

<u>Income Tax Facts</u>	<u>2009</u>	<u>2010</u>
Personal Exemption	\$3,650	3,650

Personal Exemption Phase-Out		
Married Filing Jointly	250,200	N/A
Head of Household	208,500	N/A
Single	166,800	N/A
Married Filing Separately	125,100	N/A

Standard Deduction		
Married Filing Jointly	11,400	11,400
Head of Household	8,350	8,400
Single	5,700	5,700
Married Filing Separately	5,700	5,700
Dependents	950	950

Itemized Deduction Phase-Out		
Married Filing Separately	83,400	N/A
All Others	166,800	N/A

Individual Tax Brackets		
Married 10% to	16,700	16,750
Single 10% to	8,350	8,375
Married 15% to	67,900	68,000
Single 15% to	33,950	34,000
Married 25% to	137,050	137,300
Single 25% to	82,250	82,400
Married 28% to	208,850	209,250
Single 28% to	171,550	171,850
Married 33% to	372,950	373,650
Single 33% to	372,950	373,650
All Taxpayers 35% If Over	372,950	373,650
Kiddie Tax Threshold (Applies to certain dependent college students up to age 24)	1,900	1,900

Estimated Tax Safe Harbors As A Percentage of Prior Year Tax		
AGI Greater Than \$150,000	110%	110%
AGI Less Than \$150,000	100%	100%
Or 90% of Current Year Tax In All Cases		

Child Tax Credit		
Child Under Age 17	1,000	1,000

Child Tax Credit Phase-Out Amount (Modified AGI) for 1 child		
Married Filing Jointly	110,000 to 129,000	110,000 to 129,000
Single or Head of Household	75,000 to 94,000	75,000 to 94,000
Married Filing Separately	55,000 to 74,000	55,000 to 74,000

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Business Items		
Meals and Entertainment Limitation	50%	50%
Self-Employed Health Insurance Deduction	100%	100%
Section 179 Expense Election	250,000	134,000
Bonus Depreciation	50%	0%

Mileage Rates		
Standard Business Automobile	0.55	0.50
Charitable Work	0.14	0.14
Medical and Moving	0.24	0.165

Miscellaneous Personal Credits		
Dependent Care Maximum Qualifying Expense Per Child (Maximum - Two Children)	3,000	3,000
General Energy Non-Business Maximum	1,500	1,500

Luxury Auto Depreciation Limits (Nonelectric)		
First Year	2,960	Awaiting
With Bonus	10,960	from IRS
Second Year	4,800	
Third Year	2,850	
Fourth Year and Later	1,775	

Light Trucks and Vans		
First Year	3,160	Awaiting
With Bonus	11,060	from IRS
Second Year	4,900	
Third Year	2,950	
Fourth Year and Later	1,775	

Top Corporate Income Tax Rate		
Taxable Income Less Than \$10 Million	34%	34%
Personal Service Corporations	35%	35%

Estate and Gift Tax Facts		
Annual Gift Tax Exclusion Per Donee	13,000	13,000
Lifetime Exemption For Gift Tax	1,000,000	1,000,000
Lifetime Exemption For Estate Tax	3,500,000	Unlimited
Maximum Tax Rate For Estate Transfers	45%	None
Maximum Tax Rate For Gift Transfers	45%	35%

Social Security Tax Facts		
Social Security Wage Base - 6.2%	106,800	106,800
Medical Wage Base - 1.45%	Unlimited	Unlimited
Tax Rate for Employer and Employee, Each	7.65%	7.65%
Tax Rate for Self-Employed	15.30%	15.30%

Maximum Yearly Earnings		
Years Prior to Full Retirement Age	14,160	14,160
Year of Full Retirement Age, Prior to Full Retirement Age	37,680	37,680
After Full Retirement Age	No Limit	No Limit

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Watkins Meegan 2010 Quick Tax Facts

Income Tax Facts 2009 2010

Retirement Tax Facts

IRA/Roth IRA	5,000	5,000
SIMPLE Plans	11,500	11,500
Elective Deferrals 401(k) Limitation	16,500	16,500
Defined Benefit Plan Annual Benefit	195,000	195,000
Pension/SEP Maximum Compensation / Contribution	245,000 / 49,000	245,000 / 49,000
Definition of Highly Compensated Employee	110,000	110,000

Catch-Up Contribution For Taxpayers 50+ Years Old

401(k) and SAR-SEP Plans	5,500	5,500
Simple Plans	2,500	2,500
IRA/Roth IRA	1,000	1,000

Traditional IRA Phase-Out

Married Filing Jointly Active Participant in Employer Plan	89,000 to 109,000	89,000 to 109,000
Married Filing Jointly Spouse Not a Plan Participant	166,000 to 176,000	167,000 to 177,000
Single	55,000 to 65,000	56,000 to 66,000

Roth IRA Phase-Out

Married Filing Jointly	166,000 to 176,000	167,000 to 177,000
Single	105,000 to 120,000	105,000 to 120,000
Married Filing Separately	0 to 10,000	0 to 10,000
Roth IRA Rollover or Conversion AGI Limit	100,000	No Limit

Capital Gains Tax Rates

Held Greater Than 12 Months	15%	15%
10% or 15% Tax Bracket Filers	0%	0%

Capital Gain Exclusion (Sale of Principal Residence)

Married Filing Jointly (If Each Spouse Qualifies)	500,000	500,000
Single	250,000	250,000

Health Savings Account

Self-Only Coverage	3,000	3,050
Family Coverage	5,950	6,150
Catch-Up Contributions Age 55 and Over	1,000	1,000

Long-Term Care Premiums Deduction

Maximum depending on age (> than 70 yrs)	3,980	4,110
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AMT exemption

Single	46,700	33,750
Married Filing Jointly	70,950	45,000
Married Filing Separately	35,475	22,500

Income Tax Facts 2009 2010

FICA Threshold for Nanny Tax

Maximum annual wages paid to avoid FICA	1,700	1,700
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Student Loan Interest Deductions

	2,500	2,500
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Student Loan Phase-Out Amount (Modified AGI)

Married Filing Jointly	120,000 to 150,000	120,000 to 150,000
Others	60,000 to 75,000	60,000 to 75,000

American Opportunity Tax Credit Per Student

100% of First \$2,000 of Tuition/Fees and 25% of Next \$2,000 of Tuition/Fees	2,500	2,500
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American Opportunity Tax Credit Phase-Out

Married Filing Jointly	160,000 to 180,000	160,000 to 180,000
Others	80,000 to 90,000	80,000 to 90,000

Lifetime Learning Credit

20% Tuition/Fees With Maximum Credit of	2,000	2,000
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Lifetime Learning Credit Phase-Out

Married Filing Jointly	100,000 to 120,000	100,000 to 120,000
Others	50,000 to 60,000	50,000 to 60,000

Coverdell Education Savings Account Per Beneficiary

	2,000	2,000
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Coverdell Education Savings Account Phase-Out (Modified AGI)

Married Filing Jointly	190,000 to 220,000	190,000 to 220,000
Others	95,000 to 110,000	95,000 to 110,000

Higher Education Expense Deduction "Above the Line"

Modified AGI Limit		
Up to 130,000 If Married Filing Jointly	4,000	4,000
Up to 65,000 For All Others	4,000	4,000
Modified AGI		
From 130,001 To 160,000 If Married Filing Jointly	2,000	2,000
From 65,001 To 80,000 For All Others	2,000	2,000

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