

American Taxpayer Relief Act Provisions

Changes that will impact many taxpayers:

- Permanent exemption for alternative minimum tax (AMT) indexed for inflation
- Taxable income for joint filers over \$450,000 (\$400,000 single filers) will have a new top rate of 39.6%
- Personal exemption and itemized deduction phaseouts begin at \$300,000 for married taxpayers filing jointly (\$250,000 single filers)
- Estate and gift tax exclusion is retained at \$5 million, but top rate increases to 40%
- Dependent care credit remains at \$3,000 of expenses for one child and up to a total of \$6,000 for more than one
- Capital gains rates increase to 20% for taxpayers above the top income tax bracket threshold
- The American Opportunity tax credit for tuition and other qualified expenses of higher education was extended until 2018

Items extended through 2013

- Deduction for certain expenses of elementary and secondary school teachers
- Mortgage insurance premiums treated as qualified residence interest
- Deductibility of state and local general sales taxes
- Deduction for qualified tuition and related expenses
- Tax-free distributions from IRA's to charitable organizations
- 15 year SL cost recovery depreciation for qualified leasehold improvements
- Credit for some energy-efficient appliances

Provisions That Expired as of December 31, 2012

- Temporary cut of payroll taxes for Social Security and Medicare
- Repeal of no phase-out limitation of itemized deductions
- Repeal of the phase out of personal exemptions for high-income tax payers
- Section 179 limit of \$139,000 reduced to \$25,000 with indexing
- Additional first year depreciation for 50% of property basis
- Reduction of individual income tax rates and tax brackets
- 15% capital gains rate for most taxpayers

These are not all the changes that have occurred or that are scheduled to change at the end of this calendar year, but the list covers many that are pertinent to most folks. Please let me know if you have questions.