

BUSINESS

Depreciation

36-Month Assets (Straight-Line)

Most software

3-Year Assets (200% DB)

Dies, molds, small tools, certain horses

5-Year Assets (200% DB)

Autos, computers, typewriters, copiers, many types of equipment, private aircraft

7-Year Assets (200% DB)

Most manufacturing equipment, office furniture, printing equipment, oil and gas production equipment

7-Year Assets (150% DB)

Farm equipment*

27.5-Year Assets (Straight-Line)

Rental houses, apartments, low-income housing

39-Year Assets (Straight-Line)

Nonresidential buildings

* A 5-year depreciation schedule for qualifying farm machinery/equipment, which expires in 2011, may become permanent pending further legislation.

Personal Property Depreciation

Percent of Original Depreciable Basis under 200% DB Method

(Not applicable for mid-quarter convention)

Recovery Year	3-Year Class	5-Year Class	7-Year Class
1	33.33	20.00	14.29
2	44.45	32.00	24.49
3	14.81	19.20	17.49
4	7.41	11.52	12.49
5		11.52	8.93
6		5.76	8.92
7			8.93
8			4.46

Section 179 Expense

	2012	2011
Maximum expense election	\$ 139,000	\$ 500,000
Phaseout threshold	\$ 560,000	\$ 2,000,000

CORPORATE INCOME TAX RATES

Regular Tax

If Taxable Income Is Between:	Your Tax Is:	Of Amount Over:
\$ 0 – \$ 50,000	15%	\$ 0
\$ 50,001 – \$ 75,000	\$ 7,500 + 25%	\$ 50,000
\$ 75,001 – \$ 100,000	\$ 13,750 + 34%	\$ 75,000
\$ 100,001 – \$ 335,000	\$ 22,250 + 39%	\$ 100,000
\$ 335,001 – \$ 10,000,000	\$ 113,900 + 34%	\$ 335,000
\$ 10,000,001 – \$ 15,000,000	\$ 3,400,000 + 35%	\$ 10,000,000
\$ 15,000,001 – \$ 18,333,333	\$ 5,150,000 + 38%	\$ 15,000,000
\$ 18,333,334 and above	a flat 35%	

Personal Service Corporations — 35% flat tax rate.

Capital Gains Tax Rate — Same as regular rate.

ESTATE AND GIFT TAXES

Estate Taxes

	2012	2011
Estate tax exemption	\$ 5,120,000	\$ 5,000,000
Applicable credit amount	\$ 1,772,800	\$ 1,730,800
Top estate tax rate	35%	35%

Gift Taxes

	2012	2011
Lifetime gift tax exemption	\$ 5,120,000	\$ 5,000,000
Annual gift tax exclusion		
Gifts per person	\$ 13,000	\$ 13,000
Joint gifts by spouse	\$ 26,000	\$ 26,000
Top gift tax rate	35%	35%

LONG-TERM CARE INSURANCE

If you are:

You may deduct this much of your annual premiums

	2012	2011
Over 70	\$ 4,370	\$ 4,240
61 to 70	\$ 3,500	\$ 3,390
51 to 60	\$ 1,310	\$ 1,270
41 to 50	\$ 660	\$ 640
40 and under	\$ 350	\$ 340

CAPITAL GAINS — 2012 & 2011

Holding Period	Top Capital Gains Rates
12 months or less	35%
More than 12 months	15%
Depreciation recapture on real estate	25%
Collectibles and certain small business stock	28%

COVERDELL ESAs — 2012 & 2011

• Contribution limit	\$ 2,000 per beneficiary
• AGI phaseouts:*	
Joint filers	\$ 190,000 – \$ 220,000
Individual filers	\$ 95,000 – \$ 110,000

* Phaseout applies to the contributor, not the beneficiary.

Note: Contributions for ESAs must be made before the filing date of the tax return, not including extensions.

STANDARD MILEAGE RATES

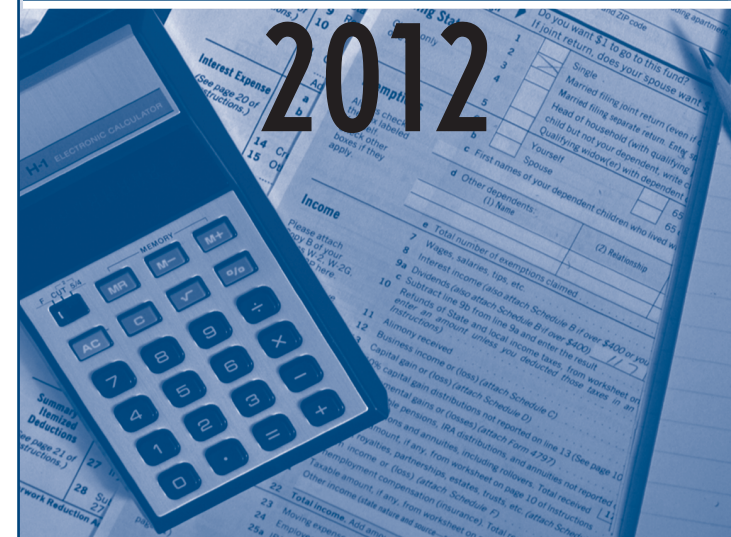
Use	2012	1/1/11–6/30/11	7/1/11–12/31/11
Business	55.5¢ per mile	51¢ per mile	55.5¢ per mile
Moving	23¢ per mile	19¢ per mile	23.5¢ per mile
Medical	23¢ per mile	19¢ per mile	23.5¢ per mile
Charitable	14¢ per mile	14¢ per mile	14¢ per mile

This publication is distributed with the understanding that the publisher and distributor are not rendering legal, accounting, or other professional advice and assume no liability whatsoever in connection with its use. © 2012 MHM Publications Inc.



TAX POCKET GUIDE

2012



Lumsden & McCormick, LLP
Certified Public Accountants

403 Main St., Suite 430
Buffalo, NY 14203

www.lumsdencpa.com
716-856-3300

2012 INDIVIDUAL INCOME TAX RATES

Regular Tax — Married, Filing Jointly or Surviving Spouse

If Taxable Income Is Between:	Your Tax Is:	Of 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 and above	\$ 105,062 + 35%	\$ 388,350

Married, Filing Separately

If Taxable Income Is Between:	Your Tax Is:	Of Amount Over:
\$ 0 – \$ 8,700	..... 10%	\$ 0
\$ 8,700 – \$ 35,350	\$ 870 + 15%	\$ 8,700
\$ 35,350 – \$ 71,350	\$ 4,867 + 25%	\$ 35,350
\$ 71,350 – \$ 108,725	\$ 13,867 + 28%	\$ 71,350
\$ 108,725 – \$ 194,175	\$ 24,332 + 33%	\$ 108,725
\$ 194,175 and above	\$ 52,531 + 35%	\$ 194,175

Single

If Taxable Income Is Between:	Your Tax Is:	Of Amount Over:
\$ 0 – \$ 8,700	..... 10%	\$ 0
\$ 8,700 – \$ 35,350	\$ 870 + 15%	\$ 8,700
\$ 35,350 – \$ 85,650	\$ 4,867 + 25%	\$ 35,350
\$ 85,650 – \$ 178,650	\$ 17,442 + 28%	\$ 85,650
\$ 178,650 – \$ 388,350	\$ 43,482 + 33%	\$ 178,650
\$ 388,350 and above	\$ 112,683 + 35%	\$ 388,350

Head of Household

If Taxable Income Is Between:	Your Tax Is:	Of Amount Over:
\$ 0 – \$ 12,400	..... 10%	\$ 0
\$ 12,400 – \$ 47,350	\$ 1,240 + 15%	\$ 12,400
\$ 47,350 – \$ 122,300	\$ 6,482 + 25%	\$ 47,350
\$ 122,300 – \$ 198,050	\$ 25,220 + 28%	\$ 122,300
\$ 198,050 – \$ 388,350	\$ 46,430 + 33%	\$ 198,050
\$ 388,350 and above	\$ 109,229 + 35%	\$ 388,350

2012 Qualified Dividend Income 15% (0% for lower brackets)

STANDARD DEDUCTION*

	2012	2011
Married, filing jointly	\$ 11,900	\$ 11,600
Married, filing separately	\$ 5,950	\$ 5,800
Single	\$ 5,950	\$ 5,800
Head of household	\$ 8,700	\$ 8,500

Additional — blind or elderly

Single	\$ 1,450	\$ 1,450
Married	\$ 1,150	\$ 1,150

* Deduct the greater of standard or itemized deductions.

2011 INDIVIDUAL INCOME TAX RATES

Regular Tax — Married, Filing Jointly or Surviving Spouse

If Taxable Income Is Between:	Your Tax Is:	Of Amount Over:
\$ 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	\$ 27,088 + 28%	\$ 139,350
\$ 212,300 – \$ 379,150	\$ 47,514 + 33%	\$ 212,300
\$ 379,150 and above	\$ 102,574 + 35%	\$ 379,150

Married, Filing Separately

If Taxable Income Is Between:	Your Tax Is:	Of Amount Over:
\$ 0 – \$ 8,500	..... 10%	\$ 0
\$ 8,500 – \$ 34,500	\$ 850 + 15%	\$ 8,500
\$ 34,500 – \$ 69,675	\$ 4,750 + 25%	\$ 34,500
\$ 69,675 – \$ 106,150	\$ 13,544 + 28%	\$ 69,675
\$ 106,150 – \$ 189,575	\$ 23,757 + 33%	\$ 106,150
\$ 189,575 and above	\$ 51,287 + 35%	\$ 189,575

Single

If Taxable Income Is Between:	Your Tax Is:	Of Amount Over:
\$ 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	\$ 110,017 + 35%	\$ 379,150

Head of Household

If Taxable Income Is Between:	Your Tax Is:	Of Amount Over:
\$ 0 – \$ 12,150	..... 10%	\$ 0
\$ 12,150 – \$ 46,250	\$ 1,215 + 15%	\$ 12,150
\$ 46,250 – \$ 119,400	\$ 6,330 + 25%	\$ 46,250
\$ 119,400 – \$ 193,350	\$ 24,618 + 28%	\$ 119,400
\$ 193,350 – \$ 379,150	\$ 45,324 + 33%	\$ 193,350
\$ 379,150 and above	\$ 106,638 + 35%	\$ 379,150

2011 Qualified Dividend Income 15% (0% for lower brackets)

PERSONAL EXEMPTIONS

	2012*	2011*
Deduction for each taxpayer, spouse, and dependent	\$ 3,800	\$ 3,700

* Under current law, the personal exemptions phaseout is eliminated through 2012.

RETIREMENT PLANS

Indexed Contribution & Benefit Limits for Qualified Plans

Type of Plan	2012	2011
Individual Retirement Accounts (IRAs)*	\$ 5,000	\$ 5,000
Section 401(k) plans or SAR-SEPs*	\$ 17,000	\$ 16,500
Section 403(b) plans*	\$ 17,000	\$ 16,500
Section 408(p)(2)(E) SIMPLE contributions*	\$ 11,500	\$ 11,500
Section 457(b)(2) limit*	\$ 17,000	\$ 16,500
Section 415 limit for:		
Defined contribution plans†	\$ 50,000	\$ 49,000
Defined benefit plans	\$ 200,000	\$ 195,000
Highly compensated employees Section 414(q) FICA taxable wage base	\$ 115,000	\$ 110,000
Social Security (tax rate 6.20% for employees; 12.40% for self-employed)**	\$ 110,100	\$ 106,800
Medicare (tax rate 1.45% for employees; 2.90% for self-employed)	No limit	No limit
* Age 50 additional contributions		
401(k) type plans	\$ 5,500	\$ 5,500
SIMPLEs	\$ 2,500	\$ 2,500
IRAs	\$ 1,000	\$ 1,000

† The Section 415 compensation limit for defined contribution plans is \$250,000.

** In 2011, the tax rate was reduced to 4.20% for employees and 10.40% for self-employed. It has been extended into 2012.

Roth IRAs

AGI limit for maximum contributions:	2012	2011
Joint filers	\$ 173,000	\$ 169,000
Individual filers	\$ 110,000	\$ 107,000

* Beginning in 2010, the income limit on converting traditional IRAs to Roth IRAs is eliminated.

SOCIAL SECURITY

Annual Earned Income Limit	2012	2011
Under full retirement age	\$ 14,640	\$ 14,160
Full retirement age	No Limit	No Limit

* For people reaching full retirement age in 2012, the limit is \$38,880 for months prior to attainment. Beginning the month in which they turn full retirement age, there is no limit.

HEALTH SAVINGS ACCOUNTS

Contribution Limits	2012	2011
Individual, self-only	\$ 3,100	\$ 3,050
Family Coverage	\$ 6,250	\$ 6,150
Catch-up for those age 55 and older	\$ 1,000	\$ 1,000

For 2012, the minimum deductible for a high-deductible health plan (HDHP) is \$1,200 for self-only coverage and \$2,400 for family coverage. The maximum out-of-pocket limit is \$6,050 for self-only coverage and \$12,100 for family plans.

ALTERNATIVE MINIMUM TAX

AMT Exemptions	2012*	2011
Married, filing jointly	\$ 45,000	\$ 74,450
Married, filing separately	\$ 22,500	\$ 37,225
Single	\$ 33,750	\$ 48,450
Head of household	\$ 33,750	\$ 48,450

* Unless Congress passes new legislation, 2012 AMT exemption amounts will default to the pre-2001 levels shown.