

## 2010 Reference Guide

### Adoption Credit

The Adoption Credit for 2010 and 2011 is a refundable credit per child.

The maximum credit for 2010 is \$13,170. The credit is phased out when the Modified Adjusted Gross Income (MAGI) exceeds \$182,520 and is completely phased out when the MAGI is \$222,520.

The maximum credit for 2011 is \$13,360. The credit is phased out when the Modified Adjusted Gross Income (MAGI) exceeds \$185,210 and is completely phased out when the MAGI is \$225,210.

### Alternative Minimum Tax (AMT)

#### 2010 AMT Exemption

	2010 Exemption	2010 Phaseout
MFJ, QW	\$72,450	\$150,000-\$439,800
S, HH	\$47,450	\$112,500-\$302,300
MFS	\$36,225	\$75,000-\$219,900

For a child subject to kiddie tax the 2010 exemption amount is \$6,700 plus child's earned income not to exceed \$47,450. The phaseout is \$112,500 - \$302,300.

#### 2011 AMT Exemption

	2011 Exemption	2011 Phaseout
MFJ, QW	\$74,450	\$150,000-\$447,800
S, HH	\$48,450	\$112,500-\$306,300
MFS	\$37,225	\$75,000-\$223,900

For a child subject to kiddie tax the 2011 exemption amount is \$6,800 plus child's earned income not to exceed \$48,450. The phaseout is \$112,500 - \$306,300.

### Bonus Depreciation

Qualified property purchased for original use by the taxpayer after 2007 is allowed a 50 percent bonus depreciation if it is placed in service before September 9, 2010, and a 100 percent bonus depreciation if it is placed in service after September 9, 2010, and before January 1, 2012.

Qualified property includes tangible property depreciated under MACRS with a recovery period of 20 years or less, water utility property, off-the-shelf computer software, and qualified leasehold improvement property. Qualified property does not include:

- Property placed in service and disposed of in the same year.
- Property converted from business use to personal use in the same tax year.
- Property required to be depreciated under ADS.
- Property for which the taxpayer elects not to claim the special bonus depreciation allowance.

### Section 179

For 2010 and 2011, taxpayers may expense up to \$500,000 of qualifying property acquired for use in a trade or business. The deduction phase out begins at \$2,000,000 on purchases of qualifying property.

The SUV limit remains \$25,000.

For 2010 and 2011, within the \$500,000 §179 limit, taxpayers may expense up to \$250,000 of qualified real property, defined as qualified leasehold improvement property, qualified restaurant property, and qualified retail improvement property as described in §168.

For tax years 2003–2012, taxpayers may make or revoke a §179 election on an amended return without the consent of the Commissioner.

### Capital Gains Rate

The capital gains rate remains the same for 2008 through 2012. The rates are 0 percent to 15 percent.

### Child and Dependent Care Credit

The minimum child and dependent care credit is 20 percent and the maximum is 35 percent of the AGI. The maximum for one child is \$3,000 and for two or more children is \$6,000.

## Child Tax Credit

The maximum child tax credit is \$1,000 for each qualifying child through 2012. The child tax credit is refundable to the extent of the greater of:

- 15 percent of earned income above \$3,000
- The excess of the taxpayer's social security taxes for the year over the earned income credit for the year for taxpayers with three or more qualifying children.

## Dividend Rates

Qualified dividends are taxed at 0 percent and 15 percent through 2012.

## Earned Income Tax Credit

Earned Income or AGI Limits for the Earned Income Credit:

	MFJ	Not MFJ	Max Credit
No Children	\$18,470	\$13,460	\$ 457
One Child	\$40,545	\$35,535	\$3,050
Two Children	\$45,373	\$40,363	\$5,036
Three or more Children	\$48,362	\$43,352	\$5,666

Investment income is limited to \$3,100 for 2010 to be eligible for the earned income credit.

After 2010, the Advanced Earned Income Credit is no longer available.

## Education Credits

For 2010 and 2011, the maximum Lifetime Learning Credit is \$2,000. The maximum American Opportunity Credit is 100 percent of the first \$2,000 of qualified higher-education tuition and related expenses, plus 25 percent of the next \$2,000 of such expenses paid during the tax year, equaling a maximum credit of \$2,500.

### 2010 Phaseout

	American Opportunity Tax Credit	Lifetime Learning Credit
MFJ, QW	\$160,000 - \$180,000	\$160,000-\$180,000
S, HH	\$80,000 - \$90,000	\$50,000-\$60,000

## Exemption Amount

The personal exemption amount is \$3,650, starting after 2009 through 2012 there is no personal exemption phaseout.

## Foreign Earned Income Exclusion

For 2010 the qualified earned income exclusion is \$91,500. For 2011 the qualified earned income exclusion is indexed at \$92,500.

## IRA Contributions to the Traditional and Roth IRA

For 2010 and 2011 the contribution is limited to \$5,000 (\$6,000 for taxpayer's over 50 years old).

### Traditional IRA Deduction Phaseout for 2010

Filing Status	Taxpayer Covered by Employer Plan	Spouse of Covered Plan
S, HH	\$56,000 - \$66,000	
MFJ, QW	\$89,000 - \$109,000	MFJ \$167,000 - \$177,000
MFS	\$0 - \$10,000	\$0

### Traditional IRA Deduction Phaseout for 2011

Filing Status	Taxpayer Covered by Employer Plan	Spouse of Covered Plan
S, HH	\$56,000 - \$66,000	
MFJ, QW	\$90,000 - \$110,000	MFJ \$169,000 - \$179,000
MFS	\$0 - \$10,000	\$0

### Phaseout for Roth IRA Contributions

Filing Status	2010	2011
MFJ	\$167,000-\$177,000	\$169,000-\$179,000
MFS (lived with spouse)	\$0 - \$10,000	\$0 - \$10,000
S, HH, QW or MFS*	\$105,000 - \$120,000	\$107,000-\$122,000

\*Taxpayer did not live with their spouse.

## Kiddie Tax

Kiddie tax applies to children with unearned income greater than \$1,900 if the child is 18 or under, or a full-time student under the age of 24 and has at least one living parent.

**Long Term Care Premiums – Annual  
Deductible Limit**

T/P Age at the End of Tax Year	2010	2011
40 or less	\$330	\$340
More than 40 less than 50	\$620	\$640
More than 50 less than 60	\$1,230	\$1,270
More than 60 less than 70	\$3,290	\$3,390
More than 70	\$4,110	\$4,240

**Standard Mileage Rates**

	2010	2011
Business	50¢	51¢
Medical and Moving	16.5¢	19¢
Charitable	14¢	14¢

**2010 Luxury Auto Depreciation Limits**

	Autos	Trucks & Vans
1 <sup>st</sup> Year – 2010	\$3,060	\$3,160
1 <sup>st</sup> Year w/ bonus depreciation	\$11,060	\$11,160
2 <sup>nd</sup> Year	\$4,900	\$5,100
3 <sup>rd</sup> Year	\$2,950	\$3,050
Following Years	\$1,775	\$1,875

**Social Security**

The maximum wages subject to social security tax is \$106,800, for 2010 and 2011.

**Standard Deduction**

**Basic Standard Deduction**

Filing Status	2010	2011
MFJ/QW	\$11,400	\$11,600
HH	\$8,400	\$8,500
Single	\$5,700	\$5,800
MFS	\$5,700	\$5,800

Dependents who only have unearned income for 2010 and 2011 is \$950. If the dependent has both earned and unearned income, the standard deduction is the greater of:

- \$950 or
- The dependents earned income plus \$300, but not more than the basic standard deduction for his or her filing status.

If the taxpayer or spouse is blind or over the age of 65, the additional deduction is \$1,100 if married or surviving spouse; and \$1,400 for a single or head of household taxpayer in 2010 or 2011.