



B A R R Y & M O O R E, P. C.

C E R T I F I E D P U B L I C A C C O U N T A N T S

2011 Tax Planning Guide

B A R R Y & M O O R E , P . C .

C E R T I F I E D P U B L I C A C C O U N T A N T S

Dear clients and friends,

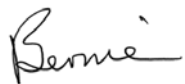
Barry & Moore is pleased to present you with our 2011 tax planning guide. This guide consists of a variety of tax related information about investing, business taxes, education, health care, retirement, estate planning, new tax legislation and more.

Year-end tax planning is especially challenging this year because of uncertainty over whether Congress will enact sweeping tax reform that could have a major impact in 2012 and beyond. Regardless of what Congress does late this year or early next, there are solid tax savings to be realized by taking advantage of tax breaks that are on the books for 2011 but may be gone next year unless they are extended by Congress.

In uncertain times, proactive tax planning can help you preserve your financial well-being. We hope you find the information contained in this guide helpful. You can find additional tax information on our website at www.barryandmoore.com. We would be happy to discuss with you any of the these tax matters and how they may affect your specific situation.

We appreciate the trust you have placed in us. As always, our mission is your complete satisfaction and success. We wish the best for you and yours through the holiday season and for all of 2012.

Sincerely,



G. Bernard Barry
Partner, Barry & Moore, P.C.

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This material in this guide is for informational purposes only. This information should not be construed as legal, accounting or other professional advice provided by Barry & Moore, P.C. This guide should not be substituted for professional services. Consult your tax advisor concerning the application of this information to your specific circumstances.

Information for Everyone

Tax planning information for all

Future Tax Rates

Taxpayers and their advisers engaged in year-end tax planning for 2011 once again are challenged by a highly uncertain legislative environment. Before year-end, the Joint Select Committee on Deficit Reduction may issue, and the full Congress may vote on, a report that could include major tax reform for 2012 and beyond. And even if there's no major tax legislation by year-end, Congress next year will still have to grapple with a host of thorny issues, such as whether to once again "patch" the alternative minimum tax (e.g., to avoid a drastic drop in post-2011 exemption amounts), and what to do about the post-2012 expiration of the Bush-era income tax cuts (including the current rate schedules and low tax rates for long-term capital gains and qualified dividends).

Payroll Tax Holiday Expires

Effective for 2011 only, was a 2% reduction in social security taxes. Without further legislative action, employees and self-employed individuals will see an increase in their payroll tax liability.

Credits

The popular child tax and earned income credits that were scheduled to be reduced beginning in 2011 will remain unchanged through 2012. The credit for household and dependent care expenses also continues through 2012.

AMT

For 2011, the AMT exemption amounts are \$74,450 for married filers and \$48,450 for single filers. If Congress doesn't act, which many see as unlikely, these amounts will be reduced in 2012 to \$45,000 for joint filers and \$33,750 for single filers. According to a recent Congressional Research Service Report, such a change would increase the number of taxpayers subject to the AMT from four million in 2008 & 2009 to over thirty million in 2012. Many deductions that are used to calculate regular tax are not allowed under the AMT. Proper planning may help you avoid, or at least reduce, your AMT liability.

Timing

Smart timing of your income and expenses can reduce your tax liability, while poor timing can increase it unnecessarily. You can use your credit card to prepay certain expenses, however, make sure you do not prepay expenses that will cause an additional AMT liability, such as taxes deductible on Schedule A. You may also be able to aggregate itemized deductions together to get over AGI floors. The following are items whose timing you may be able to control:

- Income - Retirement distributions, self-employment income, bonuses and property sales
- Expenses - Property taxes, mortgage interest, state and local taxes and donations

Penalties

If you're in danger of being penalized for not paying enough tax throughout the year, try to make up the shortfall through increased withholding on your salary or bonus. Relying on your final estimated tax payment may still leave you exposed to penalties for underpayment in previous quarters.

Provisions Scheduled To Expire

Many tax breaks for individuals are scheduled to expire after 2011. These include:

- \$250 deduction for elementary and secondary school teachers
- Option to deduct state and local general sales taxes in lieu of state and local income taxes
- Above the line deduction of qualified higher education expenses (up to \$4,000)
Note: There are still qualified higher education credits available for those who qualify
- Deduction of qualified mortgage insurance premiums as qualified residence interest

Energy Efficiency

When it comes to tax time, it pays to be green

Electric Vehicles

There is a credit for qualified plug-in electric drive motor vehicles acquired before January 1, 2012. The credit primarily depends on the battery's kilowatt hour capacity and the vehicle's weight. This applies only to vehicles manufactured primarily for use on public streets, roads and highways. Typically, if a vehicle qualifies for the credit the manufacturer will make available its certification of qualification. Examples of electric cars that may qualify for the credit include the Nissan Leaf and the Chevrolet Volt.

Efficient Home

The credit for qualified energy-efficient home improvements and residential energy property expenditures expires after 2011. The credit is 10% of qualified costs, with a lifetime limit of \$500 for improvements placed in service during 2011(reduced by any credits claimed after 2005). Examples of energy-efficient improvements may include insulation, exterior skylights or doors, electric heat pump, etc. Qualified improvements must meet certain energy efficiency standards to qualify for the credit.

Alternative Energy

The 30% Federal credit for residential energy efficient property for solar electric, solar hot water, fuel cell, small wind energy and geothermal heat pumps is still in effect through 2016. The credit applies to the property and its installation. Please note that solar heat for swimming pools, hot tubs or any other medium which has a function other than energy storage does not qualify for the credit. A credit may also be available through the Arizona Department of Revenue for "Renewable Energy Production" using a solar, wind or biomass energy resource. Please call us or visit the Arizona Department of Revenue website at www.azdor.gov/TaxCredits/RenewableEnergyProductionTaxCredit.aspx.



Investing

Help in making tax-smart investment decisions

Attention to Detail

The tax treatment of investments varies dramatically, based on several factors including the type of investment it is, the nature of income it produces, how long it has been held and if any special limitations or tax breaks apply. If you don't pay attention to the details, the tax consequences of an investment may be different than you expect. So before you make any investment decisions, consider the potential tax consequences under the different possible scenarios.

Investment Taxes

The low capital gain and qualified dividend rates remain in effect through December 31, 2012. If you have significant unrealized capital gains in your portfolio, it may be wise to consider liquidating those positions to take advantage of these low rates before 2013 when significant changes could be made.

The 0% Rate

Taxpayers in the 10% or 15% tax brackets (see page 11) qualify for the 0% tax rate on long-term capital gains and qualified dividends. This rate continues through 2012. As the expiration of this tax break approaches, be sure to talk with us about how you might be able to take advantage of this or how you may be able to transfer certain assets to your family who could then benefit from this temporary tax break.

Principal Residence

The gain on the sale of a principal residence may be subject to capital gains tax if the residence was used as other than a principal residence after 2008, even when the total gain doesn't exceed the home sale exclusions.

Mortgage Interest

You may generally deduct interest on mortgage and home equity debt (subject to certain limitations). However, beginning in 2012, qualified mortgage insurance premiums will no longer be deductible qualified residence interest.

Gain/Loss Offset

Depending on what Congress decides for future capital gains rates, you may want to examine your investment portfolio for opportunities to recognize losses to offset other capital gains. Just make sure to not repurchase the same securities within 31 days.

HSA

You should consider a Health Savings Account if you do not have employer provided medical insurance and you are not covered by Medicare.

Small Business Stock

Purchase qualified small business stock (QSBS) before the end of the year. There is no tax on gain from the sale of such stock if it is purchased after September 27, 2010 and before January 1, 2012 and held for more than 5 years. In addition, such sales won't cause AMT preference problems.

Family & Education

Ways to minimize your taxes while maximizing your family's benefit

- Kiddie Tax** A child is subject to the kiddie tax if the child does not file a joint return for the tax year and (1) the child hasn't reached age 18 before the close of the tax year or (2) the child's earned income doesn't exceed one-half of his or her support and the child is age 18 or is a full time student age 19-23. If you think this may affect you, be sure to talk with us about how to best transfer your investments to your children without surpassing the \$1,900 unearned income limit where the kiddie tax kicks in.
- Roth IRA** Consider starting a Roth IRA for your children or grandchildren. Just keep the potential gift tax in mind. Roth IRA contributions are limited to the lesser of \$5,000 or their earned income for the year. If they don't have earned income and you own a business, consider hiring them. Just keep in mind they must perform actual work and be paid in line with what you would pay non-family employees.
- American Opportunity Credit** The American Opportunity Credit continues through 2012. This credit allows for a maximum annual credit of \$2,500. The credit may be used for the first four years of post-secondary education. The credit is partially refundable and has AGI phase-out limits. Work with your Barry & Moore tax professional to determine whether your family will receive a greater benefit by having the parents claim the credit or foregoing the dependency exemption and having the child claim the credit. If for 2011 the American Opportunity Credit is available for a family member who has not incurred sufficient tuition and fees to qualify for the maximum credit, consider paying the tuition and fees for the second semester of the following qualifying year no later than December 31st of the current year.
- Lifetime Learning Credit** The Lifetime Learning Credit may be used anytime during college or graduate school. However, this credit is less generous than the American Opportunity Credit in both credit amount and income thresholds.
- 529 College Savings Plan** The Arizona deduction for contributions made to a qualifying 529 College Savings Plan is in effect through 2012. The deduction is limited to \$750 for single individuals and \$1,500 for married taxpayers filing a joint return. The IRS limits distributions to "qualified higher education" expenses in order to avoid a 10% penalty on plan earnings. There are several advantages and disadvantages of 529 College Savings Plans to consider before contributing.
- Education Savings Accounts** Up to \$2,000 per beneficiary per year can be contributed to an Education Savings Account and tax-free distributions may be used to fund elementary, secondary and post secondary education expenses. After 2012, this provision is set to be reduced to \$500 per beneficiary per year, and tax-free distributions will not include elementary and secondary school tuition and expenses.
- Education** The student loan interest deduction will remain in place through 2012.
- Direct Payments** Making payments directly to educational institutions on behalf of your child or grandchild are gift-tax free and will not count against the \$13,000 annual exclusion.

Businesses

Important information for those with business ownership interests

Losses

Review your partnership and S-Corporation investments for the need to increase basis to make possible a 2011 loss deduction. You may also want to consider disposing of passive investments to free up current year or prior year suspended losses from those investments. Suspended losses may arise from passive losses, such as those derived from rental real estate or businesses you are not actively involved in since these types of losses usually can only be deducted against passive income.

Section 179 Limitations

The business property expensing election under Code Section 179 that is available for new property only is \$500,000 for 2010 and 2011. This amount can include up to \$250,000 of qualified real property, which includes qualified leasehold improvement, restaurant and retail property. The phase out of this deduction begins when acquisitions for the year exceed \$2,000,000. As a reminder, SUV's (but not many pick-up trucks) will be limited to a Code Section 179 deduction of \$25,000. As in prior years, Arizona is allowing a total Code Section 179 deduction of only \$25,000 for all business assets. This deduction is allowed only to the extent of taxable income. Any unused amounts are carried forward to future years. The 15 year depreciable life for qualified leasehold improvements, restaurant buildings and improvements and retail improvements was extended through 2011. Please note: Without legislative action the Code Section 179 deduction for 2012 will be reduced to \$139,000, and the phase out for such property will begin when total acquisitions exceed \$560,000. The 15 year depreciable life for qualified leasehold improvements, restaurant buildings and improvements and retail improvements will also revert back to far less favorable depreciable lives for 2012.

Bonus Depreciation

The 100% bonus depreciation deduction is available for qualifying property acquired and placed in service through December 31, 2011. For qualifying property acquired and placed in service during calendar year 2012, the bonus depreciation deduction is reduced to 50%. Without legislative action, this additional depreciation provision will not be available in 2013 and later years. If the deduction exceeds taxable income, the loss can be carried back up to two years with any remaining amounts then carried forward, or at the taxpayer's election, the entire loss can be carried forward. The otherwise applicable "luxury auto" cap on first-year depreciation continues to be an additional \$8,000 for vehicles that qualify.

1099 Reporting Requirements

For payments made after December 31, 2011, the Comprehensive 1099 Taxpayer Protection Act of 2011 repealed the provisions imposing 1099 reporting requirements for payments to corporations and payments for goods or other property. For payments made after December 31, 2010 this act repeals the expansion of the 1099 information reporting requirements to recipients of rental income from real estate who are not otherwise considered to be engaged in the trade or business of renting property. Under this act, the information reporting rules effectively revert back to the way they were before enactment of the Health Care Act of 2010 and the Small Business Jobs Act of 2010.

Shareholder Insurance

S-Corporations may continue to deduct the medical insurance premiums for shareholder-employees as an above-the-line deduction as long as the S-Corporation pays the premium directly or reimburses the shareholder-employee during the tax year after receiving proof of premium payment. The S-Corporation **MUST** include the premium payment in the shareholder's W-2 for that same tax year, or the premiums paid will not be deductible on the S-Corporation's tax return. Premium payments included in W-2's are not typically subject to FICA taxes.

Shareholder Salaries

S-Corporation salaries for shareholders who are active in the business remain a hot issue for the IRS. Currently S-Corporations have an advantage over all other types of business entities in that only their salary is subject to Social Security and Medicare tax (15.3% of the first \$106,800 of salaries), whereas the distribution of profits to the shareholder are not subject to these taxes. Active shareholders should receive a "reasonable" salary. Whether a shareholder-employee's compensation is "reasonable" depends on the facts and circumstances of each case. Some of the factors the IRS will consider include: (1) whether the salary is unusually higher or lower than those ordinarily paid for similar services; (2) whether the salary is reasonable in relation to the services rendered to the S-Corporation; (3) comparison of the salary with the gross and net income of the S-Corporation; and (4) whether the salary of the shareholder-employee corresponds or bears a close relationship to the stock ownership of such employee. The IRS continues to audit returns based on this issue and reclassify distributions as wages subject to employment taxes. Please call if you have any questions or concerns related to this matter.

Succession Planning

When your business is a significant part of your portfolio, it is essential that you formulate a well thought out exit plan to pass responsibility, transfer ownership and extract your hard earned money from the business. There are different tax consequences related to the use of buy-sell agreements, succession within the family, non-family succession or sale to an outsider. This planning should be done well in advance of your anticipated transition. We will be happy to discuss your succession planning with you so you are adequately prepared.



Health Care Act of 2010

Tax Implications in 2011 and beyond

The Basics

The new health care reform is one of the most comprehensive pieces of legislation in recent history. The law has rules that go into effect over the next several years which will have profound implications for both individuals and businesses. While you may be familiar with the rules meant to protect individuals, such as reduced waiting periods, allowing children up to age 26 to remain on their parents' insurance, removing pre-existing conditions as grounds for denying coverage and banning limits on benefits, this guide is meant to inform you of the law's tax implications. Please keep in mind that the Supreme Court has agreed to hear appeals on five lawsuits related to the new health care reform and is scheduled to issue an opinion sometime in June 2012, so it is likely we will see some changes to the original provisions.

Coverage Requirement

Beginning in 2014, individuals will be required to obtain adequate coverage or face a penalty. This penalty will be waived for low-income taxpayers. There will also be tax incentives to help low-income individuals obtain insurance. This provision is likely to be the key issue reviewed by the Supreme Court in 2012.

Employer Credits

Starting in 2010, businesses with 25 or fewer employees and average wages of \$50,000 or less are eligible for a credit of up to 35% of employer-paid premiums. The credit is scheduled to increase to 50% in 2014.

Employer Penalties

Starting in 2014, businesses with at least 50 employees will be subject to penalties for not providing adequate coverage. Penalties could be as much as \$2,000 - \$3,000 per employee. Coverage is deemed inadequate if the cost for employees exceeds 9.5% of their income or if the employees share of allowed costs of benefits is over 40%. There are various other new requirements that go into effect over the next several years, some of which may carry substantial non-compliance penalties.

Grandfather Provision

Employers may continue to provide the same coverage plans, generally exempt from the new rules. However, grandfathered plans are subject to limits on how much employers may raise the premiums on employees. Because the requirements may increase the cost of coverage, employers must decide whether it makes more sense to maintain grandfather status and absorb the majority of the increased costs or abandon grandfather status and subject themselves to all the new rules.

Reporting Requirements

For tax years beginning after 2010, the Health Care Act provided that employers are required to report the annual aggregate cost of coverage under any group health plan provided to employees on the employee's Form W-2. This is only an information reporting requirement and will not change the tax-free treatment of employer-provided health coverage. In March 2011 the IRS issued a notice providing that the W-2 reporting of the cost of employee health coverage is not required on 2011 W-2s or 2012 W-2s for "small employers" filing fewer than 250 Form W-2s for the preceding year.

Charitable Giving

Provide support and save taxes

- Donation Basics** There is a wide variety of types of donations you may make to charitable organizations to receive a tax break. These types include cash, investment property, personal property and certain costs related to services you provide. However, your deductions may be reduced if they exceed certain AGI limits. Your deduction may also vary based on the type of donation, the type of charity and any benefit you receive related to the donation.
- Arizona Credits** Donate to a qualifying organization by December 31 to qualify for an Arizona tax credit. Each \$1 donated lowers your Arizona tax by \$1 (subject to certain limits) and may give you a federal charitable deduction. The maximum 2011 Public School Credit is \$200/\$400 for single/married filing jointly returns. The maximum 2011 Private School Tuition Credit is \$500/\$1,000 (this may change in 2012), and the maximum 2011 Working Poor Credit is \$200/\$400. For a list of qualifying charities please call us or visit the ADOR website at www.azdor.gov/TaxCredits.aspx.
- Military** The Arizona tax credit for contributions made to the Military Relief Fund is in effect through 2012. Arizona will allow \$1,000,000 in total credits each year. The maximum credit per taxpayer is \$200 for single taxpayers and \$400 for married taxpayers filing a joint return.
- Non-Cash** Get all unwanted household goods to a charity before the end of the year. Keep in mind that these non-cash donations must be in good used condition or better to claim a deduction. You are responsible for keeping track of what was given and determining the value. Substantiation requirements vary depending on the value assigned to the property being donated, please call us for specifics if donating property valued at \$250 or more. All donations will require the name of the organization, date and location of donation, a reasonably detailed description of the donated property, fair market value and method of valuing the property.
- Property** Consider donating property that has appreciated to charity. Doing so avoids the capital gains tax you would incur if you sold the property. However, do not donate depreciated property that may qualify for a loss on your personal tax return. Instead, sell the property and give the proceeds to charity. Then you can take the capital loss and the charitable deduction.
- Cash** While all donations of any size require some sort of receipt or written acknowledgement from the charity, the date and amount of cash donations over \$250 must be substantiated in writing by the charitable organization.
- IRA** Individuals who are at least 70½, may have their IRA trustee make a tax-free IRA distribution up to \$100,000 to a charitable organization, which will also count as a required minimum distribution) through 2011.

Retirement

Tax information to help you create and preserve your net worth

Roth IRA Conversion

If you believe a Roth IRA is better than a traditional IRA and want to remain in the market for the long term, consider converting traditional IRA funds into a Roth IRA. In 2010, the \$100,000 modified AGI limit on conversions was eliminated, and unless you elected otherwise, none of the gross income from a conversion in 2010 was included in your 2010 income. Instead, the income was deferred and picked up in 2011 and 2012. In 2011 and beyond, conversions will automatically be included in the year of conversion. In deciding whether or not a conversion is an effective tax planning strategy for your specific situation, it is important to consider a number of relevant variables such as your age, your current and expected future tax brackets and whether you can afford to pay the tax on the conversion.

IRA Contributions for High Income Individuals

Now that the AGI limit for Roth conversions has been eliminated, the opportunity exists for additional taxpayers with income too high to make a Roth IRA contribution to make a non-deductible IRA contribution in one year (i.e., 2011), then convert the traditional IRA to a Roth IRA in the next year (i.e., 2012).

Required Minimum Distributions

Once you reach age 70½, you must take annual required minimum distributions from defined contribution plans and IRA accounts. If you fail to comply, you could owe a penalty equal to 50% of the amount you should have withdrawn. Usually your broker will advise you as to the required distribution amount, if not please be sure to call. Also call us to discuss when it makes sense to take distributions between ages 59½ and 70½.

Retirement for Business Owners

If most of your money is tied up in your business, retirement can be a challenge. So if you do not already have a tax-advantaged retirement plan set up, consider setting one up this year. You have many options such as 401(k), 403(b), 457, Traditional IRA, Roth IRA, SIMPLE IRA and SEP IRA. Please talk with us to understand the tax implications of each.

Catch-Up Contributions

Many retirement accounts allow for extra “catch-up” contributions if you are 50 or over. There are many aspects to consider when determining how much you should be contributing to your retirement and which type of account is best to use. Please contact us to discuss which options are right for you.

Avoid Penalties

Most withdrawals from retirement plans before age 59½ will incur a 10% penalty. However, there are a few exceptions. Make sure you fully understand the tax consequences of any early withdrawals beforehand. To avoid penalties when you change jobs, make sure you either keep your funds in your old employer’s plan, roll them over into your new employer’s plan or roll them over into an IRA.

Estate Planning

Dealing with legislative uncertainty

Estate Tax

For 2011 and 2012, individual estates worth more than \$5 million (\$10 million for couples) will be subject to a 35% tax. Also during 2011 and 2012 the executor of a deceased spouse's estate may elect for any of the \$5,000,000 exclusion amount not used by the estate of the first spouse to die to be used by the estate of the surviving spouse or by the surviving spouse during life to reduce otherwise taxable gifts made by the surviving spouse ("Portability"). This provision offers protection during 2011 and 2012 for individuals failing to establish credit shelter trusts. However, a credit shelter trust may still be advisable for other non tax reasons, to keep future appreciation out of the surviving spouse's estate and because the portability provision currently applies only where both spouses die in 2011 and 2012. This is a very complex area of taxation, so be sure to talk with us about how you can take steps to minimize these taxes through proper planning.

Gift Tax Exclusion

For 2010, the lifetime exclusion amount for gifts was \$1,000,000, and the maximum gift tax rate was 35%. However, effective for gifts made in 2011 and 2012, the \$5,000,000 estate exclusion amount is unified with the gift tax. In other words, the \$5,000,000 exclusion amount is available to reduce taxable gifts during life and any unused amount of the \$5,000,000 exclusion is available to reduce the taxable estate upon death. After 2012 the exclusion amount is scheduled to return to \$1,000,000. For 2011 and 2012 the rate remains at 35%.

Annual Gift Tax Exclusion

You can save gift and estate taxes by making gifts using the annual gift tax exclusion. A taxpayer may give \$13,000 to an unlimited number of individuals in 2011. Couples can therefore transfer a combined total of \$26,000 to a single recipient each year. As in past years, paying tuition and medical expenses directly to providers does not count toward the \$13,000 limit. A gift made by check is complete on the date the check is cashed or deposited at the recipient's bank.

Life Insurance

Life insurance may be used as a supplement to pay estate taxes or give you more flexibility in dividing your estate. With proper planning, you can ensure that life insurance proceeds are passed to your heirs tax-free.

Charitable Remainder Trusts

Charitable remainder trusts are an excellent way to benefit the charity of your choice while ensuring your own financial future. There are several different ways you can structure these trusts and many potential tax benefits from utilizing them, such as avoiding capital gains taxes on appreciated assets. Please note that there are some special rules that apply to these trusts.

Other Trusts/ Planning

There are numerous other types of trusts that may prove to be beneficial additions to your estate plan. These trusts include marital, credit shelter, qualified domestic, qualified terminable interest property, irrevocable life insurance, Crummey, qualified personal residence and grantor-retained annuity trusts. All of these trusts have different benefits and risks so feel free to talk with us to determine which trust may be right for you. Estate planning is an ongoing process so you should make sure to review your plan periodically to ensure it fits with your current situation and the current and expected future tax laws.

Tax Rates & Limits

Schedules and more to answer your basic questions

2011 Individual Regular Tax Brackets

Tax Rate	Single	Head of Household	Married Filing Jointly	Married Filing Separately
10%	\$0 - \$8,500	\$0 - \$12,150	\$0 - \$17,000	\$0 - \$8,500
15%	\$8,500 - \$34,500	\$12,150 - \$46,250	\$17,000 - \$69,000	\$8,500 - \$34,500
25%	\$34,500 - \$83,600	\$46,250 - \$119,400	\$69,000 - \$139,350	\$34,500 - \$69,675
28%	\$83,600 - \$174,400	\$119,400 - \$193,350	\$139,350 - \$212,300	\$69,675 - \$106,150
33%	\$174,400 - \$379,150	\$193,350 - \$379,150	\$212,300 - \$379,150	\$106,150 - \$189,575
35%	Over \$379,150	Over \$379,150	Over \$379,150	Over \$189,575

2011 Individual AMT Brackets

Tax Rate	Single	Head of Household	Married Filing Jointly	Married Filing Separately
26%	\$0 - \$175,000	\$0 - \$175,000	\$0 - \$175,000	\$0 - \$87,500
28%	Over \$175,000	Over \$175,000	Over \$175,000	Over \$87,500

Wealth Transfer Taxes

Year	Gift Tax Exemption	Estate Tax Exemption	Highest Gift and Estate Tax Rates
2010	\$1,000,000	\$5,000,000	35%
2011	\$5,000,000	\$5,000,000	35%
2012	\$5,120,000	\$5,120,000	35%

Corporate Tax Brackets

Tax Rate	Tax Bracket
15%	\$0 - \$50,000
25%	\$50,001 - \$75,000
34%	\$75,001 - \$100,000
39%	\$100,001 - \$335,000
34%	\$335,001 - \$10,000,000
35%	\$10,000,001 - \$15,000,000
38%	\$15,000,001 - \$18,333,333
35%	Over \$18,333,333

Please note that the tax rates outlined above are the currently scheduled rates and are subject to change.

Annual Limits

	<u>2011</u>	<u>2012</u>
Personal Exemption Per Person	\$3,700	\$3,800
Standard Deduction		
Single:	\$5,800	\$5,950
Married Filing Separately:	\$5,800	\$5,950
Head of Household:	\$8,500	\$8,700
Married Filing Jointly:	\$11,600	\$11,900
Maximum Retirement Plan Contributions		
Traditional or Roth IRA:	\$5,000	\$5,000
Traditional or Roth IRA if 50 or older:	\$6,000	\$6,000
SIMPLE IRA:	\$11,500	\$11,500
SIMPLE IRA if 50 or older:	\$14,000	\$14,000
401(k), 403(b) and 457:	\$16,500	\$17,000
401(k), 403(b) and 457 if 50 or older:	\$22,000	\$22,500
Defined Contribution Plan, SEP IRA:	\$49,000	\$50,000
Defined Benefit Plan:	\$195,000	\$200,000
Standard Mileage Rates		
	1/1-6/30	7/1-12/31
Business:	51 cents	55.5 cents
Depreciation:	22 cents	22 cents
Medical/Moving:	19 cents	23.5 cents
Charitable:	14 cents	14 cents
		Not yet released by the IRS
Foreign Earned Income Exclusion	\$92,900	\$95,100

Social Security tax rate is 4.2% (10.4% self employed rate) on wages up to \$106,800 for 2011 and is currently scheduled to go back up to 6.2% on wages up to \$110,100 for 2012.

Medicare tax rate is 1.45% (2.9% self employed rate) with no wage limit for 2011 and 2012.

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C E R T I F I E D P U B L I C A C C O U N T A N T S

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