

2010—2011 Tax Pocket Guide

INDIVIDUAL RETIREMENT ACCOUNTS

DEDUCTIBLE IRAs

| | 2010 | 2011 |
|-----------------------|---------|---------|
| Maximum contribution: | | |
| Age 49 and younger | \$5,000 | \$5,000 |
| Age 50 and older | \$6,000 | \$6,000 |

Active participants in employer pension and 401(k) plans are subject to phase-out limits.

ROTH IRAs

- * Nondeductible contribution up to \$5,000
- * \$6,000 for age 50 and older

| | |
|----------------------|-----------------------|
| 2010 AGI phase-outs: | |
| Joint filers | \$167,000 - \$176,999 |
| Individual filers | \$105,000 - \$119,999 |
| 2011 AGI phase-outs: | |
| Joint filers | \$169,000 - \$178,999 |
| Individual filers | \$107,000 - \$119,999 |

*Qualified distributions are tax-free.

SOCIAL SECURITY TAXES

| EMPLOYEE | TAX RATE | WAGE BASE 2010 | WAGE BASE 2011 |
|---------------|----------|----------------|----------------|
| FICA | 6.20% | \$106,800 | N/A |
| FICA | 4.20% | N/A | \$106,800 |
| Medicare | 1.45% | No Limit | No Limit |
| | 5.65% | | |
| EMPLOYER | | | |
| FICA | 6.20% | \$106,800 | \$106,800 |
| Medicare | 1.45% | No Limit | No Limit |
| | 7.65% | | |
| SELF-EMPLOYED | | | |
| FICA | 12.40% | \$106,800 | N/A |
| FICA | 10.40% | N/A | \$106,800 |
| Medicare | 2.90% | No Limit | No Limit |
| | 13.30% | | |

SOCIAL SECURITY BENEFITS

MAXIMUM ANNUAL EARNED INCOME LIMIT

| | 2010 | 2011 |
|---|----------|----------|
| Under full retirement age* (65 years old) | \$37,680 | \$37,680 |

*For 2011, \$1 in benefits will be withheld for every \$2 above an exempted annual earnings amount of \$14,160 for retirees, under full retirement age, who work.

BUSINESS RATES & LIMITATIONS

STANDARD MILEAGE RATES (rate per mile)

| Use | 2010 (c) | 2011 (c) |
|------------|----------|----------|
| Business | 50 | 51 |
| Charitable | 14 | 14 |
| Medical | 16.5 | 19 |
| Moving | 16.5 | 19 |

SECTION 179 EXPENSE

| Year | Maximum Section 179 Expense* |
|------|------------------------------|
| 2010 | \$500,000 |
| 2011 | \$500,000 |

* Maximum expense election phase-out applies to asset purchases in excess of \$2,000,000 (see vehicle limitations below).

LIMITS FOR PASSENGER VEHICLES

For passenger vehicles, trucks and vans that are used more than 50% in a qualified business use, the maximum depreciation deduction, including both the Section 179 expense deduction as well as bonus depreciation, is limited to \$11,060 for cars and \$11,160 for trucks and vans.

LIMITS FOR HEAVY SUVs, TRUCKS AND VANS

Certain vehicles, with a gross vehicle weight rating above 6,000 lbs but no more than 14,000 lbs, qualify for Section 179 expensing up to \$25,000 if the vehicle is placed in service prior to December 31st.

RETIREMENT PLANS

MAXIMUM CONTRIBUTIONS TO PENSION PLANS

The maximum employee contribution into 401(k), 403(b), and 457(b) plans is as follows:

| Year | Maximum Employee Contribution if Under Age 50 | Maximum Employee Catch-up Contribution if Age 50 or Older |
|------|---|---|
| 2010 | \$16,500 | \$5,500 |
| 2011 | \$16,500 | \$5,500 |

Disclaimer: Many of the amounts used in this guide are adjusted annually for inflation and/or tax law changes. As we go to press, this is the most current information available. We suggest you talk to a tax professional regarding your own situation.



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2011 INDIVIDUAL TAX RATE SCHEDULE

| FILING STATUS: | If taxable income is between: | Your tax is: | Of amount over: |
|---|-------------------------------|------------------|-----------------|
| SINGLE | \$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 | 110,016.50 + 35% | 379,150 |
| MARRIED, FILING JOINTLY, SURVIVING SPOUSE | \$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 | 27,087.50 + 28% | 139,350 |
| | \$212,300 - 379,150 | 47,513.50 + 33% | 212,300 |
| | \$379,150 and above | 102,574 + 35% | 379,150 |

2010 INDIVIDUAL TAX RATE SCHEDULE

| FILING STATUS: | If taxable income is between: | Your tax is: | Of amount over: |
|---|-------------------------------|------------------|-----------------|
| SINGLE | \$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 and above | 108,421.25 + 35% | 373,650 |
| MARRIED, FILING JOINTLY, SURVIVING SPOUSE | \$0 - 16,750 | 10% | \$ 0 |
| | \$16,750 - 68,000 | 1,675 + 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 and above | 101,085.50 + 35% | 373,650 |

STANDARD DEDUCTIONS

| | 2010 | 2011 |
|---|----------|----------|
| Joint return/surviving spouse | \$11,400 | \$11,600 |
| Single/MFS | 5,700 | 5,800 |
| Head of household | 8,400 | 8,500 |
| Additional amount for 65 or older or blind: Married filing jointly | 1,100 | 1,150 |
| Additional amount for 65 or older or blind: Single/head of household/surviving spouse/MFS | 1,400 | 1,450 |

INDIVIDUAL ESTIMATED TAX PAYMENTS

To avoid possible underpayment penalties, you are generally required to pay through withholding or quarterly estimated tax payments the lesser of:

- 100% of prior year tax liability,* or;
- 90% of the current year tax liability

*For individuals whose adjusted gross income for the preceding year is more than \$150,000, the required percentage of the prior year tax liability is 110%.

Estimated tax payments for individuals and trusts for 2011 are due by:

April 18, 2011 September 15, 2011
June 15, 2011 January 16, 2012

DIVIDENDS

Dividends received by non-corporate taxpayers from certain qualified corporations are taxed at a maximum tax rate of 15% for investors in the top four brackets. Investors whose income is in the bottom two brackets, 10% and 15%, will pay 0% tax on dividends from 2008 through 2012. When these tax cuts expire at the end of 2012, all dividends will be taxed as ordinary income at tax rates as high as 39.6%.

LONG TERM CAPITAL GAINS

The tax rate on capital gains for assets held more than one year is 15% for taxpayers in the top four brackets and 0% for those in the lowest tax brackets.

| Ordinary Income Tax Bracket | Long Term Capital Gain Rate for 2010 and 2011 |
|-----------------------------|---|
| 10% | 0% |
| 15% | 0% |
| 25, 28, 33, and 35% | 15% |

GAIN ON THE SALE OF PRINCIPAL RESIDENCE

Tax-free gain of up to \$500,000 for joint filers and \$250,000 for single and married filing separate status.

- Must have owned and used the home as principal residence for two of the previous five years.
- Other limitations may apply.

PERSONAL EXEMPTIONS

| | 2010 | 2011 |
|--|---------|---------|
| Deduction for each taxpayer, spouse, and dependent | \$3,650 | \$3,700 |

CORPORATE INCOME TAX RATES 2010-2011

| TAXABLE INCOME | RATE (%) |
|---------------------------|----------|
| \$0 - 50,000 | 15 |
| \$50,001 - 75,000 | 25 |
| \$75,001 - 100,000 | 34 |
| \$100,001 - 335,000 | 39* |
| \$335,001 - 10,000,000 | 34 |
| \$10,000,001 - 15,000,000 | 35 |
| \$15,000,001 - 18,333,333 | 38 |
| \$18,333,334 - and up | 35 |

*Reflects a 5% surtax which phases out the benefit of the 15% and 25% rates.

** Personal service corporations have a flat 35% tax rate.

ESTATE AND GIFT TAXES

| YEAR | ESTATE TAX EXEMPTION | GIFT TAX EXEMPTION | MAXIMUM TAX RATE | ESTATE BASIS STEP-UP |
|--------------|----------------------|--------------------|------------------|----------------------|
| 2010 (Opt 1) | N/A | \$1,000,000 | 35%* | Modified |
| 2010 (Opt 2) | \$5,000,000 | \$1,000,000 | 35% | Yes |
| 2011 | \$5,000,000 | \$5,000,000 | 35% | Yes |
| 2012 | \$5,000,000 | \$5,000,000 | 35% | Yes |
| 2013 | \$1,000,000 | \$1,000,000 | 55% | Yes |

*Gift tax is 35%, Estate tax is 0%.

ANNUAL GIFT TAX EXCLUSION

| | 2010 | 2011 |
|------------------------|----------|----------|
| Gifts per donee | \$13,000 | \$13,000 |
| Joint gifts by spouses | \$26,000 | \$26,000 |

ALTERNATIVE MINIMUM TAX

AMT rates for individuals, estates, and trusts (on taxable excess - i.e., alternative minimum taxable income less exemption amount):*

- 26% of taxable excess that does not exceed \$175,000 (\$87,500 for married filing separately)
- 28% of taxable excess that exceeds \$175,000 (\$87,500 for married filing separately)

*Tax rate on net long-term capital gain and qualified dividends is the same as for regular tax.