

## AUTO, TRAVEL, MEALS & ENTERTAINMENT

Fully Deductible	<ul style="list-style-type: none"> <li>Business travel <ul style="list-style-type: none"> <li>Auto standard mileage rate (2009: \$.55, 2010: \$.50)</li> <li>Medical travel (2009: \$.24, 2010: \$.165)</li> <li>Moving expense (2009: \$.24, 2010: \$.165)</li> <li>Charitable travel (2009-2010 - \$.14)</li> </ul> </li> </ul>
50% Deductible	<ul style="list-style-type: none"> <li>Business entertainment</li> <li>Business meals, including taxes, tips</li> <li>Qualified banquet meetings</li> </ul>
Not Deductible	<ul style="list-style-type: none"> <li>Educational travel</li> <li>Investment seminars</li> <li>Luxury skybox cost in excess of normal ticket cost</li> <li>Club dues</li> </ul>

## CORPORATE INCOME TAX RATES

Taxable Income	Tax 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+	35%

Alternative Minimum Tax Rate is 20%  
 Personal Service Corporations: 35% flat tax rate

## SOCIAL SECURITY TAXES

Employment	Wage Base		Self-FICA Tax	
	2010	2009	Rate	Tax Rate
	\$106,800	\$106,800	7.65%	15.3%
\$106,801-unlimited	\$106,801-unlimited	\$106,801-unlimited	1.45%	2.9%

Adjustment to income allowed for one half (50%) of the self-employment tax.

## INTEREST DEDUCTIONS

	2010	2009	Examples
Personal	NONE	NONE	- Auto loans - Credit cards
Investment	Up to net investment income	Up to net investment income	- Stocks/bonds - Land
Qualified Residence	100%	100%	- Principal and second residence (with limitation)
Trade or Business	100%	100%	- Asset purchases - Working capital
Passive	Net passive income	Net passive income	- Rental activities - Limited partnership interests
Education ("Above the line")	Up to \$2,500	Up to \$2,500	- Student loans (with limitations)

## ESTIMATED TAX PAYMENTS

To avoid possible underpayment penalties, pay in through withholding or estimated tax payments:

For 2009 - Lesser of:

- 100% of prior year tax liability (if 2008 AGI <\$150,000); otherwise 110% of prior year tax liability
- 90% of current year tax liability

Estimated tax payments for individuals are due by:

April 15 • June 15 • September 15  
 January 15 of subsequent year\*

\* State and local payments deductible in year of payment

## RETIREMENT PLAN DEDUCTION LIMITS

EXCLUDING "CATCH-UP" PAYMENTS FOR INDIVIDUALS OVER 50 YEARS OF AGE

	2010	2009
401(k) maximum salary deferral limitation	\$16,500	\$16,500
Simple retirement account	\$11,500	\$11,500
Roth IRA (non-deductible)	\$ 5,000	\$ 5,000
Coverdell ESA (per child under 18) (non-deductible)	\$ 2,000	\$ 2,000
Roth IRA – AGI Phase-Out:		
Married - Joint	\$167-177K	\$166-176K
Single, Head of Household	\$105-120K	\$105-120K
Married - Separate	\$0-10K	\$0-10K
Roth IRA Conversion - AGI Maximum	*	\$100,000

\* Effective for tax years beginning after 2009, there is no AGI limitation for Roth rollovers.

## Profit Sharing and Pension Plans (Deductible Contributions)

Corporate	25% up to \$49,000 (2010-\$49,000)
Self-employed retirement plan	20%** up to \$49,000 (2010-\$49,000)

\*\* Of net self-employment income

## Individual Retirement Accounts (Taxpayer or Spouse)

Not a participant in another plan \$5,000 Maximum\*\*\* (2009 and 2010)

Active in another plan:

Married AGI ****			Single AGI		
2010	2009	Deduction	2010	2009	
0-89,000	0-89,000	Full	\$0-56,000	\$0-55,000	
89,001-109,000	89,001-109,000	Partial	\$6,001-66,000	\$5,001-65,000	
> \$109,000	> \$109,000	None	> \$66,000	> \$65,000	
\$5,000	\$5,000	Maximum	\$5,000	\$5,000	
\$1,000	\$1,000	Catch-Up	\$1,000	\$1,000	

\*\*\* Also up to \$5,000 plus catch-up for non-working spouse. (2009 and 2010-\$5,000)

\*\*\*\* Non-participant spouse can make a full deductible contribution if AGI is less than \$166,000 (2010-\$167,000). For married persons filing separate returns, the range for a partial deduction is \$0-\$10,000.

## CAPITAL GAINS

HOLDING PERIOD	2010	2009
Short term	12 months or less	12 months or less
Long term	More than 12 months	More than 12 months
<b>MAXIMUM TAX RATES</b>		
Short term	Ordinary	Ordinary
Long term	15%	15%
Long term (15% bracket taxpayer)	0%	0%
Collectibles	28%	28%
Depreciable real estate:		
Depreciation recapture	25%	25%
Economic profit	15%	15%
Capital losses	*	*
<b>SALE OF PRINCIPAL RESIDENCE</b>		
Excludible amount:	\$250,000	\$250,000
Qualified married couples	\$500,000	\$500,000

\* Net capital losses can be offset against category of long-term gains with highest tax rate.

## EDUCATION INCENTIVES

In general: a variety of effective dates, gross income phaseouts and definitions are contained in the statute. We strongly recommend that you discuss these rules with your tax advisor in order to use them most effectively.

PROVISION	2010 Amount	2009 Amount
American Opportunity Tax Credit (Formerly the Hope Credit) First four years of post-secondary education. (Refundable)	\$2,500	\$2,500
Lifetime learning credit	\$2,000	\$2,000
Tuition and fees deduction	\$4,000	\$4,000
Student Loan interest deduction	\$2,500	\$2,500
Coverdell education savings account (per child under 18 or "special needs beneficiary")	\$2,000	\$2,000
Qualified state tuition program	*	*
Exclusion for employer-paid assistance	\$5,250	\$5,250

\* As determined by state plan

## ALTERNATIVE MINIMUM TAX

Base Alternative Minimum Taxable Income*	% on Excess Over Base
\$0 - \$175,000	26%
\$175,000+	28%

\* In excess of the exemption amount

## SEC 179 ELECTION TO EXPENSE

	2010	2009
Maximum amount	\$134,000	\$250,000
Phase-out begins	\$530,000	\$800,000

In 2009 a trade or business can depreciate an additional 50% of the cost of an asset acquired and placed in service during 2009.



# QUICK TAX FACTS 2009-2010

**MOORE STEPHENS  
DOEREN MAYHEW**  
 CERTIFIED PUBLIC ACCOUNTANTS

755 W. Big Beaver Rd., Ste. 2300  
 Troy, Michigan 48084  
 www.doeren.com  
 248.244.3060

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Specifically, this publication does not incorporate changes contained in any legislation enacted subsequent to December 31, 2009.

## 2010 INDIVIDUAL TAX RATE SCHEDULES

### MARRIED TAXPAYERS JOINT OR SURVIVING SPOUSE

Base Taxable Income	Tax on Base	% on Excess Over Base
\$ 0	\$ 0	10%
16,750	1,675.00	15%
68,000	9,362.50	25%
137,300	26,687.50	28%
209,250	46,833.50	33%
373,650	101,085.50	35%

### MARRIED TAXPAYERS FILING SEPARATELY

Base Taxable Income	Tax on Base	% on Excess Over Base
\$ 0	\$ 0	10%
8,375	837.50	15%
34,000	4,681.25	25%
68,650	13,343.75	28%
104,625	23,416.75	33%
186,825	50,542.75	35%

### SINGLE TAXPAYERS

Base Taxable Income	Tax on Base	% on Excess Over Base
\$ 0	\$ 0	10%
8,375	837.50	15%
34,000	4,681.25	25%
82,400	16,781.25	28%
171,850	41,827.25	33%
373,650	108,421.25	35%

### HEAD OF HOUSEHOLD

Base Taxable Income	Tax on Base	% on Excess Over Base
\$ 0	\$ 0	10%
11,950	1,195.00	15%
45,550	6,235.00	25%
117,650	24,260.00	28%
190,550	44,672.00	33%
373,650	105,095.00	35%

### ESTATES AND TRUSTS

Base Taxable Income	Tax on Base	% on Excess Over Base
\$ 0	\$ 0	15%
2,300	345.00	25%
5,350	1,107.50	28%
8,200	1,905.50	33%
11,200	2,885.50	35%

## 2009 INDIVIDUAL TAX RATE SCHEDULES

### MARRIED TAXPAYERS JOINT OR SURVIVING SPOUSE

Base Taxable Income	Tax on Base	% on Excess Over Base
\$ 0	\$ 0	10%
16,700	1,670.00	15%
67,900	9,350.00	25%
137,050	26,637.50	28%
208,850	46,741.50	33%
372,950	100,894.50	35%

### MARRIED TAXPAYERS FILING SEPARATELY

Base Taxable Income	Tax on Base	% on Excess Over Base
\$ 0	\$ 0	10%
8,350	835.00	15%
33,950	4,675.00	25%
68,525	13,318.75	28%
104,425	23,370.75	33%
186,475	50,447.25	35%

### SINGLE TAXPAYERS

Base Taxable Income	Tax on Base	% on Excess Over Base
\$ 0	\$ 0	10%
8,350	835.00	15%
33,950	4,675.00	25%
82,250	16,750.00	28%
171,550	41,754.00	33%
372,950	108,216.00	35%

### HEAD OF HOUSEHOLD

Base Taxable Income	Tax on Base	% on Excess Over Base
\$ 0	\$ 0	10%
11,950	1,195.00	15%
45,500	6,227.50	25%
117,450	24,215.00	28%
190,200	44,585.00	33%
372,950	104,892.50	35%

### ESTATES AND TRUSTS

Base Taxable Income	Tax on Base	% on Excess Over Base
\$ 0	\$ 0	15%
2,300	345.00	25%
5,350	1,107.50	28%
8,200	1,905.50	33%
11,150	2,879.00	35%

## INDIVIDUALS

INCOME	2010	2009
Salary	Taxable	Taxable
Interest	Taxable	Taxable
Dividends	Taxable***	Taxable***
Net long-term capital gains	No exclusion****	No exclusion****
Net passive activity	****	****
Social Security	Taxable*****	Taxable*****
Unemployment benefits	Taxable	Taxable
GROSS INCOME		
<b>ADJUSTMENTS</b>		
IRA	See IRA Table	See IRA Table
Keogh/SEP	Deductible	Deductible
Alimony	Deductible	Deductible
Moving expenses (specified)	Deductible	Deductible
Self-employed health insurance	100% deductible	100% deductible
ADJUSTED GROSS INCOME		
<b>ITEMIZED DEDUCTIONS*</b>		
Medical Expenses	7.5%	7.5%
State/local income tax*	Deductible	Deductible
Other state/local tax*	Deductible	Deductible
Mortgage interest	Deductible	Deductible
Personal interest	0%	0%
Investment interest	See interest table	See interest table
Charitable donations (up to limit)	Deductible	Deductible
Miscellaneous deductions and employee business expenses	2% AGI floor	2% AGI floor
Statutory deduction	3% of AGI	3% of AGI
<b>STANDARD DEDUCTIONS*</b>		
Joint return	\$11,400	\$11,400
Married filing separately	5,700	5,700
Single	5,700	5,700
Head of household	8,400	8,350
Additional – blind or elderly		
Single	1,400	1,400
Married	1,100	1,100
Dependent (minimum standard deduction)	950	950
<b>PERSONAL EXEMPTIONS**</b>		
Deduction for each taxpayer, spouse and dependent	3,650 **	3,500 **
Minimum Exemption		
After Phase-Out**	N/A	2,433
<b>TAXABLE INCOME</b>		
Child Tax Credit (qualifying child under age 17)	3,000	1,000

\* You are allowed to deduct the greater of your standard deduction or your itemized deductions. For 2009, taxpayer's have the choice of deducting either income taxes or state and local sales taxes. For 2009, select itemized deductions are reduced up to 80% for high income taxpayers. Taxpayers having 2009 Adjusted Gross Income in excess of \$166,800 (2010-not applicable) or \$83,400 (2010-not applicable) if married filing separately must reduce itemized deductions by 3% of the excess over the threshold (reduced by 2/3). For 2010, the phaseout for itemized deductions is eliminated. Barring any further legislative action, the phaseout is set to return in 2011.

\*\* Reduced or eliminated for high-income taxpayers when AGI reaches: \$250,200 for joint filers (2010-not applicable); \$166,800 for single filers (2010-not applicable); \$208,500 for head of household (2010-not applicable); and \$125,100 for married filing separately (2010-not applicable). For 2010, the phaseout for personal exemptions is eliminated. Barring any further legislative action, the phaseout is set to return in 2011.

\*\*\* See Capital Gains Table. Qualifying dividends received in 2009 and 2010 are taxed at the same rate as long-term capital gains.

\*\*\*\* Exceptions for actively managed real estate, Qualified Real Estate Professionals. Passive activity income/losses are netted. Resulting passive losses will be limited.

\*\*\*\*\* 50% of the benefits above the following income thresholds are taxable: (Single \$25,000) (Married \$32,000). The taxable portion increases to 85% for benefits above \$34,000 for single taxpayers and \$44,000 for married taxpayers.

## ESTATE & GIFT TAX RATE SCHEDULES

TABLE A

Column A	Column B	Column C	Column D
Taxable Amount Over	Taxable Amount Not Over	Tax on Amount In Column A	Excess Over Amount in Column A Rate of Tax on
\$ 0	\$ 10,000	\$ 0	18%
10,000	20,000	1,800	20%
20,000	40,000	3,800	22%
40,000	60,000	8,200	24%
60,000	80,000	13,000	26%
80,000	100,000	18,200	28%
100,000	150,000	23,800	30%
150,000	250,000	38,800	32%
250,000	500,000	70,800	34%
500,000	750,000	155,800	37%
750,000	1,000,000	248,300	39%
1,000,000	1,250,000	345,800	41%
1,250,000	1,500,000	448,300	43%
1,500,000	*****	555,800	45%

For decedents dying in 2008 and 2009 the marginal rate is 45%. Under current legislation, the estate tax is repealed for 2010, pending any further legislative action.

TABLE B

### MAXIMUM UNIFIED CREDIT AGAINST ESTATE TAX

For decedents dying in 2008 the credit is \$780,800.

For decedents dying in 2009 the credit is \$1,455,800.

TABLE C – GIFT TAX

	2010	2009
Annual exclusion	\$ 13,000	\$ 13,000
Maximum gift tax credit	\$ 345,800	\$ 345,800

TABLE D

### GENERATION-SKIPPING TAX EXEMPTION

For 2009, the the GST exemption is \$3,500,000.

For 2010, the the GST exemption is not applicable.