

Important Tax Figures for 2010

"The nation should have a tax system that looks like someone designed it on purpose."

-- William Simon, Secretary of the Treasury, 1974 to 1977

The following table provides some important federal tax information for 2010, compared with 2009. Many of the dollar amounts are unchanged or have changed only slightly due to low inflation. Other amounts are changing due to legislation.

Social Security/ Medicare	2010	2009
Social Security Tax Wage Base	\$106,800	\$106,800
Medicare Tax Wage Base	No limit	No limit
Individual Retirement Accounts	2010	2009
Roth IRA Individual, up to 100% of earned income	\$ 5,000	\$ 5,000
Traditional IRA Individual, up to 100% of earned Income	\$ 5,000	\$ 5,000
Roth and traditional IRA additional annual "catch-up" contributions for account owners age 50 and older	\$ 1,000	\$ 1,000
Qualified Plan Limits	2010	2009
Defined Contribution Plan Dollar limit on additions on Sections 415(c)(1)(A)	\$ 49,000	\$ 49,000
Defined Benefit Plan limit on benefits (<i>Section 415(b)(1)(A)</i>)	\$195,000	\$195,000

Maximum compensation used to determine contributions	\$245,000	\$245,000
401(k), SARSEP, 403(b) Deferrals (<i>Section 402(g)</i>), & 457 deferrals (<i>Section 457(b)(2)</i>)	\$ 16,500	\$ 16,500
401(k), 403(b), 457 & SARSEP additional "catch-up" contributions for employees age 50 and older	\$ 5,500	\$ 5,500
SIMPLE deferrals (<i>Section 408(p)(2)(A)</i>)	\$ 11,500	\$ 11,500
SIMPLE additional "catch-up" contributions for employees age 50 and older	\$ 2,500	\$ 2,500
Compensation defining highly compensated employee (<i>Section 414(q)(1)(B)</i>)	\$110,000	\$110,000
Compensation defining key employee (officer)	\$160,000	\$160,000
Compensation triggering Simplified Employee Pension contribution requirement (<i>Section 408(k)(2)(c)</i>)	\$ 550	\$ 550
Driving Deductions	2010	2009
Business mileage, per mile	50 cents	55 cents
Charitable mileage, per mile	14 cents	14 cents
Medical and moving, per mile	16.5 cents	24 cents
Business Equipment	2010	2009

Maximum Section 179 deduction	\$134,000 *	\$250,000 *
Phaseout for Section 179	\$530,000	\$800,000
Transportation Fringe Benefit Exclusion	2010	2009
Monthly commuter highway vehicle and transit pass	\$ 230	\$ 230
Monthly qualified parking	\$ 230	\$ 230
Domestic Production Activities Deduction	2010	2009
Percent of qualifying business net income	9 percent (6% for oil and gas companies)	6 percent
Standard Deduction	2010	2009
Married filing jointly	\$ 11,400	\$ 11,400
Single (and married filing separately)	\$ 5,700	\$ 5,700
Heads of Household	\$ 8,400	\$ 8,350
Personal Exemption	2010	2009
Amount	\$ 3,650	\$ 3,650
Domestic Employees	2010	2009
Threshold when a domestic employer must withhold and pay FICA for babysitters, house cleaners, etc.	\$ 1,700	\$ 1,700
Kiddie Tax	2010	2009

Net unearned income not subject to the "Kiddie Tax"	\$ 1,900	\$ 1,900
Estate Tax	2010	2009
Federal Estate Tax Exemption	repealed **	\$3.5 million
Annual Gift Exclusion	2010	2009
Amount you can give each recipient	\$13,000	\$ 13,000
IRS Interest Rates	2010 (1st quarter)	2009 (4th quarter)
Tax overpayments	4 percent (3 percent for corporations; 1.5 percent for the part of corporate overpayments exceeding \$10,000)	4 percent (3 percent for corporations; 1.5 percent for the part of corporate overpayments exceeding \$10,000)
Tax underpayments	4 percent (6 percent for large corporate underpayments)	4 percent (6 percent for large corporate underpayments)

* A stimulus law provided much larger Section 179 depreciation deductions for 2009. For 2010, however, the maximum deduction will revert back to a lower amount unless Congress takes further action.

** Under a 2001 law, the estate tax exemption was gradually increased and the tax rate levied on estates decreased. For one year only in 2010, the estate tax is repealed. However, several members of Congress have said they will work to put the estate tax back in place, retroactive to January 1, at 2009 rates (\$3.5 million exemption/45 percent tax rate).

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