

## Other Income Tax Items

### Standard Deduction

	2009	2010
Married filing jointly	\$11,400	\$11,400
Single	5,700	5,700
Head of household	8,350	8,400
Married filing separately	5,700	5,700
Additional amount - single	1,400	1,400
Additional amount - married	1,100	1,100

### Adjusted Gross Income (AGI) Limit on Itemized Deductions

	2009	2010
Married filing separately	\$ 83,400	No limit
All others	166,800	No limit

Itemized deductions (except for medical, investment interest, gambling losses, and nonbusiness casualty and theft losses) are reduced by 3% of AGI in excess of the thresholds shown above, with the total reduction limited to 80% of those deductions. The reduction itself is reduced by 2/3 for 2009. Barring future legislation, there will be no limit in 2010, but the limitation will reappear in full after 2010.

### Kiddie Tax

For 2009 and 2010, a child's unearned income in excess of \$1,900 is subject to the parents' tax rate unless the child is married and files a joint return, has no living parents, or meets certain age and support tests. Kiddie tax applies to children whether or not they are dependents if (1) at the end of the year they are under age 19 or full-time students under age 24, and (2) their earned income does not exceed half their support.

### Alternative Minimum Tax (AMT) Rates

The following alternative minimum tax (AMT) rates apply to 2009 and 2010 alternative minimum taxable income for individuals, except for net long-term capital gains and qualifying dividends:

\$175,000 or less (\$87,500 if married filing separately)	26%
Over \$175,000 (\$87,500 if married filing separately)	28%

### Rates on Long-term Capital Gains and Qualifying Dividends

15% is the tax rate (with a special 0% rate to the extent of otherwise unused 10% or 15% tax brackets) for qualifying long-term capital gains and dividends in 2009 and 2010, for both regular tax and AMT. (Gains on small business stock, collectibles, and the portion of real estate attributable to unrecaptured depreciation do not qualify.) After 2010 (as the law is currently written), the 15% and 0% rates will revert to 20% and 10% (18% and 8% after a five-year holding period).

### 2009 & 2010 Tax Incentives for Education - AGI Limits

Modified AGI Limits	2009		2010	
	Married filing jointly			
Am. Opportunity (Hope) credit	\$160,000 - 180,000	\$160,000 - 180,000	\$160,000 - 180,000	\$160,000 - 180,000
Lifetime Learning credit	100,000 - 120,000	100,000 - 120,000	100,000 - 120,000	100,000 - 120,000
Coverdell education savings a/c	190,000 - 220,000	190,000 - 220,000	190,000 - 220,000	190,000 - 220,000
Student loan interest deduction	120,000 - 150,000	120,000 - 150,000	120,000 - 150,000	120,000 - 150,000
Higher education deduction	130,000 - 160,000	Not available after 2009	Not available after 2009	Not available after 2009

Modified AGI Limits	Unmarried	
	2009	2010
Am. Opportunity (Hope) credit	\$80,000 - 90,000	\$80,000 - 90,000
Lifetime Learning credit	50,000 - 60,000	50,000 - 60,000
Coverdell education savings a/c	95,000 - 110,000	95,000 - 110,000
Student loan interest deduction	60,000 - 75,000	60,000 - 75,000
Higher education deduction	65,000 - 80,000	Not available after 2009

The American Opportunity credit modified the Hope credit starting in 2009

### Standard Mileage Rates

	2009	2010
Business	55.0¢ per mile	50.0¢ per mile
Charitable	14.0¢ per mile	14.0¢ per mile
Medical & moving	24.0¢ per mile	16.5¢ per mile

## 2009 & 2010 Social Security Tax Rates, Limits

	Employer & employee tax rate	Self-employed tax rate	Earnings base
Social security	6.20%	12.40%	\$106,800
Medicare	1.45%	2.90%	No limit
Total	<u>7.65%</u>	<u>15.30%</u>	

### 2009 & 2010 Social Security Earnings Limits

Social security benefits received before attaining full retirement age are reduced by \$1 for every \$3 of earned income over the limit. For 2009-2010, the limit is \$14,160 per year (\$1,180 per month). Full retirement age is 66 if born in 1943-1954, and 66 years plus 2 months if born in 1955. For those attaining full retirement age in 2009-2010, the monthly limit before attainment is \$3,140.

### 2009 & 2010 HSA (Health Savings Account) Limits

		2009	2010
Minimum allowable deductible amount	Individual coverage	\$1,150	\$1,200
	Family coverage	2,300	2,400
Maximum allowable out-of-pocket expenses	Individual coverage	5,800	5,950
	Family coverage	11,600	11,900
Maximum allowable contribution amount	Individual coverage	3,000	3,050
	Family coverage	5,950	6,150

The age-55 catch-up contribution limit is \$1,000 for both years

### IRA (Individual Retirement Account) Limits

#### Phaseout Ranges - Deductible Regular IRA Contributions

For active participants <sup>‡</sup> in another retirement plan	Modified AGI phaseout range	
	2009	2010
Single taxpayer	\$55,000 - 65,000	\$56,000 - 66,000
Joint, participating spouse(s) <sup>‡‡</sup>	89,000 - 109,000	89,000 - 109,000
Joint, non-participating spouse <sup>‡‡</sup>	166,000 - 176,000	167,000 - 177,000
Married filing separately	0 - 10,000	0 - 10,000

<sup>‡</sup> The definition of "active participant" depends on the type of plan

<sup>‡‡</sup> Modified AGI (adjusted gross income) must be jointly calculated

#### Phaseout Ranges - Eligible to Make Roth IRA Contributions

Modified AGI phaseout range	2009	2010
Single taxpayer	\$105,000 - 120,000	\$105,000 - 120,000
Married filing jointly	166,000 - 176,000	167,000 - 177,000
Married filing separately	0 - 10,000	0 - 10,000

#### Maximum IRA Contribution Limits - Regular and Roth

	2009 & 2010	2011 & later
Under age 50	\$5,000	To be indexed for inflation
Age 50 and over	\$6,000	To be indexed for inflation

### Plan Contribution Limits for Persons under Age 50

- 401(k) contribution limit: \$16,500 for 2009 and 2010
- Compensation limit for all except SIMPLE IRA matching contributions: \$245,000 for 2009 and 2010
- Defined contribution plan limits for 2009 and 2010:
  - Corporate 100% of wages up to \$49,000 for 2009 and 2010
  - SIMPLE Wage deferral limit - \$11,500 for 2009 and 2010
  - Keogh 20%<sup>‡</sup> up to \$49,000 for 2009 and 2010 for pension or profit-sharing Keogh plans
  - SEP 25% (20%<sup>‡</sup> if self-employed) up to \$49,000 for 2009 and 2010

<sup>‡</sup> Of net self-employment income reduced by 1/2 of self-employment tax

#### Additional Elective Deferrals for Persons Age 50 and Over

	2009 & 2010	2011 & later
SIMPLE (IRA & 401(k))	\$2,500	To be indexed for inflation
Other qualifying plans	\$5,500	To be indexed for inflation

# 2009-2010 Tax Pocket Guide



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## 2009

### 2009 Individual Income Tax Rates

#### Married filing jointly

Taxable income		The tax is	Of the
Over	Up to		amt. over
\$ 0	\$ 16,700	10% *	\$ 0
\$ 16,700	\$ 67,900	\$ 1,670.00 + 15% *	\$ 16,700
\$ 67,900	\$ 137,050	\$ 9,350.00 + 25% *	\$ 67,900
\$ 137,050	\$ 208,850	\$ 26,637.50 + 28% *	\$ 137,050
\$ 208,850	\$ 372,950	\$ 46,741.50 + 33% *	\$ 208,850
\$ 372,950		\$ 100,894.50 + 35% *	\$ 372,950

#### Single

Taxable income		The tax is	Of the
Over	Up to		amt. over
\$ 0	\$ 8,350	10% *	\$ 0
\$ 8,350	\$ 33,950	\$ 835.00 + 15% *	\$ 8,350
\$ 33,950	\$ 82,250	\$ 4,675.00 + 25% *	\$ 33,950
\$ 82,250	\$ 171,550	\$ 16,750.00 + 28% *	\$ 82,250
\$ 171,550	\$ 372,950	\$ 41,754.00 + 33% *	\$ 171,550
\$ 372,950		\$ 108,216.00 + 35% *	\$ 372,950

#### Head of household

Taxable income		The tax is	Of the
Over	Up to		amt. over
\$ 0	\$ 11,950	10% *	\$ 0
\$ 11,950	\$ 45,500	\$ 1,195.00 + 15% *	\$ 11,950
\$ 45,500	\$ 117,450	\$ 6,227.50 + 25% *	\$ 45,500
\$ 117,450	\$ 190,200	\$ 24,215.00 + 28% *	\$ 117,450
\$ 190,200	\$ 372,950	\$ 44,585.00 + 33% *	\$ 190,200
\$ 372,950		\$ 104,892.50 + 35% *	\$ 372,950

#### Married filing separately

Taxable income		The tax is	Of the
Over	Up to		amt. over
\$ 0	\$ 8,350	10% *	\$ 0
\$ 8,350	\$ 33,950	\$ 835.00 + 15% *	\$ 8,350
\$ 33,950	\$ 68,525	\$ 4,675.00 + 25% *	\$ 33,950
\$ 68,525	\$ 104,425	\$ 13,318.75 + 28% *	\$ 68,525
\$ 104,425	\$ 186,475	\$ 23,370.75 + 33% *	\$ 104,425
\$ 186,475		\$ 50,447.25 + 35% *	\$ 186,475

### 2009 Estate and Trust Income Tax Rates

Taxable income		The tax is	Of the
Over	Up to		amt. over
\$ 0	\$ 2,300	15% *	\$ 0
\$ 2,300	\$ 5,350	\$ 345.00 + 25% *	\$ 2,300
\$ 5,350	\$ 8,200	\$ 1,107.50 + 28% *	\$ 5,350
\$ 8,200	\$ 11,150	\$ 1,905.50 + 33% *	\$ 8,200
\$ 11,150		\$ 2,879.00 + 35% *	\$ 11,150

### 2009 Personal Exemptions

	Reduced when AGI exceeds	Limited to \$2,433 for AGI over
Basic exemption: \$3,650		
Married filing jointly	\$ 250,200	\$ 372,700
Single	166,800	289,300
Head of household	208,500	331,000
Married filing separately	125,100	186,350

\* Rate on capital gain & qualifying dividends varies – see reverse.

## 2010

### 2010 Individual Income Tax Rates

#### Married filing jointly

Taxable income		The tax is	Of the
Over	Up to		amt. over
\$ 0	\$ 16,750	10% *	\$ 0
\$ 16,750	\$ 68,000	\$ 1,675.00 + 15% *	\$ 16,750
\$ 68,000	\$ 137,300	\$ 9,362.50 + 25% *	\$ 68,000
\$ 137,300	\$ 209,250	\$ 26,687.50 + 28% *	\$ 137,300
\$ 209,250	\$ 373,650	\$ 46,833.50 + 33% *	\$ 209,250
\$ 373,650		\$ 101,085.50 + 35% *	\$ 373,650

#### Single

Taxable income		The tax is	Of the
Over	Up to		amt. over
\$ 0	\$ 8,375	10% *	\$ 0
\$ 8,375	\$ 34,000	\$ 837.50 + 15% *	\$ 8,375
\$ 34,000	\$ 82,400	\$ 4,681.25 + 25% *	\$ 34,000
\$ 82,400	\$ 171,850	\$ 16,781.25 + 28% *	\$ 82,400
\$ 171,850	\$ 373,650	\$ 41,827.25 + 33% *	\$ 171,850
\$ 373,650		\$ 108,421.25 + 35% *	\$ 373,650

#### Head of household

Taxable income		The tax is	Of the
Over	Up to		amt. over
\$ 0	\$ 11,950	10% *	\$ 0
\$ 11,950	\$ 45,550	\$ 1,195.00 + 15% *	\$ 11,950
\$ 45,550	\$ 117,650	\$ 6,235.00 + 25% *	\$ 45,550
\$ 117,650	\$ 190,550	\$ 24,260.00 + 28% *	\$ 117,650
\$ 190,550	\$ 373,650	\$ 44,672.00 + 33% *	\$ 190,550
\$ 373,650		\$ 105,095.00 + 35% *	\$ 373,650

#### Married filing separately

Taxable income		The tax is	Of the
Over	Up to		amt. over
\$ 0	\$ 8,375	10% *	\$ 0
\$ 8,375	\$ 34,000	\$ 837.50 + 15% *	\$ 8,375
\$ 34,000	\$ 68,650	\$ 4,681.25 + 25% *	\$ 34,000
\$ 68,650	\$ 104,625	\$ 13,343.75 + 28% *	\$ 68,650
\$ 104,625	\$ 186,825	\$ 23,416.75 + 33% *	\$ 104,625
\$ 186,825		\$ 50,542.75 + 35% *	\$ 186,825

### 2010 Estate and Trust Income Tax Rates

Taxable income		The tax is	Of the
Over	Up to		amt. over
\$ 0	\$ 2,300	15% *	\$ 0
\$ 2,300	\$ 5,350	\$ 345.00 + 25% *	\$ 2,300
\$ 5,350	\$ 8,200	\$ 1,107.50 + 28% *	\$ 5,350
\$ 8,200	\$ 11,200	\$ 1,905.50 + 33% *	\$ 8,200
\$ 11,200		\$ 2,895.50 + 35% *	\$ 11,200

### 2010 Personal Exemptions

For all taxpayers, regardless of income level: \$3,650

For the 2010 tax year, personal exemptions are allowed in full, with no limitation because of adjusted gross income (AGI). However, in the absence of future legislation, limitations will reappear starting in tax years after 2010.

\* Rate on capital gain & qualifying dividends varies – see reverse.

## 2009 & Future Years

### Estate and Gift Tax Rates & Exclusions

Year	Top estate and gift tax rate	Estate tax exclusion for deaths this year	Lifetime gift tax exclusion as of this year	Annual gift tax exclusion
2009	45%	\$ 3,500,000	\$ 1,000,000	\$ 13,000
2010	Gift tax rate ▶ 35%	Estate tax is repealed ‡	\$ 1,000,000	\$ 13,000
2011	60% ‡	\$ 1,000,000 ‡	\$ 1,000,000	To be Indexed

- ‡ As we go to press, pending legislation would cancel the estate tax repeal for 2010 and extend 2009 estate and gift tax rates and exclusions to future years. Call us for current information.
- Under current law, full basis step-up continues in 2009, is limited in 2010, and then returns in full. However, pending legislation would continue full basis step-up, applying it to all future years.
- The estate tax exclusion is effectively reduced by the lifetime gift tax exclusion used.
- Direct payments of tuition and medical expenses do not count toward the annual or lifetime gift tax exclusions.
- Life insurance is subject to estate tax unless properly structured.
- State death taxes may also apply, with each state's specific exemptions and rates.

### Corporate Tax Rates for 2009 & 2010

Taxable income		The tax is	Of the
Over	Up to		amt. over
\$ 0	\$ 50,000	15%	\$ 0
\$ 50,000	\$ 75,000	\$ 7,500 + 25%	\$ 50,000
\$ 75,000	\$ 100,000	\$ 13,750 + 34%	\$ 75,000
\$ 100,000	\$ 335,000	\$ 22,250 + 39%	\$ 100,000
\$ 335,000	\$ 10 million	\$ 113,900 + 34%	\$ 335,000
\$ 10 million	\$ 15 million	\$ 3,400,000 + 35%	\$ 10 million
\$ 15 million	\$ 18,333,333	\$ 5,150,000 + 38%	\$ 15 million
Over \$18,333,333		35% of taxable income	
Personal service corporations		35% flat tax rate	



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