

**UPDATED 02-26-08**

**2007 AND 2008 INFLATION-ADJUSTED TAX RATES**

**STANDARD DEDUCTION**

<b>Filing Status</b>	<b>2007</b>	<b>2008</b>
Single	\$5,350	\$5,450
Married, filing jointly/SS	\$10,700	\$10,900
Head of household	\$7,850	\$8,000
Married, filing separately	\$5,350	\$5,450

SS - Surviving Spouse

**ADDITIONAL STANDARD DEDUCTION\***

<b>Filing Status</b>	<b>2007</b>	<b>2008</b>
Single	\$1,300	\$1,350
Married, filing jointly/SS	\$1,050	\$1,050
Head of household	\$1,300	\$1,350
Married, filing separately	\$1,050	\$1,050

*\*Aged (65 and older) or blind.*

*Standard deduction for an individual claimed as a dependent by another taxpayer may not exceed the regular standard deduction and is limited to the greater of \$850 (2007) / \$900 (2008) or the sum of \$300 plus the individual's earned income.*

**PERSONAL EXEMPTION**

2007	2008
\$3,400	\$3,500

Filing Status	2007	2008
<b>Personal Exemption Threshold*</b>		
Single	\$156,400	\$159,950
Married, filing jointly/SS	\$234,600	\$239,950
Head of Household	\$195,500	\$199,950
Married, filing separately	\$117,300	\$119,975

*\* Personal exemption amount reduced by 2% for each \$2,500 or fraction (\$1,250 for married, filing separately) above threshold. For 2007, the personal exemption reduction is 2/3 of the calculated amount described in the previous sentence, limited to \$2,267. For 2008, the personal exemption reduction is 1/3 of the calculated amount, limited to \$1,167.*

**OVERALL LIMITATION ON ITEMIZED DEDUCTION**

Filing Status	2007	2008
<b>Overall Limitation on Itemized Deductions</b>	<b>AGI Limit</b>	<b>AGI Limit</b>
Married, filing separately	\$78,200	\$79,975
All others	\$156,400	\$159,950

*1. The reduction in itemized deductions is the lesser of 3% of the excess AGI or 80% of the itemized deductions otherwise allowable.*

*2. Certain itemized deductions are excluded from this reduction.*

*3. For 2007, the regular reduction is 2/3 the calculated amount (Note #1). For 2008, the reduction is 1/3 the calculated amount.*

**KIDDIE TAX THRESHOLD**

2007	2008
\$1,700	\$1,800

*Unearned income in excess of the threshold is taxed at the parents' rate.*

*\*A parent will be able to include a child's income on the parent's return if the child's income is more than \$850 (2007) / \$900 (2008) and less than \$8,500 (2007) / \$9,000 (2008).*

*\*\* The exemption amount under §55 and 59(j) for purposes of the alternative minimum tax is the lesser of (1) the sum of such child's earned income for the taxable year, plus \$6,300 (2007) / \$6,400 (2008), or (2) the AMT exemption amount for a single taxpayer.*

**CHILD TAX CREDIT**

	2007	2008
Maximum Credit*	\$1,000	
Refundability %*	15%	
Of Income	\$11,750	\$12,050

Filing Status	MAGI Phaseout Threshold*
Single	\$75,000
Married, filing jointly/SS	\$110,000
Married, filing separately	\$55,000

*\*Does not adjust for inflation*

**EDUCATIONAL LOAN INTEREST**

Filing Status	2007	2008
	<b>MAGI Phaseout</b>	
Joint/SS	\$110,000 - \$140,000	\$115,000 - \$145,000
Single	\$55,000 - \$70,000	\$55,000 - \$70,000

*\*Maximum deduction of \$2,500 available.*

**EDUCATION CREDITS - HOPE & LIFETIME LEARNING**

<b>Filing Status</b>	<b>2007</b>	<b>2008</b>
	<b>MAGI Phaseout</b>	
Joint/SS	\$94,000 - \$114,000	\$96,000 - \$116,000
Single	\$47,000 - \$57,000	\$48,000 - \$58,000

*The HOPE credit is 100% of the first \$1,100 (2007) / \$1,200 (2008) of qualified higher education expenses plus 50% of the next \$1,100 (2007) / \$1,200 (2008).*

*The Lifetime Learning Credit is 20% of the first \$10,000 of qualified higher education expenses (does not adjust for inflation).*

**UNITED STATES SAVINGS BOND INTEREST EXCLUSION**

<b>Filing Status</b>	<b>2007</b>	<b>2008</b>
	<b>MAGI Phaseout</b>	
Joint/SS	\$98,400 - \$128,400	\$100,650 - \$130,650
Single	\$65,600 - \$80,600	\$67,100 - \$82,100

**COVERDELL EDUCATION SAVINGS ACCOUNTS (\$2,000)\***

<b>Filing Status</b>	<b>MAGI Phaseout*</b>
Single	\$95,000 - \$110,000
Joint/SS	\$190,000 - \$220,000

*\*Does not adjust for inflation*

**DEDUCTION FOR QUALIFIED HIGHER EDUCATION EXPENSES**

<b>Maximum Deduction for Unmarried Taxpayer</b>	
<b>AGI</b>	<b>Max Deduction 2007</b>
\$0-\$65,000	\$4,000
\$65,001-\$80,000	\$2,000
> \$80,000	\$0

<b>Maximum Deduction for Married Filing Jointly Taxpayer</b>	
<b>AGI</b>	<b>Max Deduction 2007</b>
\$0-\$130,000	\$4,000
\$130,001-\$160,000	\$2,000
> \$160,000	\$0

*The deduction for qualified higher education expenses is set to expire January, 1, 2008.*

**ELIGIBLE LONG-TERM CARE PREMIUMS**

<b>Attained Age Before Year End</b>	<b>2007</b>	<b>2008</b>
40 or less	\$290	\$310
More than 40, but not more than 50	\$550	\$580
More than 50, but not more than 60	\$1,110	\$1,150
More than 60, but not more than 70	\$2,950	\$3,080
More than 70	\$3,680	\$3,850

**ARCHER MEDICAL SAVINGS ACCOUNTS**

	<b>2007</b>	<b>2008</b>
<b>Self-Only Coverage</b>		
• Deductible not less than:	\$1,900	\$1,950
• And not more than:	\$2,850	\$2,900
• Annual out of pocket expenses do not exceed:	\$3,750	\$3,850
<b>Family Coverage</b>		
• Deductible not less than:	\$3,750	\$3,850
• And not more than:	\$5,650	\$5,800
• Annual out of pocket expenses are less than:	\$6,900	\$7,050

**HEALTH SAVINGS ACCOUNTS (HSAs)**

	<b>2007</b>	<b>2008</b>
<b>Self-Only Coverage</b>		
• Deductible not less than:	\$1,100	\$1,100
• Annual out of - pocket expenses do not exceed:	\$5,500	\$5,600
• Maximum monthly contribution is 1/12 of lesser of annual deductible or:	\$2,850	\$2,900
<b>Family Coverage</b>		
• Deductible not less than:	\$2,200	\$2,200
• Annual out-of-pocket expenses do not exceed:	\$11,000	\$11,200
• Maximum monthly contribution is 1/12 of lesser of annual deductible or:	\$5,650	\$5,800

**SECTION 179 EXPENSE ELECTION\***

<b>2007</b>	<b>2008</b>
\$125,000	\$128,000**

\* Expensing limit will be reduced when more than \$500,000 (2007) / \$510,000\*\* (2008) of property is placed in service.

\*\* The Economic Stimulus Act of 2008 has changed the 2008 Section 179 expense election to \$250,000 and the limit to \$800,000. This is NOT testable until the November 2008 exam.

**OTHER INCOME TAX FIGURES**

	<b>2007</b>	<b>2008</b>
Business Mileage Rate (per mile)	\$0.485	\$0.505
Charitable Deduction Standard Mileage Rate (per mile)	\$0.14	\$0.14
Moving Mileage Rate (per mile)	\$0.20	\$0.19
Medical Mileage Rate (per mile)	\$0.20	\$0.19
Maximum Adoption Credit - (Phaseout \$170,820 - \$210,820 (2007) / \$174,730 - \$214,730 (2008))	\$11,390	\$11,650
Employer Provided Education Assistance	\$5,250*	
Qualified Transportation - commuter vehicle and transit pass	\$110/month	\$115/month
Qualified Transportation - qualified parking	\$215/month	\$220/month
Foreign Earned Income Tax Exclusion	\$85,700	\$87,600
Section 1244 Stock Ordinary Loss Limit		
Married, filing jointly	\$100,000*	
Others	\$50,000*	
Real Estate Rental		
Loss Modified AGI threshold	\$100,000*	

\* Does not adjust for inflation

**GIFTS, ESTATES AND GSTT**

<b>Filing Status</b>	<b>2007</b>	<b>2008</b>
Annual Gift Tax Exclusion	\$12,000	\$12,000
Annual Gift Exclusion to a Noncitizen Spouse	\$125,000	\$128,000
<b>Applicable Exclusion Amount</b>		
Gift Tax	\$1,000,000	\$1,000,000
Estate Tax	\$2,000,000	\$2,000,000
<b>Applicable Credit Amount</b>		
Gift Tax	\$345,800	\$345,800
Estate Tax	\$780,800	\$780,800
Maximum Estate and Gift Tax Rate	45%	45%
GSTT Exclusion Amount	\$2,000,000	\$2,000,000
Estate Installments	\$1,250,000	\$1,280,000
Special Use Valuation	\$940,000	\$960,000

**2008 TAX RATES AND BRACKETS**

**Single – Schedule X**

<b>If taxable income is:</b> <b>Over --</b>	<b>But not over --</b>	<b>The tax is</b>	<b>Of the amount over --</b>
\$0	\$8,025	----- 10%	\$0
8,025	32,550	\$802.50 + 15%	8,025
32,550	78,850	4,481.25 + 25%	32,550
78,850	164,550	16,056.25 + 28%	78,850
164,550	\$357,700	40,052.25 + 33%	164,550
\$357,700	-----	\$103,791.75+ 35%	\$357,700

**Head of Household – Schedule Z**

<b>If taxable income is:</b> <b>Over --</b>	<b>But not over --</b>	<b>The tax is</b>	<b>Of the amount over --</b>
\$0	\$11,450	----- 10%	\$0
11,450	43,650	\$1,145.00 + 15%	11,450
43,650	112,650	5,975.00 + 25%	43,650
112,650	182,400	23,225.00 + 28%	112,650
182,400	\$357,700	42,755.00 + 33%	182,400
\$357,700	-----	\$100,604.00 + 35%	\$357,700

**Married Filing Jointly or Qualifying Widow(er) – Schedule Y-1**

<b>If taxable income is:</b> <b>Over --</b>	<b>But not over --</b>	<b>The tax is</b>	<b>Of the amount over --</b>
\$0	\$16,050	----- 10%	\$0
16,050	65,100	\$1,605.00 + 15%	16,050
65,100	131,450	8,962.50 + 25%	65,100
131,450	200,300	25,550.00+ 28%	131,450
200,300	\$357,700	44,828.00 + 33%	200,300
\$357,700	-----	\$96,770.00 + 35%	\$357,700

**Married Filing Separately – Schedule Y-2**

<b>If taxable income is:</b> <b>Over --</b>	<b>But not over --</b>	<b>The tax is</b>	<b>Of the amount over --</b>
\$0	\$8,025	----- 10%	\$0
8,025	32,550	\$802.50 + 15%	8,025
32,550	65,725	4,481.25 + 25%	32,550
65,725	100,150	12,775.00 + 28%	65,725
100,150	\$178,850	22,414.00 + 33%	100,150
\$178,850	-----	\$48,385.00 + 35%	\$178,850

**2007 TAX RATES AND BRACKETS**

**Single – Schedule X**

<b>If taxable income is Over --</b>	<b>But not over --</b>	<b>The tax is</b>	<b>Of the amount over --</b>
\$0	\$7,825	----- 10%	\$0
7,825	31,850	\$782.50 + 15%	7,825
31,850	77,100	4,386.25 + 25%	31,850
77,100	160,850	15,698.75 + 28%	77,100
160,850	349,700	39,148.75 + 33%	160,850
\$349,700	-----	\$101,469.25 + 35%	\$349,700

**Head of Household – Schedule Z**

<b>If taxable income is Over --</b>	<b>But not over --</b>	<b>The tax is</b>	<b>Of the amount over --</b>
\$0	\$11,200	----- 10%	\$0
11,200	42,650	\$1,120.00 + 15%	11,200
42,650	110,100	5,837.50 + 25%	42,650
110,100	178,350	22,700.00 + 28%	110,100
178,350	349,700	41,810.00 + 33%	178,350
\$349,700	-----	\$98,355.50 + 35%	\$349,700

**Married Filing Jointly or Qualifying Widow(er) – Schedule Y-1**

<b>If taxable income is Over --</b>	<b>But not over --</b>	<b>The tax is</b>	<b>Of the amount over --</b>
\$0	\$15,650	----- 10%	\$0
15,650	63,700	\$1,565.00 + 15%	15,650
63,700	128,500	8,772.50 + 25%	63,700
128,500	195,850	24,972.50 + 28%	128,500
195,850	349,700	43,830.50 + 33%	195,850
\$349,700	-----	\$94,601.00 + 35%	\$349,700

**Married Filing Separately – Schedule Y-2**

<b>If taxable income is Over --</b>	<b>But not over --</b>	<b>The tax is</b>	<b>Of the amount over --</b>
\$0	\$7,825	----- 10%	\$0
7,825	31,850	\$7,825.50 + 15%	7,825
31,850	64,250	4,386.25 + 25%	31,850
64,250	97,925	12,486.25 + 28%	64,250
97,925	174,850	21,915.25 + 33%	97,925
\$174,850	-----	\$47,300.50 + 35%	\$174,850

**AMT EXEMPTION AMOUNT AND PHASEOUT (YEAR 2007)\***

<b>Filing Status</b>	<b>Exemption Amount</b>	<b>Phaseout Threshold</b>
Married, Joint & SS	\$66,250	\$150,000
Single & Head of Household	\$44,350	\$112,500
Married, Separate	\$33,125	\$75,000
Estate & Trust	\$33,125	\$75,000

*Exemption is phased out at a rate of 25% of the AMTI in excess of the threshold.*

*\* Does not adjust for inflation.*

*Congress chose to defer a comprehensive overhaul of AMT until the 2008 Congressional session.*

*Without legislation in 2008, exemption amounts will revert to 2000 levels.*

**TRUST & ESTATE TAX RATES (YEAR 2007)**

<b>If taxable income is Over --</b>	<b>But not over --</b>	<b>The tax is</b>	<b>Of the amount over --</b>
\$0	\$2,150	-----15%	\$0
2,150	5,000	\$322.50 + 25%	2,150
5,000	7,650	1,035.00 + 28%	5,000
7,650	\$10,450	1,777.00 + 33%	7,650
\$10,450	-----	\$2,701.00 + 35%	\$10,450

**TRUST & ESTATE TAX RATES (YEAR 2008)**

<b>If taxable income is Over --</b>	<b>But not over --</b>	<b>The tax is</b>	<b>Of the amount over --</b>
\$0	\$2,200	-----15%	\$0
2,200	5,150	\$330.00 + 25%	2,200
5,150	7,850	1,067.50 + 28%	5,150
7,850	\$10,700	1,823.50 + 33%	7,850
\$10,700	-----	\$2,764.00 + 35%	\$10,700

**RETIREMENT LIMITS**

<b>Type of Limit</b>	<b>2007</b>	<b>2008</b>
Defined Benefit Maximum Limit	\$180,000	\$185,000
Defined Contribution Plan Maximum Limit:		
- Dollars	\$45,000	\$46,000
- Percent	100%	100%
401(k) & 403(b) Deferral Limit	\$15,500	\$15,500
IRA Limit	\$4,000	\$5,000
Catch-Up Provision:		
- 401(k) / SEP / SARSEP / 457 / 403(b)	\$5,000	\$5,000
- SIMPLE	\$2,500	\$2,500
- IRA Catch-up	\$1,000	\$1,000
HC Employee – 414(q):		
- 5% owner	Any	Any
- Compensation	\$100,000	\$105,000
Key Employee -- 416(i)	\$145,000	\$150,000
SIMPLE Deferral	\$10,500	\$10,500
SEP Plans:		
- Minimum Earnings	\$500	\$500
- Maximum Earnings	\$225,000	\$230,000
457 Plans	\$15,500	\$15,500
Maximum Compensation	\$225,000	\$230,000
S.S. Integration:		
- Wage Base	\$97,500	\$102,000
Medicare:		
- Wage Base	Unlimited	Unlimited
S.S. Earnings Limitation:		
≤ Full Retirement Age	\$12,960*	\$13,560*

\*A modified test applies for the year an individual reaches Full Retirement Age (\$34,440/year for 2007; \$36,120/year for 2008).

**TRADITIONAL IRA DEDUCTIBILITY PHASEOUT LIMITS FOR ACTIVE PARTICIPANTS**

Tax Year	Taxpayer Filing Status	
	Phaseout Range Single	Phaseout Range Married Filing Jointly
2007	\$52,000 – \$62,000	\$83,000 – \$103,000
2008	\$53,000 - \$63,000	\$85,000 - \$105,000

*When only one spouse is an active participant, the nonparticipant spouse will have his or her deduction phased out at AGI levels between \$156,000 - \$166,000 (2007) / \$159,000 - \$169,000 (2008).*

**ROTH IRA CONTRIBUTION PHASEOUTS**

Filing Status	2007	2008
Married, Joint	\$156,000 - \$166,000	\$159,000 - \$169,000
Single	\$99,000 - \$114,000	\$101,000 - \$116,000
Married, Separate	\$0 - \$10,000	\$0 - \$10,000

**CONVERTING TRADITIONAL IRA TO ROTH IRA\***

Filing Status	Maximum MAGI Allowed in Year of Conversion
Single, HH, MFJ	\$100,000
Married, Separate	Disallowed

*\*Does not adjust with inflation*

**SOCIAL SECURITY INFORMATION AND FACTS**

**Tax Rate:**

	<u>2007</u>	<u>2008</u>
Employee	7.65%	7.65%
Self-Employed	15.30%	15.30%

**Note:** The 7.65% tax rate is the combined rate for Social Security and Medicare. The Social Security portion (OASDI) is 6.20% on earnings up to the applicable maximum taxable amount (see below). The Medicare portion (HI) is 1.45% on all earnings.

**Maximum Earnings Taxable:**

	<u>2007</u>	<u>2008</u>
Social Security (OASDI only)	\$97,500	\$102,000
Medicare (HI only)	No Limit	

**Quarter of Coverage:**

<u>2007</u>	<u>2008</u>
\$1,000	\$1,050

**Retirement Earnings Test Exempt Amounts\***

	<u>2007</u>	<u>2008</u>
Under full retirement age NOTE: One dollar in benefits will be withheld for every \$2 in earnings above the limit.	\$12,960/yr. (\$1,080/mo.)	\$13,560/yr. (\$1,130/mo.)
The year an individual reaches full retirement age NOTE: Applies only to earnings for months prior to attaining full retirement age. One dollar in benefits will be withheld for every \$3 in earnings above the limit.	\$34,440/yr. (\$2,870/mo.)	\$36,120/yr. (\$3,010/mo.)

\*There is no limit on earnings beginning the month an individual attains full retirement age (65 and 10 months for those born in 1942, 66 for those born in 1943 - 1954).

**Social Security Disability Thresholds:**

		<u>2007</u>	<u>2008</u>
Substantial Gainful Activity (SGA)	Non-Blind	\$900/mo.	\$940/mo.
	Blind	\$1,500/mo.	\$1,570/mo.
Trial Work Period (TWP)		\$640/mo.	\$670/mo.

**Maximum Social Security Benefit: Worker Retiring at Full Retirement Age in:**

<u>Maximum Social Security Benefit: Worker Retiring at Full Retirement Age in</u>	<u>2007</u>	<u>2008</u>
Note: For retirees born in 1942, full retirement age is 65 and 10 months; for those born in 1943 - 1954, it is age 66. Full retirement age will gradually increase to age 67 for those born in 1960 or later.	\$2,116/mo.	\$2,185/mo.

**SSI Federal Payment Standard:**

	<u>2007</u>	<u>2008</u>
Individual	\$623/mo.	\$637/mo.
Couple	\$934/mo.	\$956/mo.

**SSI Resources Limits:**

	<u>2007</u>	<u>2008</u>
Individual	\$2,000	\$2,000
Couple	\$3,000	\$3,000

**SSI Student Exclusion Limits:**

	<u>2007</u>	<u>2008</u>
Monthly Limit	\$1,510	\$1,550
Annual Limit	\$6,100	\$6,240

<b>Estimated Average Monthly Social Security Benefits Payable in January 2008:</b>	<b>Before 2.3% COLA</b>	<b>After 2.3% COLA</b>
All Retired Workers	\$1,055	\$1,079
Aged Couple, Both Receiving Benefits	\$1,722	\$1,761
Widowed Mother and Two Children	\$2,192	\$2,243
Aged Widow(er) Alone	\$1,017	\$1,041
Disabled Worker, Spouse and One or More Children	\$1,652	\$1,690
All Disabled Workers	\$981	\$1,004