

2012 | Sunset of the 2001 & 2003 Tax Relief Acts* Key Facts and Figures

* Including other new and expiring provisions.

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Individual Income Tax Rates

Tax Brackets			
2012		2013	
Top bracket	35%	Top bracket	39.6%
Fifth bracket	33%	Fourth bracket	36%
Fourth bracket	28%	Third bracket	31%
Third bracket	25%	Second bracket	28%
Second bracket	15%	Initial bracket	15%
Initial bracket	10%		No 10% bracket

Unearned Income Medicare Contribution Tax

2012	2013
Not in effect	3.8% imposed on the lesser of net investment income or modified AGI in excess of \$200,000 for a single taxpayer, \$250,000 for a married taxpayer filing jointly or a surviving spouse, \$125,000 for a married taxpayer filing separately

Itemized Deduction Phaseout

Filing Status	2012	2013 Phaseout begins at
Married filing separately	No phaseout	\$83,400 (adjusted for inflation after 2009)
Other individual taxpayers	No phaseout	\$166,800 (adjusted for inflation after 2009)

Personal Exemption Phaseout

Filing Status	2012	2013 Phaseout range*
Married filing jointly and surviving spouses	No phaseout	\$250,200 – \$372,700
Married filing separately	No phaseout	\$125,100 – \$186,350
Single	No phaseout	\$166,800 – \$289,300
Head of household	No phaseout	\$208,500 – \$331,000

* adjusted for inflation after 2009

Marriage Penalty Relief

Standard Deduction

Filing Status	2012	2013
Single	\$5,950	\$5,950 (adjusted for inflation)
Married filing jointly and surviving spouses	\$11,900, 200% of (double) the deduction for single taxpayers	167% of the deduction for single taxpayers
Married filing separately	\$5,950, equal to the deduction for single taxpayers	83% of the deduction for single taxpayers

15% Tax Rate Bracket

Married filing jointly	200% of (double) the 15% tax bracket for single taxpayers	167% of the 15% tax bracket for single taxpayers
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Self-Employment Tax Rates

Component	2012	2013
Social Security (OASDI)	10.4% on wages up to \$110,100	12.4% on wages up to \$110,100 (adjusted for inflation)
Medicare (HI)	2.9%	2.9% + 0.9% on wages in excess of \$200,000 for a single taxpayer, \$250,000 for a married taxpayer filing jointly, \$125,000 for a married taxpayer filing separately
Combined	13.3% on wages up to \$110,100 and 2.9% on wages in excess of \$110,100	15.3% on wages up to \$110,100 and 2.9% or 3.8% on wages in excess of \$110,100 (adjusted for inflation)

FICA & FUTA Rates

Employee's FICA Tax

Component	2012	2013
Social Security (OASDI)	4.2% on wages up to \$110,100	6.2% on wages up to \$110,100 (adjusted for inflation)
Medicare (HI)	1.45%	1.45% + 0.9% on wages in excess of \$200,000 for a single taxpayer, \$250,000 for a married taxpayer filing jointly, \$125,000 for a married taxpayer filing separately*
Combined	5.65% on wages up to \$110,100 and 1.45% on wages in excess of \$110,100	7.65% on wages up to \$110,100 (adjusted for inflation) and 1.45% on wages in excess of \$110,100 (adjusted for inflation)

Employer's FICA Tax

Component	2012	2013
Social Security (OASDI)	6.2% on wages up to \$110,100	6.2% percent on wages up to \$110,100 (adjusted for inflation)
Medicare (HI)	1.45%	1.45%
Combined	7.65% on wages up to \$110,100 and 1.45% on wages in excess of \$110,100	7.65% on wages up to \$110,100 (adjusted for inflation) and 1.45% on wages in excess of \$110,100 (adjusted for inflation)

Employer's FUTA Tax

	2012	2013
	6.0% on wages up to \$7,000	6.0% on wages up to \$7,000

*The employer is obligated to withhold the additional 0.9% tax only if the employer pays wages to the employee in excess of \$200,000.

Railroad Retirement Tax Rates

Employee's Payroll Tax

Component	2012	2013
Tier 1	4.2% on wages up to \$110,100	6.2% on wages up to \$110,100 (adjusted for inflation)
Tier 2	3.9% on wages up to \$81,900	Variable percentage on wages up to \$81,900 (adjusted for inflation)
Medicare (HI)	1.45%	1.45% + 0.9% on wages in excess of \$200,000 for a single taxpayer, \$250,000 for a married taxpayer filing jointly, \$125,000 for a married taxpayer filing separately

Employer's Payroll Tax

Component	2012	2013
Tier 1	6.2% on wages up to \$110,100	6.2% on wages up to \$110,100 (adjusted for inflation)
Tier 2	12.1% on wages up to \$81,900	Variable percentage on wages up to \$81,900 (adjusted for inflation)
Medicare (HI)	1.45%	1.45%

Employer's Unemployment Insurance Tax

	2012	2013
Existing employer	2.15% – 12% (experience-based) on monthly wages up to \$1,365	0.65% – 12% (experience-based + surcharge) on monthly wages up to \$1,365 (adjusted for inflation)
New employer	2.65%	Variable percentage

Information is current as of 6/22/2012

Capital Gain & Dividend Income Tax Rates

Capital Gain		
Taxpayer Status	2012	2013
Individual, estate, or trust in 10% or 15% bracket	0%	10%
Individual, estate, or trust in a higher bracket	15%	20%

Qualified 5-Year Capital Gain		
Taxpayer Status	2012	2013
Individual, estate, or trust in 10% or 15% bracket	0%	8%
Individual, estate, or trust in a higher bracket	15%	18%

Qualified Dividend Income		
Taxpayer Status	2012	2013
Individual, estate, or trust in 10% or 15% bracket	0%	Ordinary income rates
Individual, estate, or trust in a higher bracket	15%	Ordinary income rates

Dividend Income Received From Pass-Through Entity		
	2012	2013
	Qualified dividend income rates	Ordinary income rates

Alternative Minimum Tax Exemption

Filing Status	2011	2012	2013
Married filing jointly and surviving spouses	\$74,450	\$45,000	\$45,000
Married filing separately	\$37,225	\$22,500	\$22,500
Single and heads of households	\$48,450	\$33,750	\$33,750
Estates and trusts	\$22,500	\$22,500	\$22,500

Estate, Gift, and GST Taxes

	2012	2013
Tax rates	35%	55% + 5% surtax imposed on estates and gifts between \$10 million and \$17,184,000
Exclusion amount	\$5,120,000	\$1,000,000 (adjusted for inflation after 2010)
Exclusion portability	Estate and gift exclusion portable if unused by deceased spouse	Not portable
Basis of inherited assets	Stepped up (FMV at date of death)	Stepped up (FMV at date of death)
State death tax treatment	Deduction from gross estate	Credit against estate tax

Business Provisions

	2012	2013
First-year bonus depreciation	50%	Expired
Code Sec. 179 expense deduction	\$139,000 (reduced if expense exceeds \$560,000)	\$25,000 (reduced if expense exceeds \$200,000)
Collapsible corporation rules	Repealed	Shareholders are generally required to report as ordinary income any gain realized on sales or exchanges of stock or on certain distributions
Accumulated earnings tax rate	15%	39.6%
Personal holding company tax rate	15%	39.6%

Tax Credits

Work Opportunity Tax Credit (WOTC)		
	2012	2013
Per qualified veteran	\$2,400 – \$9,600	Expired
Other targeted groups	Expired	Expired

Child Tax Credit		
	2012	2013
Per child	\$1,000	\$500

Child and Dependent Care Credit		
	2012	2013
Expenses for 1 person	\$3,000	\$2,400
Expenses for 2 or more people	\$6,000	\$4,800
Percentage of expenses allowed	35% (reduced 1% for each \$2,000 of AGI over \$15,000)	30% (reduced 1% for each \$2,000 of AGI over \$10,000)

Adoption Credit		
	2012	2013
Per child	\$12,650	\$6,000 or \$10,000*
Phaseout range	\$189,710 – \$229,710	\$75,000 – \$115,000

Employer Provided Child Care Credit		
	2012	2013
	\$150,000	Expired

* The adoption credit will only be available with respect to a special needs child adoption. It is unclear, however, on the maximum amount of the credit. In either case, the credit amount is not adjusted for inflation.

Education Incentives

American Opportunity Tax Credit / Hope Scholarship Credit		
	2012 American opportunity credit	2013 Hope scholarship credit
Per student	\$2,500	\$1,800 (adjusted for inflation after 2008)
Number of years available	4 years	2 years

Coverdell Education Savings Accounts		
	2012	2013
Per beneficiary	\$2,000	\$500
Phaseout range for married filing jointly	\$190,000 – \$220,000	\$150,000 – \$160,000
Phaseout range for other filers	\$95,000 – \$110,000	\$95,000 – \$110,000

Student Loan Interest Deduction		
Filing Status	2012	2013
Phaseout range for married filing jointly	\$125,000 – \$155,000	\$60,000 – \$75,000 (adjusted for inflation after 2001)
Phaseout range for other filers	\$60,000 – \$75,000	\$40,000 – \$55,000 (adjusted for inflation after 2001)

Educational Assistance from Employers		
	2012	2013
	\$5,250 excluded	Fully included (unless it qualifies as a working condition fringe benefit)

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