000		Unlimited	55	1,010,000
2000	10,000	675,000		Unlimited	55	1,030,000
2001	10,000	675,000		Unlimited	55	1,060,000
2002 (A)	11,000	Replaced with-->	\$ 1,000,000	Unlimited	50	1,090,000
2003	11,000		1,000,000	Unlimited	49	1,120,000
2004	11,000		1,000,000	Unlimited	48	1,500,000
2005	11,000		1,000,000	Unlimited	47	1,500,000
2006 (A)	12,000		1,000,000	Unlimited	46	2,000,000
2007	12,000		1,000,000	Unlimited	45	2,000,000
2008	12,000		1,000,000	Unlimited	45	2,000,000
2009 (A)	13,000		1,000,000	Unlimited	45	3,500,000
2010	13,000		1,000,000	Unlimited	35	Total repeal
2011	13,000		5,000,000	Unlimited	35	5,000,000
2012	TBD		5,000,000	Unlimited	35	5,000,000
2013	TBD		TBD	Unlimited	TBD	TBD

(A) For “present interest” gifts. The 1997 Tax Act provided for indexing this amount for inflation. The first \$1,000 increase occurred in 2002 (from \$10,000 to \$11,000). The second \$1,000 increase occurred in 2006 (from \$11,000 to \$12,000). The third \$1,000 increase occurred in 2009 (from \$12,000 to \$13,000). This table amount does not include the additional gift exclusions for qualified tuition and health care payments made directly to a school or health care provider.

(B) A spouse may “consent” to the “present interest” gifts of the other spouse, thereby raising the annual exclusion cap to twice the amount listed in the first dollar column of the above table.

(C) When the “unified credit” is used in a gift tax return, it reduces gift tax calculated on a taxable gift up to the amounts listed in the second dollar column of the above table. The “Applicable Exclusion Amount” in the third dollar column accomplishes the same thing by reducing a taxable gift amount by up to the amounts listed in that column of the above table. Form 709 is used to report taxable gifts.

(D) The amount exempt from GST taxation was indexed for inflation through 2003, and now mirrors the estate tax exclusion.

TBD = “To be determined”

Summary of Estate Taxes

In June 2001, President GW Bush signed into law the *Economic Growth and Tax Relief Reconciliation Act of 2001* (EGTRRA, H.R. 1836), dramatically changing estate tax planning and taxation. See the table below.

In December 2010, President Obama signed into law the *Tax Relief, Unemployment Insurance Reauthorization, and Job Creation Act of 2010* (H.R. 4853), dramatically increasing the estate tax exclusion and lowering the maximum estate tax rate for two years. See the table below.

The table below shows amounts that can be transferred at death without the imposition of the federal estate tax, new tax basis step-up rules for 2010, and a schedule of estate tax rates.

For Estates Of Decedents Dying In	Unified Credit Exemption Equivalent (Former rules) See (A)	“Applicable Exclusion Amount” (New rules) See (A)	Bequests To A Spouse At Death	Highest Tax Rate Applicable to an Estate	Surtax Rate for Taxable Estates Greater than \$10 Million	Maximum Basis Step-up For Assets Transferred See (B)	Maximum Additional Basis Step-up For Assets Transferred To Spouse or Qualified Trust
1987-1997	\$ 600,000		Unlimited	55%	5%	NA	NA
1998	625,000		Unlimited	55	5	NA	NA
1999	650,000		Unlimited	55	5	NA	NA
2000	675,000		Unlimited	55	5	NA	NA
2001	675,000		Unlimited	55	5	NA	NA
2002	Replaced with-->	\$ 1,000,000	Unlimited	50	Repealed	NA	NA
2003		1,000,000	Unlimited	49	NA	NA	NA
2004		1,500,000	Unlimited	48	NA	NA	NA
2005		1,500,000	Unlimited	47	NA	NA	NA
2006		2,000,000	Unlimited	46	NA	NA	NA
2007		2,000,000	Unlimited	45	NA	NA	NA
2008		2,000,000	Unlimited	45	NA	NA	NA
2009		3,500,000	Unlimited	45	NA	NA	NA
For 2010 (C):							
Old rule, or		Total repeal	Unlimited	NA	NA	\$ 1,300,000	\$ 3,000,000
New rule		5,000,000	Unlimited	35	NA	NA	NA
2011		5,000,000	Unlimited	35	NA	NA	NA
2012		5,000,000	Unlimited	35	NA	NA	NA
2013		TBD	Unlimited	TBD	NA	NA	NA

(A) When the “unified credit” is used in the estate tax return, it reduces estate tax calculated on a taxable estate up to the amounts listed in the first dollar column of the above table. The “Applicable Exclusion Amount” accomplishes the same thing by reducing a taxable estate amount by up to the amounts listed in the second dollar column of the above table. Form 706 is used to report taxable estates.

(B) Modified carryover basis rule—for 2010 only, unless the decedent’s estate elects otherwise (see below), the tax basis of property received from a decedent who died in 2010 will be the lesser of the decedent’s adjusted basis in the property or the property’s fair market value at the date of the decedent’s death. However, each such estate will be able to increase the basis of assets transferred to beneficiaries by up to the amounts shown in the last two columns in the above table.

(C) The estate of a decedent who died in 2010 may elect to use either the old rules (no estate tax, but with modified carryover basis as explained above) or the new rules (estate tax with an exclusion of \$5,000,000 and a 35% maximum rate).

TBD = “To be determined”

Summary of Individual Income Tax Rates

Individual Income Tax Rates and Brackets

In June 2001, President GW Bush signed into law the *Economic Growth and Tax Relief Reconciliation Act of 2001* (EGTRRA, H.R. 1836), dramatically reducing federal individual income tax rates and brackets. Then in May 2003 President Bush signed into law the *Jobs and Growth Tax Relief Reconciliation Act of 2003* (JGTRRA, H.R. 2), accelerating the rate reduction phase-in originally scheduled for 2006 to the years 2003 through 2010. In December 2010, the *Tax Relief, Unemployment Insurance Reauthorization, and Job Creation Act of 2010* extended the six rate brackets, and their tax rates, to 2011 and 2012. The table below is a summary of the federal individual income tax rates applicable to the six rate brackets from 2000 through 2012.

	2000	2001	2002	2003-2012	2013, Etc.
1 st bracket	NA	10%	10%	10%	TBD
2 nd bracket	15%	15%	15%	15%	TBD
3 rd bracket	28%	27.5%	27%	25%	TBD
4 th bracket	31%	30.5%	30%	28%	TBD
5 th bracket	36%	35.5%	35%	33%	TBD
6 th bracket	39.6%	39.1%	38.6%	35%	TBD

In addition to the “regular” tax rate changes enacted as part of the *Jobs and Growth Tax Relief Reconciliation Act of 2003*, a new, special tax rate for qualified dividend income was made retroactive to January 1, 2003 and another reduction in the long-term capital gain (LTCG) tax rate for sales on or after May 6, 2003 was in effect. In May 2006, President Bush signed into law the *Tax Increase Prevention and Reconciliation Act* (TIPRA, H.R. 4297), further extending the qualified dividend and certain capital gain rate reductions through 2010. In December 2010, the *Tax Relief, Unemployment Insurance Reauthorization, and Job Creation Act of 2010* extended the special qualified dividend and LTCG rates to 2011 and 2012. A lower set of rates on qualified dividends and on “net capital gains” is applicable to taxpayers in the 10% or 15% regular rate brackets and another set of rates is applicable to all other taxpayers, as follows:

	2002	2003	2004	2005	2006	2007	2008-2012	2013, Etc.
Special “qualified” dividend tax rate:*								
Those in the 10% or 15% rate brackets	NA	5%	5%	5%	5%	5%	0%	TBD
Other taxpayers	NA	15%	15%	15%	15%	15%	15%	TBD
Special “net capital gain” tax rate:								
Those in the 10% or 15% rate brackets	10%	5%	5%	5%	5%	5%	0%	TBD
Other taxpayers**	20%	15%	15%	15%	15%	15%	15%	TBD

*Taxed at the same rate as “net capital gains” from 2003 through 2007.

**For sales on or after May 6, 2003 (10% or 20% for sales from January 1 through May 5, 2003).

Summary of the Repeal of Certain Deduction Phase-outs

Repeal of the Phase-out of the Personal Exemption Deduction and Repeal of the Phase-out of Itemized Deductions

The *Economic Growth and Tax Relief Reconciliation Act of 2001* also repealed two federal tax provisions that impacted those whose adjusted gross incomes were above certain threshold amounts. The federal deduction for personal exemptions and the federal deduction for itemized deductions of taxpayers with AGIs above certain threshold amounts were reduced under prior tax law. Those reductions were repealed over the years detailed below:

	2006	2007	2008	2009	2010	2011
Repeal fraction this year (equals minimum % allowed)	33.33%	33.33%	66.67%	66.67%	100%	100%
Personal exemption phase-out % (originally 2%)	1.33%	1.33%	.67%	.67%	0%	0%
Minimum personal exemption amount (each)	\$ 1,100	\$ 1,133	\$ 2,333	\$ 2,433	\$ 3,650	\$ 3,750
Itemized deduction phase-out % (originally 3%)	2.00%	2.00%	1.00%	1.00%	0%	0%

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