

# Journal of Accountancy

## Filing Season Quick Guide—Tax Year 2012

Updated Jan. 7, 2013

### 2012 Tax Rate Tables

#### Single Taxpayers

If Taxable Income Is Over	But Not Over	Tax Is	Plus	Of the Amount Over
\$0	\$8,700	10%		\$0
\$8,700	\$35,350	\$870	15%	\$8,700
\$35,350	\$85,650	\$4,867.50	25%	\$35,350
\$85,650	\$178,650	\$17,442.50	28%	\$85,650
\$178,650	\$388,350	\$43,482.50	33%	\$178,650
\$388,350		\$112,683.50	35%	\$388,350

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

If Taxable Income Is Over	But Not Over	Tax Is	Plus	Of the 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		\$105,062	35%	\$388,350

#### Married Taxpayers Filing Separate Returns

If Taxable Income Is Over	But Not Over	Tax Is	Plus	Of the Amount Over
\$0	\$8,700	10%		\$0
\$8,700	\$35,350	\$870	15%	\$8,700
\$35,350	\$71,350	\$4,867.50	25%	\$35,350
\$71,350	\$108,725	\$13,867.50	28%	\$71,350
\$108,725	\$194,175	\$24,332.50	33%	\$108,725
\$194,175		\$52,531	35%	\$194,175

#### Heads of Household

If Taxable Income Is Over	But Not Over	Tax Is	Plus	Of the Amount Over
\$0	\$12,400	10%		\$0
\$12,400	\$47,350	\$1,240	15%	\$12,400
\$47,350	\$122,300	\$6,482.50	25%	\$47,350
\$122,300	\$198,050	\$25,220	28%	\$122,300
\$198,050	\$388,350	\$46,430	33%	\$198,050
\$388,350		\$109,229	35%	\$388,350

#### Trusts and Estates

If Taxable Income Is Over	But Not Over	Tax Is	Plus	Of the Amount Over
\$0	\$2,400	15%		\$0
\$2,400	\$5,600	\$360	25%	\$2,400
\$5,600	\$8,500	\$1,160	28%	\$5,600
\$8,500	\$11,650	\$1,972	33%	\$8,500
\$11,650		\$3,011.50	35%	\$11,650

#### Gains Rates

- Long-term capital gains: Zero for individual taxpayers in 10% and 15% ordinary income brackets; for other individuals, 15%.
- Unrecaptured Sec. 1250 gain: 25% maximum.
- Collectibles: 28%.

#### Self-Employment

- Tax rate: 13.3% (10.4% OASDI tax plus 2.9% Medicare tax).
- Wage base: \$110,100 of self-employment income for OASDI tax (maximum tax \$11,450.40; no ceiling on Medicare tax).

#### Kiddie Tax

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

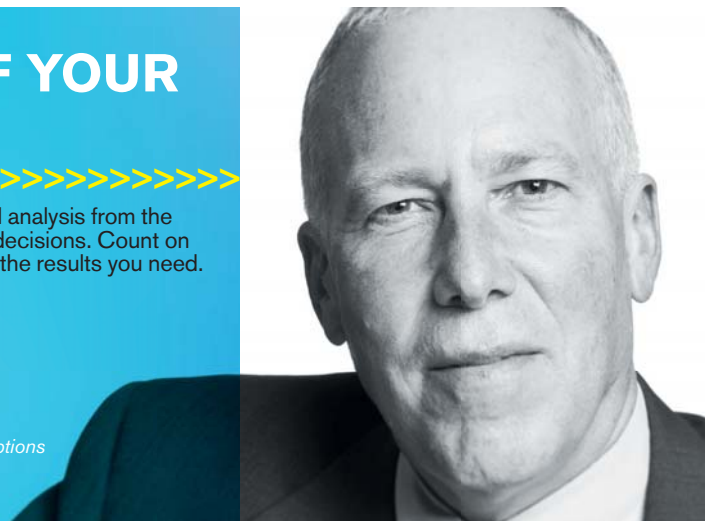
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**Personal Exemption**

- Individuals: \$3,800.
- Estates: \$600.
- Trusts: \$300 if must distribute all income currently; \$100 for all other trusts.

**Standard Deduction**

- Single: \$5,950.
- Joint filers and surviving spouses: \$11,900.
- Married filing separately: \$5,950 (\$0 if one spouse itemizes).
- Heads of household: \$8,700.
- ▶ Additional standard deduction for 65+ and blind taxpayers:
  - Single: \$1,450.
  - Married filers and surviving spouses: \$1,150.
  - Heads of household: \$1,450.
- Standard deduction for individuals who can be claimed as dependents cannot exceed lesser of (a) \$5,950, or (b) greater of \$950 or \$300 plus individual's earned income.

**Standard Mileage Rates**

- Business: 55<sup>1</sup>/<sub>2</sub>¢ per mile.
- Medical and moving: 23¢ per mile.
- Charitable services: 14¢ per mile.
- For business autos for which the optional business standard mileage rate is used, depreciation is considered to have been allowed at 23¢ per mile.

**Credits**

- **Earned income:** 45% (for families with three or more qualifying children).
- **Child:** \$1,000 per qualifying child under 17. Refundable up to 15% of the taxpayer's earned income in excess of \$3,000; qualifying child must be the taxpayer's dependent. Phases out starting with modified adjusted gross income (AGI) above \$75,000 (\$110,000 for joint filers, \$55,000 for married filing separately).
- **Adoption expense:** \$12,650 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 modified 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 tuition and related expenses. Phases out for taxpayers with modified AGIs between \$52,000 and \$62,000 (\$104,000 and \$124,000 for married taxpayers filing jointly).
- **Sec. 25C nonbusiness energy property:** 10% of qualified improvements and expenditures, subject to lifetime maximum.
- **Sec. 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).
- **Small business health insurance credit:** 35% of amount of non-elective contributions eligible small business makes on behalf of employees for premiums for qualified health plans. Phases out for employers with between 10 and 25 full-time-equivalent employees and average annual wages of between \$25,000 and \$50,000.

**Saver's Credit Applicable Percentages**

Filing Status	AGI	Applicable Percentage
<b>Married filing jointly</b>	\$0 to \$34,500	50%
	\$34,500 to \$37,500	20%
	\$37,500 to \$57,500	10%
<b>Head of household</b>	\$0 to \$25,875	50%
	\$25,875 to \$28,125	20%
	\$28,125 to \$43,125	10%
<b>All other filers</b>	\$0 to \$17,250	50%
	\$17,250 to \$18,750	20%
	\$18,750 to \$28,750	10%

**Sec. 179 and Bonus Depreciation**

- Sec. 179 maximum expense deduction: \$500,000, reduced by cost of property placed in service during the year above \$2 million.
- Sec. 168(k) bonus depreciation: 50% for qualifying property.

**Retirement Plans**

- Maximum 401(k) plan elective deferral: \$17,000 (plus \$5,500 catch-up for age 50+).
- Defined benefit plan maximum benefit: \$200,000 (may be reduced based on participant's age, average compensation, or length of plan participation).
- Defined contribution plan contribution limit: Lesser of \$50,000 or 100% of compensation.
- IRA contribution limit: \$5,000 (plus \$1,000 catch-up for age 50+).
- IRA deduction phaseout: Modified AGI from \$92,000 to \$112,000 (married taxpayers filing jointly); \$58,000 to \$68,000 (single taxpayers, heads of household); \$0 to \$10,000 (married taxpayers filing separately); \$173,000 to \$183,000 (nonactive participant whose spouse is an active plan participant).
- Roth IRA contribution limit: \$5,000 (plus \$1,000 catch-up for age 50+).
- ▶ Roth IRA contribution limit phaseout (modified AGI):
  - \$173,000 to \$183,000 (married taxpayers filing jointly).
  - \$110,000 to \$125,000 (single taxpayers, heads of household).
  - \$0 to \$10,000 (married taxpayers filing separately).
- SEP minimum required compensation: \$550; discriminatory contribution test amount: \$250,000.

**Gift and Estate**

- Per-donee annual gift tax exclusion: \$13,000.
- Exclusion for gifts to noncitizen spouse: \$139,000.
- Gift/estate tax exclusion: \$5.12 million; estate of spouse dying after 2010 may pass unused portion of exclusion to surviving spouse.

**Alternative Minimum Tax (updated Jan. 3, 2013)**

Filing Status or Entity	AMT Exemption Amount	AMTI Phaseout of Exemption*
<b>Married filing jointly and surviving spouse</b>	\$78,750	\$150,000 to \$465,000
<b>Single and head of household</b>	\$50,600	\$112,500 to \$314,900
<b>Married filing separately</b>	\$39,375	\$75,000 to \$232,500
<b>Estates and trusts</b>	\$22,500	\$75,000 to \$165,000
<b>Corporations</b>	\$40,000	\$150,000 to \$310,000

\*At 25% of AMTI above phaseout threshold