



2010 Key Numbers: Individual Income Tax

January 2010

Of the thousands of provisions of the tax code, generally just a handful will apply, in a material way, to a given taxpayer in each year. Some are general. Others are obscure. As you go through the year and are contemplating various transactions, among the key things to be aware of are: The marginal tax bracket and capital gains rates for your filing status, the standard deduction and personal exemptions, phase outs for itemized deductions and the AMT exemption amount. Of course, things are changing rapidly in the world of taxes, so watch for changes that will affect your 2011 plans, too!

	2008	2009	2010
Adoption Credit			
*Maximum credit	\$11,650	\$12,150	\$12,170
Phaseout threshold amount	\$174,730	\$182,180	\$182,520
Completed phaseout amount after	\$214,730	\$222,180	\$222,520
Alternative Minimum Tax (AMT)			
*Maximum AMT exemption amount			
Married filing jointly or surviving spouse	\$69,950	\$70,950	\$45,000 ¹
Single or head of household	\$46,200	\$46,700	\$33,750 ¹
Married filing separately	\$34,975	\$35,475	\$22,500 ¹
*AMT income exemption phaseout threshold			
Married filing jointly or surviving spouse	\$150,000	\$150,000	\$150,000
Single or head of household	\$112,500	\$112,500	\$112,500
Married filing separately	\$75,000	\$75,000	\$75,000
Charitable deductions:			
*Use of auto for charitable purposes (deductible standard mileage rate)	\$0.14 ²	\$0.14	\$0.14
Charitable fundraising contributions "insubstantial benefit" limitations:			
*Low-cost article (re: unrelated business income)	\$9.10	\$9.50	\$9.60
*Other insubstantial benefits (re: gifts to donor in return for contribution). Contribution is fully deductible if minimum contribution amount is met and cost of token gift does not exceed maximum.			
Token gift maximum cost	\$9.10	\$9.50	\$9.60
Minimum contribution amount	\$45.50	\$47.50	\$48
*Charitable contribution is fully deductible if the benefit received by the donor doesn't exceed the lesser of the threshold amount or 2% of the amount of the contribution			
Threshold amount	\$91	\$95	\$96

Steven R. Smith, JD, CFP® is the principal of RightPath Investments, a "fee-only" Registered Investment Advisory firm.

Phone: 970.668.5525 Toll-free: 877.481.7110 Mobile: 970.389.0347 Fax: 720.293.9888

PO Box 208, Frisco, Colorado 80443 • www.rightpathinvestments.com

Your Way to Prosperity

	2008	2009	2010
Child tax credit			
*Maximum credit per qualifying child	\$1,000	\$1,000	\$1,000
*Phaseout-- credit reduced by \$50 for each \$1,000 or fraction thereof of MAGI over:			
Single	\$75,000	\$75,000	\$75,000
Married Filing Jointly	\$110,000	\$110,000	\$110,000
Married Filing Separately	\$55,000	\$55,000	\$55,000
*Refundability -- up to specified percentage of earned income in excess of specified amount			
Percentage	15%	15%	15%
Amount	\$8,500	\$3,000	\$3,000
Classroom expenses of elementary and secondary school teachers (maximum above-the-line deduction)	\$250	\$250	N/A ¹
Earned income tax credit (EITC):			
*Excessive investment income limit ("disqualified income limit")	\$2,950	\$3,100	\$3,100
*Maximum amount of EITC per number of children			
0 children	\$438	\$457	\$457
1 child	\$2,917	\$3,043	\$3,050
2 children	\$4,824	\$5,028	\$5,036
3 or more children	\$4,824	\$5,657	\$5,666
*Maximum amount of earned income on which EITC is based (earned income over this amount but under the threshold phaseout amount will not change the amount of the credit received)			
0 children	\$5,720	\$5,970	\$5,980
1 child	\$8,580	\$8,950	\$8,970
2 or more children	\$12,060	\$12,570	\$12,590
*Threshold phaseout amount for joint filers per number of children			
0 children	\$10,160	\$12,470	\$12,490
1 child	\$18,740	\$21,420	\$21,460
2 children	\$18,740	\$21,420	\$21,460
3 or more children	\$18,740	\$21,420	\$21,460
*Threshold phaseout amount for other filers per number of children			
0 children	\$7,160	\$7,470	\$7,480
1 child	\$15,740	\$16,420	\$16,450
2 children	\$15,740	\$16,420	\$16,450
3 or more children	\$15,740	\$16,420	\$16,450
*Completed phaseout amount for joint filers per number of children			
0 children	\$15,880	\$18,440	\$18,470
1 child	\$36,995	\$40,463	\$40,545
2 children	\$41,646	\$45,295	\$45,373
3 or more children	\$41,646	\$48,279	\$48,362

	2008	2009	2010
*Completed phaseout amount for other filers per number of children			
0 children	\$12,880	\$13,440	\$13,460
1 child	\$33,995	\$35,463	\$35,535
2 children	\$38,646	\$40,295	\$40,363
3 or more children	\$38,646	\$43,279	\$43,352
Expatriation			
*An individual with "average annual net income tax" of more than this amount for the five taxable years ending before his or her loss of citizenship is a covered expatriate for purposes of IRC §877A(g)(1).	\$139,000	\$145,000	\$145,000
*IRC §877A(3) exclusion amount	\$600,000	\$626,000	\$627,000
Foreign earned income exclusion:	\$87,600	\$91,400	\$91,500
Itemized Deductions³			
*Itemized deductions threshold phaseout amount for MFS:	\$79,975	\$83,400	N/A
*Itemized deductions threshold phaseout amount for all others:	\$159,950	\$166,800	N/A
Kiddie tax:			
*Unearned income limit			
Amount exempt from tax	\$900	\$950	\$950
Additional amount taxed at child's rate	\$900	\$950	\$950
Unearned income over this amount taxed at parent's rate	\$1,800	\$1,900	\$1,900
*Election to include child's income on parent's return -- child's gross income requirement	\$900 - \$9,000	\$950 - \$9,500	\$950 - \$9,500
*AMT exemption for child subject to kiddie tax:	Lesser of \$6,400 + child's earned income or \$46,200	Lesser of \$6,700 + child's earned income or \$46,700	Lesser of \$6,700 + child's earned income or \$33,750 ¹
Making Work Pay tax credit			
*Maximum credit			
Filing status other than married filing joint	N/A	\$400	\$400
Married filing joint	N/A	\$800	\$800
*Income phaseout: Other than married filing jointly			
Phaseout threshold amount	N/A	\$75,000	\$75,000
Completed phaseout amount after	N/A	\$95,000	\$95,000
*Income phaseout: Married filing joint			
Phaseout threshold amount	N/A	\$150,000	\$150,000
Completed phaseout amount after	N/A	\$190,000	\$190,000
Nanny tax (domestic employee coverage threshold)	\$1,600	\$1,700	\$1,700
Personal exemption amount:⁴	\$3,500	\$3,650	\$3,650

	2008	2009	2010
*Personal exemption amount for taxpayers with AGI exceeding maximum phaseout threshold	\$2,333	\$2,433	N/A
*Married filing jointly			
Phaseout threshold amount	\$239,950	\$250,200	N/A
Completed phaseout amount after	\$362,450	\$372,700	N/A
*Head of household			
Phaseout threshold amount	\$199,950	\$208,500	N/A
Completed phaseout amount after	\$322,450	\$331,000	N/A
*Single			
Phaseout threshold amount	\$159,950	\$166,800	N/A
Completed phaseout amount after	\$282,450	\$289,300	N/A
*Married filing separately			
Phaseout threshold amount	\$119,975	\$125,100	N/A
Completed phaseout amount after	\$181,225	\$186,350	N/A
"Saver's Credit" (Elective Deferrals and IRA Contributions by Certain Individuals)			
*Maximum credit amount	\$1,000	\$1,000	\$1,000
*Applicable percentage of 50% applies to AGI			
Joint Return	\$0 - \$32,000	\$0 - \$33,000	\$0 - \$33,500
Head of Household	\$0 - \$24,000	\$0 - \$24,750	\$0 - \$25,125
Other	\$0 - \$16,000	\$0 - \$16,500	\$0 - \$16,750
*Applicable percentage of 20% applies to AGI			
Joint Return	\$32,000 - \$34,500	\$33,000 - \$36,000	\$33,500 - \$36,000
Head of Household	\$24,000 - \$25,875	\$24,750 - \$27,000	\$25,125 - \$27,000
Other	\$16,000 - \$17,250	\$16,500 - \$18,000	\$16,750 - \$18,000
*Applicable percentage of 10% applies to AGI			
Joint Return	\$34,500 - \$53,000	\$36,000 - \$55,500	\$36,000 - \$55,500
Head of Household	\$25,875 - \$39,750	\$27,000 - \$41,625	\$27,000 - \$41,625
Other	\$17,250 - \$26,500	\$18,000 - \$27,750	\$18,000 - \$27,750
*Applicable percentage of 0% applies to AGI			
Joint Return	Over \$53,000	Over \$55,500	Over \$55,500
Head of Household	Over \$39,750	Over \$41,625	Over \$41,625
Other	Over \$26,500	Over \$27,750	Over \$27,750
Standard deductions:⁵			
*Married filing jointly or surviving spouse	\$10,900	\$11,400	\$11,400
*Head of household	\$8,000	\$8,350	\$8,400
*Single	\$5,450	\$5,700	\$5,700
*Married filing separately	\$5,450	\$5,700	\$5,700
*Dependent	Greater of \$900, or \$300 + earned	Greater of \$950, or \$300 + earned income	Greater of \$950, or \$300 + earned income

	2008	2009	2010
	income		
*Additional deduction for aged or blind (single or head of household)	\$1,350	\$1,400	\$1,400
*Additional deduction for aged or blind (all other filing statuses)	\$1,050	\$1,100	\$1,100
*Additional standard deduction for state and local real property taxes (maximum additional deduction) ⁶			
Married filing jointly	\$1,000	\$1,000	N/A
All other filing statuses	\$500	\$500	N/A
Standard mileage rates:			
*Use of auto for business purposes (cents per mile)	\$0.505 for first half of 2008; \$0.585 for second half	\$0.55	\$0.50
*Use of auto for medical purposes (cents per mile)	\$0.190 for first half of 2008; \$0.270 for second half	\$0.24	\$0.165
*Use of auto for moving purposes (cents per mile)	\$0.190 for first half of 2008; \$0.270 for second half	\$0.24	\$0.165

¹ Assumes no additional Congressional action.

² As a result of the Emergency Economic Stabilization Act of 2008, for charitable use of a motor vehicle in providing relief to the midwestern disaster area, the standard mileage rate was increased to \$.36 per mile for periods before July 1, 2008, and \$.41 per mile from July 1, 2008 to December 31, 2008.

³ The phaseout of itemized deductions for individuals with higher AGIs is itself phased out. In 2008 and 2009, only 1/3 of the calculated reduction was used to reduce allowable itemized deductions. In 2010, this phaseout of itemized deductions for individuals with higher AGIs does not apply.

⁴ The phaseout of exemptions for individuals with higher AGIs is itself phased out. In 2008 and 2009, only 1/3 of the calculated reduction was used to reduce allowable exemptions. In 2010, the phaseout does not apply.

⁵ Qualifying individuals who do not itemize deductions are allowed to deduct state sales tax and excise tax attributable to the purchase of a qualified motor vehicle on or after 2/17/09 and before 1/1/10 as part of the standard deduction. A purchase price cap and a modified adjusted gross income phaseout apply.

⁶ Housing Assistance Tax Act of 2008 and the Emergency Economic Stabilization Act of 2008