

BUSINESS

Depreciation

36-Month Assets (Straight-Line)

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 manufacturing equipment, office furniture, printing equipment, oil and gas production equipment

7-Year Assets (150% DB)

Farm equipment*

27.5-Year Assets (Straight-Line)

Rental houses, apartments, low-income housing

39-Year Assets (Straight-Line)

Nonresidential buildings

* A 5-year depreciation schedule for qualifying farm machinery/equipment, which expires in 2011, may become permanent pending further legislation.

Personal Property Depreciation

Percent of Original Depreciable Basis under 200% DB Method

(Not applicable for mid-quarter convention)

Recovery Year	3-Year Class	5-Year Class	7-Year Class
1	33.33	20.00	14.29
2	44.45	32.00	24.49
3	14.81	19.20	17.49
4	7.41	11.52	12.49
5		11.52	8.93
6		5.76	8.92
7			8.93
8			4.46

Section 179 Expense

	2012	2011
Maximum expense election	\$ 139,000	\$ 500,000
Phaseout threshold	\$ 560,000	\$ 2,000,000

CORPORATE INCOME TAX RATES

Regular Tax

If Taxable Income Is Between:	Your Tax Is:	Of Amount Over:
\$ 0 – \$ 50,000	15%	\$ 0
\$ 50,001 – \$ 75,000	\$ 7,500 + 25%	\$ 50,000
\$ 75,001 – \$ 100,000	\$ 13,750 + 34%	\$ 75,000
\$ 100,001 – \$ 335,000	\$ 22,250 + 39%	\$ 100,000
\$ 335,001 – \$ 10,000,000	\$ 113,900 + 34%	\$ 335,000
\$ 10,000,001 – \$ 15,000,000	\$ 3,400,000 + 35%	\$ 10,000,000
\$ 15,000,001 – \$ 18,333,333	\$ 5,150,000 + 38%	\$ 15,000,000
\$ 18,333,334 and above	a flat 35%	

Personal Service Corporations — 35% flat tax rate.

Capital Gains Tax Rate — Same as regular rate.

ESTATE AND GIFT TAXES

Estate Taxes

	2012	2011
Estate tax exemption	\$ 5,120,000	\$ 5,000,000
Applicable credit amount	\$ 1,772,800	\$ 1,730,800
Top estate tax rate	35%	35%

Gift Taxes

	2012	2011
Lifetime gift tax exemption	\$ 5,120,000	\$ 5,000,000
Annual gift tax exclusion		
Gifts per person	\$ 13,000	\$ 13,000
Joint gifts by spouse	\$ 26,000	\$ 26,000
Top gift tax rate	35%	35%

LONG-TERM CARE INSURANCE

If you are:

You may deduct this much of your annual premiums

	2012	2011
Over 70	\$ 4,370	\$ 4,240
61 to 70	\$ 3,500	\$ 3,390
51 to 60	\$ 1,310	\$ 1,270
41 to 50	\$ 660	\$ 640
40 and under	\$ 350	\$ 340

CAPITAL GAINS — 2012 & 2011

Holding Period	Top Capital Gains Rates
12 months or less	35%
More than 12 months	15%
Depreciation recapture on real estate	25%
Collectibles and certain small business stock	28%

COVERDELL ESAs — 2012 & 2011

• Contribution limit	\$ 2,000 per beneficiary
• AGI phaseouts:*	
Joint filers	\$ 190,000 – \$ 220,000
Individual filers	\$ 95,000 – \$ 110,000

* Phaseout applies to the contributor, not the beneficiary.

Note: Contributions for ESAs must be made before the filing date of the tax return, not including extensions.

STANDARD MILEAGE RATES

Use	2012	1/1/11–6/30/11	7/1/11–12/31/11
Business	55.5¢ per mile	51¢ per mile	55.5¢ per mile
Moving	23¢ per mile	19¢ per mile	23.5¢ per mile
Medical	23¢ per mile	19¢ per mile	23.5¢ per mile
Charitable	14¢ per mile	14¢ per mile	14¢ per mile

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TAX POCKET GUIDE



2012

2012 INDIVIDUAL INCOME TAX RATES

Regular Tax — Married, Filing Jointly or Surviving Spouse

If Taxable Income Is Between:	Your Tax Is:	Of Amount Over:
\$ 0 – \$ 17,400	..... 10%	\$ 0
\$ 17,400 – \$ 70,700	\$ 1,740 + 15%	\$ 17,400
\$ 70,700 – \$ 142,700	\$ 9,735 + 25%	\$ 70,700
\$ 142,700 – \$ 217,450	\$ 27,735 + 28%	\$ 142,700
\$ 217,450 – \$ 388,350	\$ 48,665 + 33%	\$ 217,450
\$ 388,350 and above	\$ 105,062 + 35%	\$ 388,350

Married, Filing Separately

If Taxable Income Is Between:	Your Tax Is:	Of Amount Over:
\$ 0 – \$ 8,700	..... 10%	\$ 0
\$ 8,700 – \$ 35,350	\$ 870 + 15%	\$ 8,700
\$ 35,350 – \$ 71,350	\$ 4,867 + 25%	\$ 35,350
\$ 71,350 – \$ 108,725	\$ 13,867 + 28%	\$ 71,350
\$ 108,725 – \$ 194,175	\$ 24,332 + 33%	\$ 108,725
\$ 194,175 and above	\$ 52,531 + 35%	\$ 194,175

Single

If Taxable Income Is Between:	Your Tax Is:	Of Amount Over:
\$ 0 – \$ 8,700	..... 10%	\$ 0
\$ 8,700 – \$ 35,350	\$ 870 + 15%	\$ 8,700
\$ 35,350 – \$ 85,650	\$ 4,867 + 25%	\$ 35,350
\$ 85,650 – \$ 178,650	\$ 17,442 + 28%	\$ 85,650
\$ 178,650 – \$ 388,350	\$ 43,482 + 33%	\$ 178,650
\$ 388,350 and above	\$ 112,683 + 35%	\$ 388,350

Head of Household

If Taxable Income Is Between:	Your Tax Is:	Of Amount Over:
\$ 0 – \$ 12,400	..... 10%	\$ 0
\$ 12,400 – \$ 47,350	\$ 1,240 + 15%	\$ 12,400
\$ 47,350 – \$ 122,300	\$ 6,482 + 25%	\$ 47,350
\$ 122,300 – \$ 198,050	\$ 25,220 + 28%	\$ 122,300
\$ 198,050 – \$ 388,350	\$ 46,430 + 33%	\$ 198,050
\$ 388,350 and above	\$ 109,229 + 35%	\$ 388,350

2012 Qualified Dividend Income 15% (0% for lower brackets)

STANDARD DEDUCTION*

	2012	2011
Married, filing jointly	\$ 11,900	\$ 11,600
Married, filing separately	\$ 5,950	\$ 5,800
Single	\$ 5,950	\$ 5,800
Head of household	\$ 8,700	\$ 8,500

Additional — blind or elderly

Single	\$ 1,450	\$ 1,450
Married	\$ 1,150	\$ 1,150

* Deduct the greater of standard or itemized deductions.

2011 INDIVIDUAL INCOME TAX RATES

Regular Tax — Married, Filing Jointly or Surviving Spouse

If Taxable Income Is Between:	Your Tax Is:	Of Amount Over:
\$ 0 – \$ 17,000	..... 10%	\$ 0
\$ 17,000 – \$ 69,000	\$ 1,700 + 15%	\$ 17,000
\$ 69,000 – \$ 139,350	\$ 9,500 + 25%	\$ 69,000
\$ 139,350 – \$ 212,300	\$ 27,088 + 28%	\$ 139,350
\$ 212,300 – \$ 379,150	\$ 47,514 + 33%	\$ 212,300
\$ 379,150 and above	\$ 102,574 + 35%	\$ 379,150

Married, Filing Separately

If Taxable Income Is Between:	Your Tax Is:	Of Amount Over:
\$ 0 – \$ 8,500	..... 10%	\$ 0
\$ 8,500 – \$ 34,500	\$ 850 + 15%	\$ 8,500
\$ 34,500 – \$ 69,675	\$ 4,750 + 25%	\$ 34,500
\$ 69,675 – \$ 106,150	\$ 13,544 + 28%	\$ 69,675
\$ 106,150 – \$ 189,575	\$ 23,757 + 33%	\$ 106,150
\$ 189,575 and above	\$ 51,287 + 35%	\$ 189,575

Single

If Taxable Income Is Between:	Your Tax Is:	Of Amount Over:
\$ 0 – \$ 8,500	..... 10%	\$ 0
\$ 8,500 – \$ 34,500	\$ 850 + 15%	\$ 8,500
\$ 34,500 – \$ 83,600	\$ 4,750 + 25%	\$ 34,500
\$ 83,600 – \$ 174,400	\$ 17,025 + 28%	\$ 83,600
\$ 174,400 – \$ 379,150	\$ 42,449 + 33%	\$ 174,400
\$ 379,150 and above	\$ 110,017 + 35%	\$ 379,150

Head of Household

If Taxable Income Is Between:	Your Tax Is:	Of Amount Over:
\$ 0 – \$ 12,150	..... 10%	\$ 0
\$ 12,150 – \$ 46,250	\$ 1,215 + 15%	\$ 12,150
\$ 46,250 – \$ 119,400	\$ 6,330 + 25%	\$ 46,250
\$ 119,400 – \$ 193,350	\$ 24,618 + 28%	\$ 119,400
\$ 193,350 – \$ 379,150	\$ 45,324 + 33%	\$ 193,350
\$ 379,150 and above	\$ 106,638 + 35%	\$ 379,150

2011 Qualified Dividend Income 15% (0% for lower brackets)

PERSONAL EXEMPTIONS

	2012*	2011*
Deduction for each taxpayer, spouse, and dependent	\$ 3,800	\$ 3,700

* Under current law, the personal exemptions phaseout is eliminated through 2012.

RETIREMENT PLANS

Indexed Contribution & Benefit Limits for Qualified Plans

Type of Plan	2012	2011
Individual Retirement Accounts (IRAs)*	\$ 5,000	\$ 5,000
Section 401(k) plans or SAR-SEPs*	\$ 17,000	\$ 16,500
Section 403(b) plans*	\$ 17,000	\$ 16,500
Section 408(p)(2)(E) SIMPLE contributions*	\$ 11,500	\$ 11,500
Section 457(b)(2) limit*	\$ 17,000	\$ 16,500
Section 415 limit for:		
Defined contribution plans†	\$ 50,000	\$ 49,000
Defined benefit plans	\$ 200,000	\$ 195,000
Highly compensated employees Section 414(q) FICA taxable wage base	\$ 115,000	\$ 110,000
Social Security (tax rate 6.20% for employees; 12.40% for self-employed)**	\$ 110,100	\$ 106,800
Medicare (tax rate 1.45% for employees; 2.90% for self-employed)	No limit	No limit
* Age 50 additional contributions		
401(k) type plans	\$ 5,500	\$ 5,500
SIMPLEs	\$ 2,500	\$ 2,500
IRAs	\$ 1,000	\$ 1,000

† The Section 415 compensation limit for defined contribution plans is \$250,000.

** In 2011, the tax rate was reduced to 4.20% for employees and 10.40% for self-employed. It has been extended into 2012.

Roth IRAs

AGI limit for maximum contributions:	2012	2011
Joint filers	\$ 173,000	\$ 169,000
Individual filers	\$ 110,000	\$ 107,000

* Beginning in 2010, the income limit on converting traditional IRAs to Roth IRAs is eliminated.

SOCIAL SECURITY

Annual Earned Income Limit	2012	2011
Under full retirement age	\$ 14,640	\$ 14,160
Full retirement age	No Limit	No Limit

* For people reaching full retirement age in 2012, the limit is \$38,880 for months prior to attainment. Beginning the month in which they turn full retirement age, there is no limit.

HEALTH SAVINGS ACCOUNTS

Contribution Limits	2012	2011
Individual, self-only	\$ 3,100	\$ 3,050
Family Coverage	\$ 6,250	\$ 6,150
Catch-up for those age 55 and older	\$ 1,000	\$ 1,000

For 2012, the minimum deductible for a high-deductible health plan (HDHP) is \$1,200 for self-only coverage and \$2,400 for family coverage. The maximum out-of-pocket limit is \$6,050 for self-only coverage and \$12,100 for family plans.

ALTERNATIVE MINIMUM TAX

AMT Exemptions	2012*	2011
Married, filing jointly	\$ 45,000	\$ 74,450
Married, filing separately	\$ 22,500	\$ 37,225
Single	\$ 33,750	\$ 48,450
Head of household	\$ 33,750	\$ 48,450

* Unless Congress passes new legislation, 2012 AMT exemption amounts will default to the pre-2001 levels shown.