

**2013**  
**TAX**  
**POCKET**  
**GUIDE**



**KENTNER SELLERS**

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*means business*

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All Information Includes Legislation  
Enacted Through January 2, 2013

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# INDIVIDUAL 2012 INCOME TAX RATES

## Regular Tax -- Married Taxpayers Filing Jointly or Surviving Spouses \*

Base Taxable Income	Tax on Base	% on Excess Over Base
\$ -	\$ -	10%
\$ 17,400	\$ 1,740	15%
\$ 70,700	\$ 9,735	25%
\$ 142,700	\$ 27,735	28%
\$ 217,450	\$ 48,665	33%
\$ 338,350	\$ 105,062	35%

## Married Taxpayers Filing Separate \*

Base Taxable Income	Tax on Base	% on Excess Over Base
\$ -	\$ -	10%
\$ 8,700	\$ 870	15%
\$ 35,350	\$ 4,868	25%
\$ 71,350	\$ 13,868	28%
\$ 108,725	\$ 24,333	33%
\$ 194,175	\$ 52,531	35%

## Single \*

Base Taxable Income	Tax on Base	% on Excess Over Base
\$ -	\$ -	10%
\$ 8,700	\$ 870	15%
\$ 35,350	\$ 4,868	25%
\$ 85,650	\$ 17,443	28%
\$ 178,650	\$ 43,483	33%
\$ 388,350	\$ 112,684	35%

## Head of Household \*

Base Taxable Income	Tax on Base	% on Excess Over Base
\$ -	\$ -	10%
\$ 12,400	\$ 1,240	15%
\$ 47,350	\$ 6,483	25%
\$ 122,300	\$ 25,220	28%
\$ 198,050	\$ 46,430	33%
\$ 388,350	\$ 109,229	35%

## Personal Exemptions

	2012	2013
Deduction for each taxpayer, spouse, & dependent *	\$ 3,800	\$ 3,900
Phase-out of personal exemptions begins after the following threshold amounts.		
Joint returns or surviving spouse	NA	\$ 300,000
Head of household	NA	\$ 275,000
Single	NA	\$ 250,000
Married filing separately	NA	\$ 150,000

## Standard Deduction \*

	2012	2013
Married filing jointly	\$ 11,900	\$ 12,200
Single	\$ 5,950	\$ 6,100
Head of household	\$ 8,700	\$ 8,950
Married filing separately	\$ 5,950	\$ 6,100
Additional - blind or elderly		
Single & head of household	\$ 1,450	\$ 1,500
Married	\$ 1,150	\$ 1,200

\* Deduct the greater of standard or itemized deductions.

# INDIVIDUAL 2013 INCOME TAX RATES

## Regular Tax -- Married Taxpayers Filing Jointly

### or Surviving Spouses \*

Base Taxable Income	Tax on Base	% on Excess Over Base
\$ -	\$ -	10%
\$ 17,850	\$ 1,785	15%
\$ 72,500	\$ 9,983	25%
\$ 146,400	\$ 28,458	28%
\$ 223,050	\$ 49,920	33%
\$ 398,350	\$ 107,768	35%
\$ 450,000	\$ 125,846	39.6%

### Married Taxpayers Filing Separate \*

Base Taxable Income	Tax on Base	% on Excess Over Base
\$ -	\$ -	10%
\$ 8,925	\$ 893	15%
\$ 36,250	\$ 4,991	25%
\$ 73,200	\$ 14,229	28%
\$ 111,525	\$ 24,960	33%
\$ 199,175	\$ 53,884	35%
\$ 225,000	\$ 62,293	39.6%

### Single \*

Base Taxable Income	Tax on Base	% on Excess Over Base
\$ -	\$ -	10%
\$ 8,925	\$ 893	15%
\$ 36,250	\$ 4,991	25%
\$ 87,850	\$ 17,891	28%
\$ 183,250	\$ 44,603	33%
\$ 398,350	\$ 115,586	35%
\$ 400,000	\$ 116,164	39.6%

### Head of Household \*

Base Taxable Income	Tax on Base	% on Excess Over Base
\$ -	\$ -	10%
\$ 12,750	\$ 1,275	15%
\$ 48,600	\$ 6,653	25%
\$ 125,450	\$ 25,865	28%
\$ 203,150	\$ 47,621	33%
\$ 398,350	\$ 112,037	35%
\$ 425,000	\$ 121,395	39.6%

## 2012 Capital Gains

Holding Period	15% Tax Bracket	Top Capital Gain Rate
Less than 1 year	15%	35%
Greater than 1 year	0%	15%
Sale of real property to extent of depreciation taken		25%

*5% maximum capital gain rate for taxpayers in the 10% to 15% tax brackets - 50*

### Qualified Dividends

	15% Tax Bracket	15% - 35% Tax Bracket	39.6% Tax Bracket
2012	0%	15%	N/A
2013	0%	15%	20%

*3.8% medicare surtax will apply to net investment income amounts of \$200,000 for single tax filers & \$250,000 for married couples filing jointly*

## 2013 Capital Gains

Single	Married Filing Jointly	Capital Gain Tax Rate	Section 1411 Medicare Surtax	Combined Tax Rate
\$0-\$36,250	\$0-\$72,500	0%	0%	0%
\$36,250-\$200,000	\$72,500-\$250,000	15%	0%	15%
\$200,000-\$400,000	\$250,000-\$450,000	15%	3.8%	18.8%
\$400,001 & above	\$450,001 & above	20%	3.8%	23.8%

## INDIVIDUAL RETIREMENT ACCOUNTS

### *Individual Deferral Limitations*

	2012	2013
401(k) Contributions	\$ 17,000	\$ 17,500
Add'l catch-up contribution if 50 or over	\$ 5,500	\$ 5,500

### *Individual Retirement Accounts*

	2012	2013
<b>Contribution Limit</b>		
Taxpayer / Spouse	\$ 5,000	\$ 5,500
Add'l catch-up contribution if 50 or over	\$ 1,000	\$ 1,000

### *Deductible IRAs*

#### **Active Participant in Another Plan - 2012 \***

<b>Deduction</b>	<b>Married (Joint) AGI</b>	<b>Single AGI</b>
\$ 5,000 max.	\$0 - \$92,000	\$0 - \$58,000
Phased out	\$92,000 - \$112,000	\$58,000 - \$68,000
No deduction	> \$112,000	> \$68,000

#### **Active Participant in Another Plan - 2013\***

<b>Deduction</b>	<b>Married (Joint) AGI</b>	<b>Single AGI</b>
\$ 5,000 max.	\$0 - \$95,000	\$0 - \$59,000
Phased out	\$95,000 - \$115,000	\$59,000 - \$69,000
No deduction	> \$115,000	> \$69,000

\* Maximum contribution for a spouse who is not an active participant is phased out if their combined AGI is between \$173,000 and \$183,000 for 2012 and \$178,000 and \$188,000 for 2013.

### *Roth IRAs*

- Nondeductible contributions
- Qualified tax - free distributions
- **AGI Phase outs - 2012**

Joint Filers	\$173,000 - \$183,000
Individual Filers	\$110,000 - \$125,000
Married Filing Separate	\$0 - \$10,000

- **AGI Phase outs - 2013**

Joint Filers	\$178,000 - \$188,000
Individual Filers	\$112,000 - \$127,000
Married Filing Separate	\$0 - \$10,000

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

## RETIREMENT PLAN LIMITATIONS

	2012	2013
Key Employee Compensation Threshold	\$ 165,000	\$ 165,000
Highly Compensated Employee Threshold	\$ 115,000	\$ 115,000
Defined Contribution Limits	\$ 50,000	\$ 51,000
Compensation Limits - Sec 401	\$ 250,000	\$ 255,000
SEP Coverage	\$ 550	\$ 550
Simple	\$ 11,500	\$ 12,000
Add'l catch-up contribution if 50 or over	\$ 2,500	\$ 2,500

## Health Savings Accounts

<b>Limit on contributions</b>	<b>2012</b>	<b>2013</b>
Individual coverage	\$ 3,100	\$ 3,250
Family coverage	\$ 6,250	\$ 6,450
Catch-up age 55 & older	\$ 1,000	\$ 1,000
<b>Annual deductible of at least</b>		
Individual coverage	\$ 1,200	\$ 1,250
Family coverage	\$ 2,400	\$ 2,500
<b>Maximum out-of-pocket-expenses</b>		
Individual coverage	\$ 6,050	\$ 6,250
Family coverage	\$ 12,100	\$ 12,500



## DEPRECIATION

### 36-Month Assets (Straight-Line)

Most Software

### 3-Year Assets (200% DB)

Dies, molds, small tools, certain horses, semi-tractors

### 5-Year Assets (200% DB)

Autos, computers, typewriters, copiers, many types of equipment, private aircraft, rental furnishings, construction equipment

### 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

### **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

Note: Luxury automobiles are subject to annual depreciation limitations.

### **Section 179 Expense**

	2012	2013
Maximum expense election	\$ 500,000	\$ 500,000
Phase-out threshold	\$ 2,000,000	\$ 2,000,000

### **Luxury Automobiles**

Maximum depreciation deduction for autos purchased 2012

	Cars	Light trucks & vans
1st Year	\$ 3,160 *	\$ 3,360 **
2nd Year	\$ 5,100	\$ 5,400
3rd Year	\$ 3,050	\$ 3,150
Each succeeding Year up to:	\$ 1,875	\$ 1,875

\* \$11,160 for vehicles qualifying for 50% first-year bonus depreciation

\*\*\$11,360 for vehicles qualifying for 50% first-year bonus depreciation

## BUSINESS AUTOS

### **Standard Mileage Rates**

Use	2012	2013
Business	55.5 cents per mile	56.5 cents per mile
Charitable	14 cents per mile	14 cents per mile
Medical	23 cents per mile	24 cents per mile
Moving	23 cents per mile	24 cents per mile

## 2012 & 2013 ESTATE & GIFT TAX RATES

<b>Estate Taxes</b>	<b>2012</b>	<b>2013</b>
Estate tax exemption *	\$ 5,120,000	\$ 5,250,000
Applicable credit amount	\$ 1,772,800	\$ 2,045,800
Top estate tax rate	35%	40%

\* For 2012 & forward

Portability election available to add the amount, if any of the deceased spousal unused exclusion amount

### **Annual Gift Tax Exclusion**

	<b>2012</b>	<b>2013</b>
Lifetime gift tax exemption	\$ 5,120,000	\$ 5,250,000
Gifts per person	\$ 13,000	\$ 14,000
Joint gifts by spouses	\$ 26,000	\$ 28,000
Top gift tax rate	35%	40%

## Long-Term Care Insurance

<b>If you are:</b>	<b>Annual premium deduction *</b>	
	<b>2012</b>	<b>2013</b>
Over 70	\$ 4,370	\$ 4,550
61 to 70	\$ 3,500	\$ 3,640
51 to 60	\$ 1,310	\$ 1,360
41 to 50	\$ 660	\$ 380
40 & under	\$ 350	\$ 360

\* Deduction is subject to AGI limitations

## 2012 & 2013 CORPORATE INCOME TAX RATES

### **Regular Tax**

<b>Base Taxable Income</b>	<b>Tax on Base</b>	<b>% on Excess Over Base</b>
\$ -	\$ -	15%
\$ 50,000	\$ 7,500	25%
\$ 75,000	\$ 13,750	34%
\$ 100,000	\$ 22,250	39% *
\$ 335,000	\$ 113,900	34%
\$ 10,000,000	\$ 3,400,000	35%
\$ 15,000,000	\$ 5,150,000	38% **
\$ 18,333,333	\$ 6,416,667	35%

\* Reflects 5% surtax which phases out benefit of 15% and 25% rates.

\*\* Reflects phase out of 34% rate.

<b>Corporate Capital Gains Tax Rate</b>	Same as regular tax rate
<b>Personal Service Corporations</b>	35% flat tax rate

## SOCIAL SECURITY

	<b>2012</b>		<b>2013</b>	
	<b>Wage Base</b>	<b>Employee Tax Rate</b>	<b>Wage Base</b>	<b>Employee Tax Rate</b>
FICA **	\$ 110,100	4.20%	\$ 113,700	6.20%
Medicare**	No Limit	1.45%	No Limit	1.45%
Add'l Medicare Tax <sup>1</sup>	NA	NA	> \$200,000	0.90%

\*\* For 2012 & 2013, the employers' tax rate is 6.20% for fica & 1.45% for medicare

\* Employers will not pay the extra medicare tax

### **Social Security Benefits**

	<b>2012</b>	<b>2013</b>
<b>Maximum Annual Earned Income Limit</b>		
Ages 62-64	\$ 14,160	\$ 15,120
Age 65	\$ 38,880	\$ 40,080
Ages 66 or older	No Limit	No Limit

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