

## 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

### 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

	2013	2012*
Maximum expense election	\$ 500,000	\$ 500,000
Phaseout threshold	\$2,000,000	\$2,000,000

\* The American Taxpayer Relief Act increased the 2012 amounts.

## 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

	2013	2012
Estate tax exemption	\$ 5,250,000	\$ 5,120,000
Applicable credit amount	\$ 2,045,800	\$ 1,772,800
Top estate tax rate	40%	35%

### Gift Taxes

	2013	2012
Lifetime gift tax exemption	\$ 5,250,000	\$ 5,120,000
Annual gift tax exclusion		
Gifts per person	\$ 14,000	\$ 13,000
Joint gifts by spouse	\$ 28,000	\$ 26,000
Top gift tax rate	40%	35%

## LONG-TERM CARE INSURANCE

If you are:	You may deduct this much of your annual premiums	
	2013	2012
Over 70	\$ 4,550	\$ 4,370
61 to 70	\$ 3,640	\$ 3,500
51 to 60	\$ 1,360	\$ 1,310
41 to 50	\$ 680	\$ 660
40 and under	\$ 360	\$ 350

## CAPITAL GAINS — 2013 & 2012

Holding Period	Top Capital Gains Rate	
	2013	2012
12 months or less	39.6%*	35%
More than 12 months	20%*	15%
Depreciation recapture on real estate	25%	25%
Collectibles and certain small business stock	28%	28%

\* In 2013, capital gain rates may be subject to an additional 3.8% Medicare tax.

## COVERDELL ESAs — 2013 & 2012

	2013	2012
• Contribution limit	\$ 2,000 per beneficiary	\$ 2,000 per beneficiary
• AGI phaseouts:*		
Joint filers	\$ 190,000 – \$ 220,000	\$ 190,000 – \$ 220,000
Individual filers	\$ 95,000 – \$ 110,000	\$ 95,000 – \$ 110,000

\* Phaseout applies to the contributor, not the beneficiary.

## STANDARD MILEAGE RATES

Use	2013	2012
Business	56.5¢ per mile	55.5¢ per mile
Moving	24¢ per mile	23¢ per mile
Medical	24¢ per mile	23¢ per mile
Charitable	14¢ per mile	14¢ per mile

This publication is distributed with the understanding that the publisher and distributor are not rendering legal, accounting, or other professional advice and assume no liability whatsoever in connection with its use.

© 2013 MHM Publications Inc.

2013

TAX POCKET GUIDE



**ESSENTIAL**  
Financial Management, LLC

Certified Public Accountants

6777 Wadsworth Blvd.  
Arvada, Colorado 80003  
Phone: 303.469.0012  
Web: efmcpa.com

## 2013 INDIVIDUAL INCOME TAX RATES

### Regular Tax — Married, Filing Jointly or Surviving Spouse

If Taxable Income Is Between:	Your Tax Is:	Of Amount Over:
\$ 0 – \$ 17,850	..... 10%	\$ 0
\$ 17,850 – \$ 72,500	\$ 1,785 + 15%	\$ 17,850
\$ 72,500 – \$ 146,400	\$ 9,982 + 25%	\$ 72,500
\$ 146,400 – \$ 223,050	\$ 28,457 + 28%	\$ 146,400
\$ 223,050 – \$ 398,350	\$ 49,919 + 33%	\$ 223,050
\$ 398,350 – \$ 450,000	\$ 107,768 + 35%	\$ 398,350
\$ 450,000 and above	\$ 125,846 + 39.6%	\$ 450,000

### Married, Filing Separately

If Taxable Income Is Between:	Your Tax Is:	Of Amount Over:
\$ 0 – \$ 8,925	..... 10%	\$ 0
\$ 8,925 – \$ 36,250	\$ 892 + 15%	\$ 8,925
\$ 36,250 – \$ 73,200	\$ 4,991 + 25%	\$ 36,250
\$ 73,200 – \$ 111,525	\$ 14,228 + 28%	\$ 73,200
\$ 111,525 – \$ 199,175	\$ 24,959 + 33%	\$ 111,525
\$ 199,175 – \$ 225,000	\$ 53,884 + 35%	\$ 199,175
\$ 225,000 and above	\$ 62,923 + 39.6%	\$ 225,000

### Single

If Taxable Income Is Between:	Your Tax Is:	Of Amount Over:
\$ 0 – \$ 8,925	..... 10%	\$ 0
\$ 8,925 – \$ 36,250	\$ 892 + 15%	\$ 8,925
\$ 36,250 – \$ 87,850	\$ 4,991 + 25%	\$ 36,250
\$ 87,850 – \$ 183,250	\$ 17,891 + 28%	\$ 87,850
\$ 183,250 – \$ 398,350	\$ 44,603 + 33%	\$ 183,250
\$ 398,350 – \$ 400,000	\$ 115,586 + 35%	\$ 398,350
\$ 400,000 and above	\$ 116,163 + 39.6%	\$ 400,000

### Head of Household

If Taxable Income Is Between:	Your Tax Is:	Of Amount Over:
\$ 0 – \$ 12,750	..... 10%	\$ 0
\$ 12,750 – \$ 48,600	\$ 1,275 + 15%	\$ 12,750
\$ 48,600 – \$ 125,450	\$ 6,652 + 25%	\$ 48,600
\$ 125,450 – \$ 203,150	\$ 25,865 + 28%	\$ 125,450
\$ 203,150 – \$ 398,350	\$ 47,621 + 33%	\$ 203,150
\$ 398,350 – \$ 425,000	\$ 112,037 + 35%	\$ 398,350
\$ 425,000 and above	\$ 121,364 + 39.6%	\$ 425,000

### 2013 Qualified Dividend Income 15%\* (0% for lower tax brackets)

\*Individuals in the top tax bracket will pay 23.8% (20% plus a 3.8% Medicare surtax).

## PERSONAL EXEMPTIONS

	2013*	2012
Deduction for each taxpayer, spouse, and dependent	\$ 3,900	\$ 3,800

\* In 2013, there is an AGI phaseout beginning at:

Married, filing jointly	\$ 300,000
Married, filing separately	\$ 150,000
Single	\$ 250,000
Head of household	\$ 275,000

## 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

	2013*	2012
Married, filing jointly	\$ 12,200	\$ 11,900
Married, filing separately	\$ 6,100	\$ 5,950
Single	\$ 6,100	\$ 5,950
Head of household	\$ 8,950	\$ 8,700

Additional — blind or elderly

Single	\$ 1,500	\$ 1,450
Married	\$ 1,200	\$ 1,150

\* Deduct the greater of standard or itemized deductions.

## RETIREMENT PLANS

### Indexed Contribution & Benefit Limits for Qualified Plans

Type of Plan	2013	2012
Individual Retirement Accounts (IRAs)*	\$ 5,500	\$ 5,000
Section 401 (k) plans or SAR-SEPs*	\$ 17,500	\$ 17,000
Section 403(b) plans*	\$ 17,500	\$ 17,000
Section 408(p)(2)(E) SIMPLE contributions*	\$ 12,000	\$ 11,500
Section 457(b)(2) limit*	\$ 17,500	\$ 17,000
Section 415 limit for:		
Defined contribution plans <sup>†</sup>	\$ 51,000	\$ 50,000
Defined benefit plans	\$ 205,000	\$ 200,000
Highly compensated employees Section 414(q)	\$ 115,000	\$ 115,000
FICA taxable wage base		
Social Security**	\$ 113,700	\$ 110,100
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 \$255,000.

\*\* In 2013, the tax rate reverts back to 6.20% for employees and 12.40% for self-employed.

\*\*\* An additional tax rate of 0.9% on wages in excess of \$200,000 may apply.

### Roth IRAs

AGI limit for maximum contributions:	2013	2012
Joint filers	\$ 178,000	\$ 173,000
Individual filers	\$ 112,000	\$ 110,000

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

## SOCIAL SECURITY

Annual Earned Income Limit	2013	2012
Under full retirement age	\$ 15,120	\$ 14,640
Full retirement age	No Limit	No Limit

For people reaching full retirement age in 2013, the limit is \$40,080 for months prior to attainment. Beginning the month in which they turn full retirement age, there is no limit.

## HEALTH SAVINGS ACCOUNTS

Contribution Limits	2013	2012
Individual, self-only	\$ 3,250	\$ 3,100
Family Coverage	\$ 6,450	\$ 6,250
Catch-up for those age 55 and older	\$ 1,000	\$ 1,000

For 2013, the minimum deductible for a high-deductible health plan (HDHP) is \$1,250 for self-only coverage and \$2,500 for family coverage. The maximum out-of-pocket limit is \$6,250 for self-only coverage and \$12,500 for family plans.

## ALTERNATIVE MINIMUM TAX

AMT Exemptions	2013	2012*
Married, filing jointly	\$ 80,800	\$ 78,750
Married, filing separately	\$ 40,400	\$ 39,375
Single	\$ 51,900	\$ 50,600
Head of household	\$ 51,900	\$ 50,600

\* The American Taxpayer Relief Act increased the 2012 exemption amounts.