

# Journal of Accountancy

## Filing Season Quick Guide—Tax Year 2009

### 2009 Tax Rate Tables

#### Single Taxpayers

| If Taxable Income Is Over | But Not Over | Tax Is    | Plus | Of the Amount Over |
|---------------------------|--------------|-----------|------|--------------------|
| \$0                       | \$8,350      | 10%       |      |                    |
| \$8,350                   | \$33,950     | \$835     | 15%  | \$8,350            |
| \$33,950                  | \$82,250     | \$4,675   | 25%  | \$33,950           |
| \$82,250                  | \$171,550    | \$16,750  | 28%  | \$82,250           |
| \$171,550                 | \$372,950    | \$41,754  | 33%  | \$171,550          |
| \$372,950                 |              | \$108,216 | 35%  | \$372,950          |

#### Married Taxpayers Filing Joint Returns and Surviving Spouses

| If Taxable Income Is Over | But Not Over | Tax Is       | Plus | Of the Amount Over |
|---------------------------|--------------|--------------|------|--------------------|
| \$0                       | \$16,700     | 10%          |      |                    |
| \$16,700                  | \$67,900     | \$1,670      | 15%  | \$16,700           |
| \$67,900                  | \$137,050    | \$9,350      | 25%  | \$67,900           |
| \$137,050                 | \$208,850    | \$26,637.50  | 28%  | \$137,050          |
| \$208,850                 | \$372,950    | \$46,741.50  | 33%  | \$208,850          |
| \$372,950                 |              | \$100,894.50 | 35%  | \$372,950          |

#### Married Taxpayers Filing Separate Returns

| If Taxable Income Is Over | But Not Over | Tax Is      | Plus | Of the Amount Over |
|---------------------------|--------------|-------------|------|--------------------|
| \$0                       | \$8,350      | 10%         |      |                    |
| \$8,350                   | \$33,950     | \$835       | 15%  | \$8,350            |
| \$33,950                  | \$68,525     | \$4,675     | 25%  | \$33,950           |
| \$68,525                  | \$104,425    | \$13,318.75 | 28%  | \$68,525           |
| \$104,425                 | \$186,475    | \$23,370.75 | 33%  | \$104,425          |
| \$186,475                 |              | \$50,447.25 | 35%  | \$186,475          |

#### Heads of Household

| If Taxable Income Is Over | But Not Over | Tax Is       | Plus | Of the Amount Over |
|---------------------------|--------------|--------------|------|--------------------|
| \$0                       | \$11,950     | 10%          |      |                    |
| \$11,950                  | \$45,500     | \$1,195      | 15%  | \$11,950           |
| \$45,500                  | \$117,450    | \$6,227.50   | 25%  | \$45,500           |
| \$117,450                 | \$190,200    | \$24,215     | 28%  | \$117,450          |
| \$190,200                 | \$372,950    | \$44,585     | 33%  | \$190,200          |
| \$372,950                 |              | \$104,892.50 | 35%  | \$372,950          |

#### Trusts and Estates

| If Taxable Income Is Over | But Not Over | Tax Is     | Plus | Of the Amount Over |
|---------------------------|--------------|------------|------|--------------------|
| \$0                       | \$2,300      | 15%        |      |                    |
| \$2,300                   | \$5,350      | \$345      | 25%  | \$2,300            |
| \$5,350                   | \$8,200      | \$1,107.50 | 28%  | \$5,350            |
| \$8,200                   | \$11,150     | \$1,905.50 | 33%  | \$8,200            |
| \$11,150                  |              | \$2,879    | 35%  | \$11,150           |

#### Capital Gains Rates

- For the 10% and 15% brackets, long-term capital gains rate is zero.
- For all other brackets, long-term capital gains rate is 15%.
- Maximum unrecaptured section 1250 gain rate is 25%.
- Collectibles gain rate is 28%.

#### Self-Employment Tax

- Self-employment rate: 15.3% (12.4% OASDI tax and 2.9% Medicare tax).
- Wage base: OASDI tax is computed on the first \$106,800 of income. Maximum OASDI tax is \$13,243.20.

#### Kiddie Tax

Parent's highest rate applies to child's unearned income over \$1,900.



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**Personal Exemption**

- \$3,650
- AGI phaseout thresholds: \$166,800 (single), \$250,200 (married filing jointly and surviving spouse), \$125,100 (married filing separately) and \$208,500 (head of household).
- Personal exemption is reduced 2% for each \$2,500 AGI exceeds threshold, limited to 1/3 of amount taxpayer would otherwise lose.

**Standard Deduction**

- Single taxpayers: \$5,700
- Joint filers and surviving spouses: \$11,400
- Married taxpayers filing separately: \$5,700 (\$0 if spouse itemizes)
- Heads of household: \$8,350
- ▶ Additional standard deduction for 65+ and blind taxpayers:
  - Single taxpayers: \$1,400
  - Married filers and surviving spouses: \$1,100
  - Heads of household: \$1,400
- ▶ Plus up to \$500 (\$1,000 for married filing jointly) standard deduction for state and local real property taxes.
- ▶ Standard deduction for individuals who are dependents cannot exceed the greater of \$950 or \$300 plus the individual's earned income.

**Itemized Deductions**

If a taxpayer's AGI exceeds \$166,800 (\$83,400 for married taxpayers filing separately), itemized deductions are reduced by 3% of the excess of AGI over \$166,800 (\$83,400 for married taxpayers filing separately) or 80% of the itemized deductions otherwise allowable, whichever is less.

**Standard Mileage Rate**

- Business standard mileage rate: 55¢ per mile
- Medical transportation standard mileage rate: 24¢
- Charitable standard mileage rate: 14¢
- For business autos for which the business standard mileage rate is used, depreciation is considered to have been allowed at 21¢ per mile.

**Tax Credits**

- **First-time homebuyer:** \$8,000 (\$4,000 for married taxpayers filing separately); \$6,500 (\$3,250 for married taxpayers filing separately) for homeowners who have lived in current residence five consecutive years in the past eight. Extended to June 30, 2010 (for binding contracts in place before May 1, 2010). Phases out for AGI between \$125,000 and \$145,000 (\$225,000 and \$245,000 AGI for joint filers).
- **Child:** \$1,000 per qualifying child under 17. Refundable to the extent of 15% of the taxpayer's earned income in excess of \$3,000; beginning in 2009 qualifying child must also be the taxpayer's dependent. Phases out starting with modified AGI above \$75,000 (\$110,000 for joint filers, \$55,000 for married filing separately).
- **Making work pay:** Lesser of 6.2% of individual's earned income or \$400 (\$800 for married taxpayers filing jointly). Phased out at a 2% rate for individuals whose modified AGI exceeds \$75,000 (\$150,000 for married taxpayers filing jointly). Reduced by the one-time economic recovery payments of \$250 provided by the Veterans Administration, Railroad Retirement Board and Social Security Administration.
- **Adoption expense:** \$12,150 maximum.
- **Child and dependent care:** 35% of employment-related expenses (up to \$3,000 in expenses for one qualifying individual, or \$6,000 for two or more qualifying individuals); credit decreases by 1% for each \$2,000 of AGI over \$15,000, down to 20%.
- **American opportunity:** \$2,500 per year (100% of the first \$2,000 of qualifying expenses and 25% of the next \$2,000), with 40% of the credit refundable. Phases out for taxpayers with AGIs between \$80,000 and \$90,000 (\$160,000 and \$180,000 for married taxpayers filing jointly).

- **Lifetime learning:** 20% of up to \$10,000 of qualified expenses. Phases out between \$50,000 and \$60,000 AGI for single filers, \$100,000 to \$120,000 for married taxpayers filing jointly.
- **Section 25C nonbusiness energy property:** 30% of sum of qualified energy-efficiency improvements and residential energy property expenditures, up to \$1,500 maximum aggregate credits for 2009 and 2010.
- **Section 25D residential energy-efficient property credit:** 30% of amount paid for qualifying property (for qualified fuel cell property maximum credit of \$500 for each 0.5 kilowatt of capacity).

**Saver's Credit Applicable Percentages**

| Filing Status                 | AGI                  | Applicable Percentage |
|-------------------------------|----------------------|-----------------------|
| <b>Married filing jointly</b> | \$0 to \$33,000      | 50%                   |
|                               | \$33,000 to \$36,000 | 20%                   |
|                               | \$36,000 to \$55,500 | 10%                   |
| <b>Head of household</b>      | \$0 to \$24,750      | 50%                   |
|                               | \$24,750 to \$27,000 | 20%                   |
|                               | \$27,000 to \$41,625 | 10%                   |
| <b>All other filers</b>       | \$0 to \$16,500      | 50%                   |
|                               | \$16,500 to \$18,000 | 20%                   |
|                               | \$18,000 to \$27,750 | 10%                   |

**Section 179 and Bonus Depreciation**

- Section 179 deduction: \$250,000, with \$800,000 threshold limit
- Section 168(k) bonus depreciation: Additional 50% first-year depreciation for qualifying property

**Retirement Plan Limits**

- Maximum 401(k) plan elective deferral: \$16,500
- Additional catch-up contributions for age 50+: \$5,500
- Defined benefit plan maximum benefit: \$195,000 (May be reduced based on participant's age, average compensation or length of plan participation.)
- Defined contribution plan contribution limit: \$49,000 or 100% of compensation, whichever is less
- IRA contribution limit: \$5,000 (plus \$1,000 catch-up)
- IRA phaseout: AGI from \$89,000 to \$109,000 (married taxpayers filing jointly); \$55,000 to \$65,000 (single taxpayers, heads of household); \$0 to \$10,000 (married taxpayers filing separately); \$166,000 to \$176,000 (nonactive participant whose spouse is active plan participant)
- Roth IRA contribution limit: \$5,000 (plus \$1,000 catch-up)
- Roth IRA phaseout: \$166,000 to \$176,000 (married taxpayers filing jointly); \$105,000 to \$120,000 (single taxpayers, heads of household); \$0 to \$10,000 (married taxpayers filing separately).
- SEP minimum required compensation: \$550
- SEP discriminatory contribution test amount: \$245,000

**Gift and Estate Tax Exclusions**

- Per-donee gift tax exclusion: \$13,000
- Estate tax exemption: \$3.5 million
- Gift tax lifetime exemption: \$1 million

**AMT Exemption**

- \$70,950 for married taxpayers filing jointly
- \$46,700 for single taxpayers and heads of household
- \$35,475 for married taxpayers filing separately

**Unemployment Compensation**

\$2,400 is excluded from gross income.