

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

* For 2009 only, a five-year depreciation is allowed for qualifying new (not used)

farming equipment.

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

| | 2009 | 2008 |
|--------------------------|------------|------------|
| Maximum expense election | \$ 133,000 | \$ 250,000 |
| Phaseout threshold | \$ 530,000 | \$ 800,000 |

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

| | 2009 | 2008 |
|--------------------------|--------------|--------------|
| Estate tax exemption | \$ 3,500,000 | \$ 2,000,000 |
| Applicable credit amount | \$ 1,455,800 | \$ 780,800 |
| Top estate tax rate | 45% | 45% |

Gift Taxes

| | 2009 | 2008 |
|-----------------------------|--------------|--------------|
| Lifetime gift tax exemption | \$ 1,000,000 | \$ 1,000,000 |
| Annual gift tax exclusion | | |
| Gifts per person | \$ 13,000 | \$ 12,000 |
| Joint gifts by spouse | \$ 26,000 | \$ 24,000 |
| Top gift tax rate | 45% | 45% |

LONG-TERM CARE INSURANCE

| If you are: | You may deduct this much of your annual premiums | |
|--------------|--|----------|
| | 2009 | 2008 |
| Over 70 | \$ 3,980 | \$ 3,850 |
| 61 to 70 | \$ 3,180 | \$ 3,080 |
| 51 to 60 | \$ 1,190 | \$ 1,150 |
| 41 to 50 | \$ 600 | \$ 580 |
| 40 and under | \$ 320 | \$ 310 |

CAPITAL GAINS — 2009 & 2008

| 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 — 2009 & 2008

| | |
|----------------------|--------------------------|
| • 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: Coverdell ESAs (Education Savings Accounts) were formerly known as Education IRAs. Contributions for ESAs must be made before the filing date of the tax return, not including extensions.

STANDARD MILEAGE RATES

| Use | 2009 | 1/1/08–6/30/08 | 7/1/08–12/31/08 |
|------------|--------------|----------------|-----------------|
| Business | 55¢ per mile | 50.5¢ per mile | 58.5¢ per mile |
| Charitable | 14¢ per mile | 14¢ per mile | 14¢ per mile |
| Medical | 24¢ per mile | 19¢ per mile | 27¢ per mile |
| Moving | 24¢ per mile | 19¢ per mile | 27¢ per mile |

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TAX POCKET GUIDE 2009



**Lumsden &
McCormick, LLP**
Certified Public Accountants

403 Main St., Suite 430
Buffalo, New York 14203
716-856-3300
www.lumsden CPA.com

2009 INDIVIDUAL INCOME TAX RATES

Regular Tax — Married, Filing Jointly or Surviving Spouse

| If Taxable Income Is Between: | Your Tax Is: | Of Amount Over: |
|-------------------------------|------------------|-----------------|
| \$ 0 – \$ 16,700 | 10% | \$ 0 |
| \$ 16,700 – \$ 67,900 | \$ 1,670 + 15% | \$ 16,700 |
| \$ 67,900 – \$ 137,050 | \$ 9,350 + 25% | \$ 67,900 |
| \$ 137,050 – \$ 208,850 | \$ 26,638 + 28% | \$ 137,050 |
| \$ 208,850 – \$ 372,950 | \$ 46,742 + 33% | \$ 208,850 |
| \$ 372,950 and above | \$ 100,895 + 35% | \$ 372,950 |

Married, Filing Separately

| If Taxable Income Is Between: | Your Tax Is: | Of Amount Over: |
|-------------------------------|-----------------|-----------------|
| \$ 0 – \$ 8,350 | 10% | \$ 0 |
| \$ 8,350 – \$ 33,950 | \$ 835 + 15% | \$ 8,350 |
| \$ 33,950 – \$ 68,525 | \$ 4,675 + 25% | \$ 33,950 |
| \$ 68,525 – \$ 104,425 | \$ 13,319 + 28% | \$ 68,525 |
| \$ 104,425 – \$ 186,475 | \$ 23,371 + 33% | \$ 104,425 |
| \$ 186,475 and above | \$ 50,447 + 35% | \$ 186,475 |

Single

| If Taxable Income Is Between: | Your Tax Is: | Of Amount Over: |
|-------------------------------|------------------|-----------------|
| \$ 0 – \$ 8,350 | 10% | \$ 0 |
| \$ 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 and above | \$ 108,216 + 35% | \$ 372,950 |

Head of Household

| If Taxable Income Is Between: | Your Tax Is: | Of Amount Over: |
|-------------------------------|------------------|-----------------|
| \$ 0 – \$ 11,950 | 10% | \$ 0 |
| \$ 11,950 – \$ 45,500 | \$ 1,195 + 15% | \$ 11,950 |
| \$ 45,500 – \$ 117,450 | \$ 6,228 + 25% | \$ 45,500 |
| \$ 117,450 – \$ 190,200 | \$ 24,215 + 28% | \$ 117,450 |
| \$ 190,200 – \$ 372,950 | \$ 44,585 + 33% | \$ 190,200 |
| \$ 372,950 and above | \$ 104,893 + 35% | \$ 372,950 |

The phaseout of personal exemptions for taxpayers above certain income levels is not reflected in these schedules.

2009 Qualified Dividend Income 15% (0% for lower brackets)

STANDARD DEDUCTION*

| | 2009 | 2008 |
|----------------------------|-----------|-----------|
| Married, filing jointly | \$ 11,400 | \$ 10,900 |
| Married, filing separately | \$ 5,700 | \$ 5,450 |
| Single | \$ 5,700 | \$ 5,450 |
| Head of household | \$ 8,350 | \$ 8,000 |

Additional — blind or elderly

| | | |
|---------|----------|----------|
| Single | \$ 1,400 | \$ 1,350 |
| Married | \$ 1,100 | \$ 1,050 |

* Deduct the greater of standard or itemized deductions.

2008 INDIVIDUAL INCOME TAX RATES

Regular Tax — Married, Filing Jointly or Surviving Spouse

| If Taxable Income Is Between: | Your Tax Is: | Of Amount Over: |
|-------------------------------|-----------------|-----------------|
| \$ 0 – \$ 16,050 | 10% | \$ 0 |
| \$ 16,050 – \$ 65,100 | \$ 1,605 + 15% | \$ 16,050 |
| \$ 65,100 – \$ 131,450 | \$ 8,963 + 25% | \$ 65,100 |
| \$ 131,450 – \$ 200,300 | \$ 25,550 + 28% | \$ 131,450 |
| \$ 200,300 – \$ 357,700 | \$ 44,828 + 33% | \$ 200,300 |
| \$ 357,700 and above | \$ 96,770 + 35% | \$ 357,700 |

Married, Filing Separately

| If Taxable Income Is Between: | Your Tax Is: | Of Amount Over: |
|-------------------------------|-----------------|-----------------|
| \$ 0 – \$ 8,025 | 10% | \$ 0 |
| \$ 8,025 – \$ 32,550 | \$ 803 + 15% | \$ 8,025 |
| \$ 32,550 – \$ 65,725 | \$ 4,481 + 25% | \$ 32,550 |
| \$ 65,725 – \$ 100,150 | \$ 12,775 + 28% | \$ 65,725 |
| \$ 100,150 – \$ 178,850 | \$ 22,414 + 33% | \$ 100,150 |
| \$ 178,850 and above | \$ 48,385 + 35% | \$ 178,850 |

Single

| If Taxable Income Is Between: | Your Tax Is: | Of Amount Over: |
|-------------------------------|------------------|-----------------|
| \$ 0 – \$ 8,025 | 10% | \$ 0 |
| \$ 8,025 – \$ 32,550 | \$ 803 + 15% | \$ 8,025 |
| \$ 32,550 – \$ 78,850 | \$ 4,481 + 25% | \$ 32,550 |
| \$ 78,850 – \$ 164,550 | \$ 16,056 + 28% | \$ 78,850 |
| \$ 164,550 – \$ 357,700 | \$ 40,052 + 33% | \$ 164,550 |
| \$ 357,700 and above | \$ 103,792 + 35% | \$ 357,700 |

Head of Household

| If Taxable Income Is Between: | Your Tax Is: | Of Amount Over: |
|-------------------------------|------------------|-----------------|
| \$ 0 – \$ 11,450 | 10% | \$ 0 |
| \$ 11,450 – \$ 43,650 | \$ 1,145 + 15% | \$ 11,450 |
| \$ 43,650 – \$ 112,650 | \$ 5,975 + 25% | \$ 43,650 |
| \$ 112,650 – \$ 182,400 | \$ 23,225 + 28% | \$ 112,650 |
| \$ 182,400 – \$ 357,700 | \$ 42,755 + 33% | \$ 182,400 |
| \$ 357,700 and above | \$ 100,604 + 35% | \$ 357,700 |

The phaseout of personal exemptions for taxpayers above certain income levels is not reflected in these schedules.

2008 Qualified Dividend Income 15% (0% for lower brackets)

PERSONAL EXEMPTIONS

| | 2009 | 2008 |
|--|----------|----------|
| Deduction for each taxpayer, spouse, and dependent | \$ 3,650 | \$ 3,500 |

Personal exemptions begin to phase out after the following threshold amounts:

| | | |
|----------------------------|------------|------------|
| Married, filing jointly | \$ 250,200 | \$ 239,950 |
| Married, filing separately | \$ 125,100 | \$ 119,975 |
| Single | \$ 166,800 | \$ 159,950 |
| Head of household | \$ 208,500 | \$ 199,950 |

The exemption amount for taxpayers with AGI in excess of the maximum phaseout amount is \$2,433 in 2009.

RETIREMENT PLANS

Indexed Contribution & Benefit Limits for Qualified Plans

| Type of Plan | 2009 | 2008 |
|--|------------|------------|
| Individual Retirement Accounts (IRAs)* | \$ 5,000 | \$ 5,000 |
| Section 401(k) plans or SAR-SEPs* | \$ 16,500 | \$ 15,500 |
| Section 403(b) plans* | \$ 16,500 | \$ 15,500 |
| Section 408(p)(2)(E) SIMPLE contributions* | \$ 11,500 | \$ 10,500 |
| Section 457(b)(2) limit* | \$ 16,500 | \$ 15,500 |
| Section 415 limit for: | | |
| Defined contribution plans† | \$ 49,000 | \$ 46,000 |
| Defined benefit plans | \$ 195,000 | \$ 185,000 |
| Highly compensated employees Section 414(q) FICA taxable wage base | \$ 110,000 | \$ 105,000 |
| Social Security (tax rate 6.20% for employees; 12.40% for self-employed) | \$ 106,800 | \$ 102,000 |
| 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 | \$ 5,000 |
| SIMPLEs | \$ 2,500 | \$ 2,500 |
| IRAs | \$ 1,000 | \$ 1,000 |

† The Section 415 compensation limit for defined contribution plans is \$230,000 for 2008 and \$245,000 for 2009.

Roth IRAs — 2009 & 2008

| | | |
|--|-------------|-------------|
| • Nondeductible contributions | | |
| • Qualified tax-free distributions | | |
| • AGI limit for maximum contributions: | 2009 | 2008 |
| Joint filers | \$ 166,000 | \$ 159,000 |
| Individual filers | \$ 105,000 | \$ 101,000 |

SOCIAL SECURITY

Maximum Annual Earned Income Limit

| | 2009 | 2008 |
|---------------------------|-----------|-----------|
| Under full retirement age | \$ 14,160 | \$ 13,560 |
| Full retirement age | No Limit | No Limit |

* For people reaching full retirement age in 2009, the limit is \$37,680 for months prior to attainment. Beginning the month in which they turn full retirement age, there is no limit.

HEALTH SAVINGS ACCOUNTS

| Contribution Limits | 2009 | 2008 |
|-------------------------------------|----------|----------|
| Individual, self-only | \$ 3,000 | \$ 2,900 |
| Family Coverage | \$ 5,950 | \$ 5,800 |
| Catch-up for those age 55 and older | \$ 1,000 | \$ 900 |

For 2009, the minimum deductible for a high-deductible health plan (HDHP) is \$1,150 for self-only coverage and \$2,300 for family coverage. The maximum out-of-pocket limit is \$5,800 for self-only coverage and \$11,600 for family plans.

ALTERNATIVE MINIMUM TAX

| AMT Exemptions | 2009* | 2008 |
|----------------------------|-----------|-----------|
| Married, filing jointly | \$ 45,000 | \$ 69,950 |
| Married, filing separately | \$ 22,500 | \$ 34,975 |
| Single | \$ 33,750 | \$ 46,200 |
| Head of household | \$ 33,750 | \$ 46,200 |

* Adjustments are expected.