Quickfinder®

Tax Tables

Individual Returns

2010 Tax Year

2010 Key Amounts

Standard Deduction:		Earned Income Credit (Maximum):	
MFJ or QW[1]	$11,400	No children	$ 457
Single[2]	5,700	1 child	3,050
HOH[2]	8,400	2 children	5,036
MFS[1]	5,700	>2 children	5,666
Dependent[2]	950[3]	Investment income limit	3,100
Personal Exemption	$3,650	**Kiddie Tax Threshold**	$ 1,900
Standard Mileage Rates:		**Section 179 Deduction Limits:**	
Business	50¢	Overall	$500,000
Medical/moving	16.5¢	SUV (per vehicle)	25,000
Charitable	14¢	Qualified real property	250,000

[1] Add $1,100 for age 65 or older or blind, each.
[2] Add $1,400 for age 65 or older or blind, each.
[3] If greater, amount of earned income plus $300 (but not to exceed $5,700).

Social Security Highlights

Maximum Earnings Subject to:	2010	2011
Social Security tax	$106,800	$106,800
Medicare tax	No Limit	No Limit
Tax Rates		
Employee: Social Security tax	6.20%	6.20%
Employee: Medicare tax	1.45	1.45
Self Employed: Social Security tax	12.40	12.40
Self Employed: Medicare tax	2.90	2.90
Maximum Earnings and Still Receive Full Benefits:		
Under full retirement age (FRA)	$ 14,160	$ 14,160
Year FRA reached	37,680	37,680
FRA or older	No Limit	No Limit

2010 Quick Tax Method*

Taxable Income							
MFJ or QW Taxable Income							
$ 0 – $ 16,750	×	10%	minus	$ 0.00	=	Tax
16,751 – 68,000	×	15%	minus	837.50	=	Tax
68,001 – 137,300	×	25%	minus	7,637.50	=	Tax
137,301 – 209,250	×	28%	minus	11,756.50	=	Tax
209,251 – 373,650	×	33%	minus	22,219.00	=	Tax
373,651 and over	×	35%	minus	29,692.00	=	Tax
Single Taxable Income						
$ 0 – $ 8,375	×	10%	minus	$ 0.00	=	Tax
8,376 – 34,000	×	15%	minus	418.75	=	Tax
34,001 – 82,400	×	25%	minus	3,818.75	=	Tax
82,401 – 171,850	×	28%	minus	6,290.75	=	Tax
171,851 – 373,650	×	33%	minus	14,883.25	=	Tax
373,651 and over	×	35%	minus	22,356.25	=	Tax
HOH Taxable Income						
$ 0 – $ 11,950	×	10%	minus	$ 0.00	=	Tax
11,951 – 45,550	×	15%	minus	597.50	=	Tax
45,551 – 117,650	×	25%	minus	5,152.50	=	Tax
117,651 – 190,550	×	28%	minus	8,682.00	=	Tax
190,551 – 373,650	×	33%	minus	18,209.50	=	Tax
373,651 and over	×	35%	minus	25,682.50	=	Tax
MFS Taxable Income						
$ 0 – $ 8,375	×	10%	minus	$ 0.00	=	Tax
8,376 – 34,000	×	15%	minus	418.75	=	Tax
34,001 – 68,650	×	25%	minus	3,818.75	=	Tax
68,651 – 104,625	×	28%	minus	5,878.25	=	Tax
104,626 – 186,825	×	33%	minus	11,109.50	=	Tax
186,826 and over	×	35%	minus	14,846.00	=	Tax

* Assumes taxable income is all ordinary income. Multiply taxable income by the applicable tax rate and subtract the amount shown. Although this method differs from the IRS Tax Rate Schedules, the results are the same.

Caution: IRS Tax Tables must be used for taxable income under $100,000. To calculate the exact tax using the Quick Tax Method for taxable income under $100,000, round taxable income to the nearest $25 or $75 increment before using the formula. Round $50 or $100 increments up.

Who Must File a 2010 Return

Filing Status	*Must file if gross income is at least:*
Single:	
Under 65	$ 9,350
65 or older	10,750
Married Filing Jointly:	
Both spouses under 65	$ 18,700
One spouse 65 or older	19,800
Both spouses 65 or older	20,900
Married Filing Separately	$ 3,650
Head of Household:	
Under 65	$ 12,050
65 or older	13,450
Qualifying Widow(er):	
Under 65	$ 15,050
65 or older	16,150
Married living apart at end of 2010	$ 3,650

Note: All references are to the *1040 Quickfinder® Handbook*.

Other Filing Requirements

Return must be filed if any of the following apply for 2010:

1) Special taxes are owed, such as:
   - Alternative minimum tax.
   - Additional tax related to qualified retirement plans, IRAs and other tax-favored accounts such as Archer MSAs or health savings accounts.*
   - Additional tax on a Coverdell ESA or qualified tuition program.*
   - Household employment taxes. (Can file Schedule H by itself if this is only reason for filing a return.)
   - Recapture of certain tax credits including education credits, investment credit or low-income housing credit.
   - Social Security or Medicare tax on tips not reported to the employer.
   - Uncollected Social Security, Medicare or RRTA tax on tips reported to the employer or on group term-life insurance.
2) Advance EIC payments received from employers. Earned income credit payments are shown in box 9 of Form W-2.
3) Net earnings from self-employment are at least $400.
4) Wages of $108.28 or more are earned from a church or qualified church-controlled organization that is exempt from employer Social Security taxes.

* Can file Form 5329 by itself if this tax is the only reason for filing a return.

Aliens. Filing floors and other filing requirements apply to all U.S. citizens and resident aliens. They also apply to nonresident and dual-status aliens who were married to U.S. citizens or residents at the end of 2010 and who elect to be treated as resident aliens.

Different rules apply to other nonresident and dual-status aliens who may be required to file Form 1040NR, *U.S. Nonresident Alien Income Tax Return*. See *Non-U.S. Citizens* on Page 12-23 and IRS Publication 519, *U.S. Tax Guide for Aliens*, for details. Special rules also apply to U.S. citizens who lived in a U.S. possession or had income from a U.S. possession. See IRS Publication 570, *Tax Guide for Individuals With Income From U.S. Possessions*.

Children and Other Dependents

Children and Other Dependents—Filing Requirements (2010)

Earned income. Includes wages, tips and taxable scholarships/fellowships.
Unearned income. Includes taxable interest, dividends, capital gain distributions, taxable social security benefits, pensions and annuities.
Gross income. Total of earned and unearned income.

	Return Required If Any of the Following Are True:		
Filing Status	**Unearned income greater than:**	**Earned income greater than:**	**Gross income greater than the *larger* of:**
Single, under age 65 and not blind	$950	$5,700	• $950 or • Earned income (up to $5,400) plus $300
Single, age 65 or older or blind	$2,350	$7,100	• $2,350 or • Earned income (up to $5,400) plus $1,700
Single, age 65 or older and blind	$3,750	$8,500	• $3,750 or • Earned income (up to $5,400) plus $3,100
Married, under age 65 and not blind*	$950	$5,700	• $950 or • Earned income (up to $5,400) plus $300
Married, age 65 or older or blind*	$2,050	$6,800	• $2,050 or • Earned income (up to $5,400) plus $1,400
Married, age 65 or older and blind*	$3,150	$7,900	• $3,150 or • Earned income (up to $5,400) plus $2,500

* Must also file if gross income was at least $5 and spouse files a separate return and itemizes deductions.

Exception for children subject to kiddie tax. See *Reporting Child's Income on Parents' Return* on Page 13-2 for when parents can elect to report a child's income on their return.

Tax Treatment of Dependent Child's Income (2010)[1]

	Subject to Kiddie Tax Rules	Not Subject to Kiddie Tax Rules
Earned Income Only[1]	$0 – 5,700........... Not taxed Over $5,700..... Child's rate	$0 – 5,700...........Not taxed Over $5,700......Child's rate
Investment Income Only[1]	$0 – 950............... Not taxed $951 –1,900........Child's rate Over $1,900.... Parent's rate[2]	$0 – 950................Not taxed Over $950 ....Child's rate
Both Earned and Investment Income[1]	*Investment income:* $0 – 950............... Not taxed $951 – 1,900.......Child's rate Over $1,900.... Parent's rate[2] *Earned income:* Earned income *minus* remaining amount of standard deduction......... Child's rate	Total income *minus* the standard deduction.......... Child's rate

[1] Assumes standard deduction exceeds itemized deductions. If itemized deductions are greater, less income may be subject to tax.
[2] The child's rate applies, if higher.

Note: See *Itemized deductions* on Page 13-1 if deductible investment expenses are greater than the $950 standard deduction.

Who Qualifies as a Dependent—Step-By-Step

STEP 1. Could the taxpayer, or his spouse if filing jointly, be claimed as a dependent on someone else's 2010 tax return?

□ **Yes,** STOP, the taxpayer cannot claim any dependents. □ **No,** continue to STEP 2.

STEP 2. Does the individual (potential dependent) meet both of the following tests? (Y / N)

- Was a U.S. citizen, U.S. resident alien, U.S. national or a resident of Canada or Mexico, for some part of the year.
- Does not file a joint return (other than to claim a refund of tax withheld).

□ **Yes**, continue to STEP 3. □ **No,** STOP, the taxpayer cannot claim the individual as a dependent.

STEP 3. Test to see if the individual is the taxpayer's *qualifying child*. Does the individual meet all of the following tests for 2010? (Y / N)

- Is the taxpayer's child, stepchild, eligible foster child, brother, sister, stepbrother, stepsister or a descendent of any of them.
- At the end of 2010, was (1) younger than the taxpayer and either under age 19 or under age 24 and a full-time student, or (2) permanently and totally disabled (at any time during the year).
- Did not provide more than half of his own support.
- Lived with the taxpayer for more than half the year. (See Page 4-12 for special rules for divorced parents.)

□ **Yes,** STOP, the taxpayer can claim the individual as a dependent. □ **No,** go on to STEP 4.

STEP 4. Test to see if the individual is the taxpayer's *qualifying relative*. Were all of the following tests met for 2010? (Y / N)

- Taxpayer provided over half of the individual's support in 2010.
- Individual was the taxpayer's:
  1) Child, stepchild, eligible foster child or a descendent of any of them,
  2) Brother, sister, niece or nephew,
  3) Father, mother, grandfather, grandmother, aunt or uncle,
  4) Step-brother, -sister, -father, -mother or any of the following in-laws—son, daughter, father, mother, brother or sister, or
  5) Any other person who lived with the taxpayer all year as a member of the taxpayer's household.
- Individual was not a qualifying child of another person for 2010.
- Individual had gross income of less than $3,650 in 2010.

□ **Yes,** the taxpayer can claim the person as a dependent. □ **No,** the person is not the taxpayer's dependent.

Note: See *Dependents* on Page 4-9 for details and exceptions.

Child Care Credit Rate Table

Adjusted Gross Income Over:		Not Over:	Decimal	*Adjusted Gross Income* Over:		Not Over:	Decimal
$ 0	–	$15,000	0.35	$29,000	–	$31,000	0.27
15,000	–	17,000	0.34	31,000	–	33,000	0.26
17,000	–	19,000	0.33	33,000	–	35,000	0.25
19,000	–	21,000	0.32	35,000	–	37,000	0.24
21,000	–	23,000	0.31	37,000	–	39,000	0.23
23,000	–	25,000	0.30	39,000	–	41,000	0.22
25,000	–	27,000	0.29	41,000	–	43,000	0.21
27,000	–	29,000	0.28	43,000	–	No Limit	0.20

Multiply decimal amount by qualifying expenses, not to exceed:
- $3,000 for one qualifying individual or
- $6,000 for two or more qualifying individuals.

See *Expense Limited to Earned Income of Taxpayer or Spouse* on Page 12-4.

2010 Earned Income Credit

# Qualifying Children	Earned Income/ AGI Less Than:	Maximum Credit
0	$13,460 ($18,470 MFJ)	$ 457
1*	35,535 ($40,545 MFJ)	3,050
2*	40,363 ($45,373 MFJ)	5,036
3 or more*	43,352 ($48,362 MFJ)	5,666

* Must complete Schedule EIC. **Note:** Investment income limit = $3,100.

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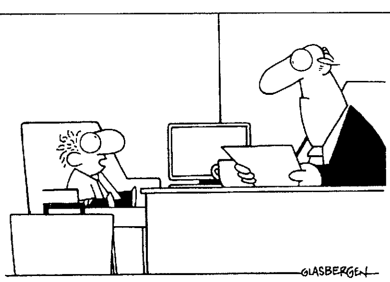
Education Tax Incentives Comparison Chart (2010)

	American Opportunity Credit	Lifetime Learning Credit	Student Loan Interest Deduction	Tuition and Fees Deduction[8]	Qualified Tuition Program (QTP)	Education Savings Account (ESA)
IRC §	25A	25A	221	222	529	530
Tax Benefit	Tax credit that is 40% refundable.[1]	Nonrefundable tax credit.	Above-the-line deduction.	Above-the-line deduction.	Earnings not taxed (savings plan) or tax-free education credits (prepaid plan).	Earnings not taxed.
2010 Annual Limits	Credit up to $2,500 per student (100% of first $2,000 of expenses and 25% of next $2,000).	Credit up to $2,000 per return (20% of up to $10,000 of expenses).	Deduction of up to $2,500 of interest paid on education loan.	Deduction of up to $4,000 of qualifying expenses paid.	Nondeductible contributions limited to amount necessary to cover qualified expenses.	$2,000 nondeductible contribution per child under age 18 and any age special-needs child.
Qualified Education Expenses (QEE)[3]	Tuition and fees; books, supplies and equipment[2]	Tuition and fees; books, supplies and equipment.[5]	Tuition and fees; books, supplies and equipment; room and board, transportation, other necessary expenses.	Tuition and fees; book, supplies and equipment.[5]	Tuition and fees; books, supplies and equipment;[6] room and board if at least half-time attendance; computer and Internet service.	Tuition and fees; books, supplies and equipment;[6] room and board if at least half-time attendance; payments to QTP; computer and Internet service.
QEE Must Be For	Taxpayer, spouse or dependent.	Taxpayer, spouse or dependent.	Taxpayer, spouse or dependent.	Taxpayer, spouse or dependent.	Account beneficiary.	Account beneficiary.
Qualifying Education	First four years of undergraduate.	Undergraduate and graduate.	Undergraduate and graduate.	Undergraduate and graduate.	Undergraduate and graduate.	K–12, undergraduate, graduate.
Other Rules and Requirements	Must be enrolled at least half-time in a degree program; parents can shift credit to student by not claiming student as a dependent.	Available for unlimited number of years for both degree and non-degree programs; parents can shift credit to student by not claiming student as a dependent.	Must be enrolled at least half-time in a degree program; loan must be incurred solely to pay qualified education expenses.	Not allowed if education expenses are deducted under another provision or education credit is claimed.	Account owner can change beneficiary or reclaim funds; can elect to spread gift over five years; some states allow deduction to residents; beneficiary can be anyone.	Contributions must be made by the original return due date; may also contribute to QTP; mandatory distributions at age 30; beneficiary can be anyone.
2010 Modified AGI Phase-Out				Not allowed if MAGI exceeds:[4]		
MFJ	$ 160,000 – 180,000	$ 100,000 – 120,000	$ 120,000 – 150,000	$ 160,000	N/A	$ 190,000 – 220,000
Single, HOH, QW[7]	80,000 – 90,000	50,000 – 60,000	60,000 – 75,000	80,000		95,000 – 110,000
MFS	Do Not Qualify	Do Not Qualify	Do Not Qualify	Do Not Qualify		95,000 – 110,000

[1] Not refundable for certain children under age 24. See *American Opportunity Credit* on Page 12-9.
[2] Includes books, supplies, and equipment needed for a course of study whether or not the materials are purchased from the educational institution as a condition of enrollment.
[3] Qualifying educational expenses must be reduced by any tax-free scholarships and grants. The same educational expenses cannot be used for figuring more than one benefit.
[4] No AGI phase-out range. Up to $4,000 is deductible if MAGI does not exceed $65,000 ($130,000 for MFJ). Up to $2,000 is deductible if MAGI does not exceed $80,000 ($160,000 for MFJ).
[5] Must be paid to the eligible educational institution as a condition of the students enrollment or attendance at the institution.
[6] Must be required for enrollment or attendance at an eligible educational institution.
[7] For savings bond interest exclusion, QW is subject to the same phase-out range as MFJ.
[8] **Caution:** Expired after 2009; monitor tax legislation for possible extension to 2010.

2010 AGI-Based Phase-Out Amounts/Ranges

Filing Status	Child Tax Credit: Phase-Out Begins	Child Tax Credit: Phase-Out Ends (# of children): One	Two	Three	Four	Rental Real Estate Special Loss Allowance	Savings Bond Interest Exclusion for Higher Education Expenses	Retirement Saver's Credit (Phase-Out Ends)	Adoption Credit
MFJ	$ 110,000	$129,001	$149,001	$169,001	$ 189,001	$100,000 – $150,000	$105,100 – $135,100	$ 55,500	$182,520 – $222,520
QW	75,000	94,001	114,001	134,001	154,001	100,000 – 150,000	105,100 – 135,100	27,750	182,520 – 222,520
Single	75,000	94,001	114,001	134,001	154,001	100,000 – 150,000	70,100 – 85,100	27,750	182,520 – 222,520
HOH	75,000	94,001	114,001	134,001	154,001	100,000 – 150,000	70,100 – 85,100	41,625	182,520 – 222,520
MFS	55,000	74,001	94,001	114,001	134,001	50,000 – 75,000	Does Not Qualify	27,750	Does Not Qualify



"If I start applying now, I figure I might land a job by the time I finish grad school."

Health Savings Accounts (2010)

Self-only coverage:	
Contribution (deduction) limit	$ 3,050
Plan minimum deductible	1,200
Plan out-of-pocket limit	5,950
Family coverage:	
Contribution (deduction) limit	$ 6,150
Plan minimum deductible	2,400
Plan out-of-pocket limit	11,900
Catch-up contribution (age 55 or older)	$ 1,000

Where to File 2010 Form 1040, 1040A, 1040EZ

Due Date: April 18, 2011

	Address to: *"Department of the Treasury Internal Revenue Service"*			Address to: *"Internal Revenue Service"*
Taxpayer lives in:	**Without payment— Form 1040**	**Without payment— Form 1040EZ**	**Without payment— Form 1040A**	**With payment— Form 1040, 1040EZ, 1040A**
FL, GA	Atlanta, GA 39901-0002	Atlanta, GA 39901-0014	Atlanta, GA 39901-0015	P.O. Box 105017 Atlanta, GA 30348-5017
CT, ME, MA, NC, NH, NJ, NY, PA, SC, VT	Kansas City, MO 64999-0002	Kansas City, MO 64999-0014	Kansas City, MO 64999-0015	P.O. Box 37008 Hartford, CT 06176-0008
AL, KY, LA, MS, TN, TX	Austin, TX 73301-0002	Austin, TX 73301-0014	Austin, TX 73301-0015	P.O. Box 1214 Charlotte, NC 28201-1214
AK, AZ, CA, CO, HI, ID, NM, NV, OR, UT, WA, WY	Fresno, CA 93888-0002	Fresno, CA 93888-0014	Fresno, CA 93888-0015	P.O. Box 7704 San Francisco, CA 94120-7704
AR, IA, IL, IN, KS, MI, MN, MT, NE, ND, OK, SD, WI	Fresno, CA 93888-0002	Fresno, CA 93888-0014	Fresno, CA 93888-0015	P.O. Box 802501 Cincinnati, OH 45280-2501
DE, District of Columbia, MD, MO, OH, RI, VA, WV	Kansas City, MO 64999-0002	Kansas City, MO 64999-0014	Kansas City, MO 64999-0015	P.O. Box 970011 St. Louis, MO 63197-0011
A foreign country, American Samoa or Puerto Rico (or is excluding income under IRC Sec. 933) or uses an APO or FPO address or files Form 2555, 2555-EZ or 4563 or is a dual-status alien or nonpermanent resident of Guam or the Virgin Islands.	Austin, TX 73301-0215	Austin, TX 73301-0215	Austin, TX 73301-0215	P.O. Box 1303 Charlotte, NC 28201-1303

Where to File Form 1040-ES for 2011

Due Dates: See Page 16-5

Address to: *"Internal Revenue Service"*

Taxpayer lives in:	**Send to:**	
FL, GA, NC, SC	P.O. Box 105225	Atlanta, GA 30348-5225
CT, ME, MA, NH, NJ, NY, PA ,VT	P.O. Box 37007	Hartford, CT 06176-0007
AL, KY, LA, MS, TN, TX	P.O. Box 1300	Charlotte, NC 28201-1300
AK, AZ, CA, CO, HI, ID, NM, NV, OR, UT, WA, WY	P.O. Box 510000	San Francisco, CA 94151-5100
AR, IA, IL, IN, KS, MI, MN, MT, NE, ND, OK, SD, WI	P.O. Box 802502	Cincinnati, OH 45280-2502
DE, District of Columbia, MD, MO, OH, RI, VA, WV	P.O. Box 970006	St. Louis, MO 63197-0006
A foreign country, American Samoa or Puerto Rico (or is excluding income under IRC Sec. 933) or uses an APO or FPO address or files Form 2555, 2555-EZ or 4563 or is a dual-status alien or nonpermanent resident of Guam or the Virgin Islands.	P.O. Box 1300	Charlotte, NC 28201-1300

Where to File Form 4868 for 2010 Return

Due Date: April 18, 2011

	Address to: *"Department of the Treasury Internal Revenue Service"*	Address to: *"Internal Revenue Service"*	
Taxpayer lives in:	**Without payment**	**With payment**	
FL, GA	Atlanta, GA 39901-0045	P.O. Box 105050	Atlanta, GA 30348-5050
CT, ME, MA, NC, NH, NJ, NY, PA, SC, VT	Kansas City, MO 64999-0045	P.O. Box 37009	Hartford, CT 06176-0009
AL, KY, LA, MS, TN, TX	Austin, TX 73301-0045	P.O. Box 1302	Charlotte, NC 28201-1302
AK, AZ, CA, CO, HI, ID, NM, NV, OR, UT, WA, WY	Fresno, CA 93888-0045	P.O. Box 7122	San Francisco, CA 94120-7122
AR, IA, IL, IN, KS, MI, MN, MT, NE, ND, OK, SD, WI	Fresno, CA 93888-0045	P.O. Box 802503	Cincinnati, OH 45280-2503
DE, District of Columbia, MD, MO, OH, RI, VA, WV	Kansas City, MO 64999-0045	P.O. Box 970028	St. Louis, MO 63197-0028
A foreign country, American Samoa or Puerto Rico (or is excluding income under IRC Sec. 933) or uses an APO or FPO address or files Form 2555, 2555-EZ or 4563 or is a dual-status alien or nonpermanent resident of Guam or the Virgin Islands.	Austin, TX 73301-0045	P.O. Box 1302	Charlotte, NC 28201-1302
Note: All Form 1040-SS, 1040-PR, 1040 NR and 1040-NR-EZ filers should send Form 4868 to this address:	Austin, TX 73301-0045	P.O. Box 1302	Charlotte, NC 28201-1302

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Source: IRS Notice 2004-83; services provided by other carriers and other services provided by DHL, FedEx and UPS do not qualify.

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Retirement Plans

2010 IRA Chart

	Traditional IRA		Roth IRA (IRC §219 and 408A)
	Deductible IRA (IRC §219 and 408)	**Nondeductible IRA** (IRC §219 and 408)	
Qualifications to Make Contributions	Individual (or spouse) must have earned income (compensation) and must be under age 70½ at end of the year.		Individual (or spouse) must have earned income (compensation). No age restrictions.
Contribution Limit	Lesser of (1) $5,000 (additional $1,000 if age 50 or older) or (2) compensation. *Spousal IRA rule*: Provided a joint return is filed, the lower earning spouse (even if no earnings) can consider the other's compensation to the extent it has not been taken into account in making an IRA contribution for the higher-earning spouse.		Same as traditional IRA but phases out at following modified AGI amounts: MFJ, QW: $ 167,000 – $ 177,000 Single, HOH: 105,000 – 120,000 MFS: 0 – 10,000
Contribution Deadline	Due date (not including extensions) of return for the year of the contribution. April 18, 2011 for 2010 contributions.		
Allowable Deduction	Full deduction if individual (and spouse) not covered by an employer retirement plan. If individual (or spouse) is covered by an employer retirement plan, see next row.	None	None
Impact of Being Covered By an Employer Retirement Plan	If individual is covered, the deduction for the individual's contribution is subject to phase-out at the following modified AGI amounts: MFJ, QW: $ 89,000 – $ 109,000 Single, HOH: 56,000 – 66,000 MFS: 0 – 10,000 If not covered but spouse is covered, the deduction for the individual's contribution is subject to phase-out at following the modified AGI amounts: MFJ, QW: $ 167,000 – $ 177,000 MFS: 0 – 10,000	None	None
Taxation of Distributions	Distributions are taxable as ordinary income. If there are any traditional IRAs with basis, the values of all of the individual's traditional IRAs (including SEP IRAs and SIMPLE IRAs) are combined to compute the nontaxable portion of the distribution.		Qualified distributions are nontaxable—See *Qualified distributions* on Page 14-7. The earnings portion of nonqualified distributions is taxable as ordinary income.[1]
Penalties	6% penalty on all excess contributions. 10% penalty on early (pre-age 59½) distributions not meeting a penalty exception (see below). 50% penalty on excess accumulation when required minimum distribution not made.		
Exceptions to 10% Early Distribution Penalty	The 10% penalty does not apply to the following IRA distributions: 1) After age 59½. 2) After becoming disabled. 3) To a beneficiary of a deceased IRA owner. 4) Substantially equal periodic payments. 5) To the extent the taxpayer has unreimbursed medical expenses exceeding 7.5% of his AGI. 6) Made to certain unemployed individuals to the extent of the cost of their health insurance. 7) To the extent the taxpayer has qualified higher education expenses. 8) Used to buy, build or rebuild a first home (up to $10,000 lifetime limit). 9) Resulting from an IRS levy on the account. 10) Made to certain military personnel.		
Required Distributions	Must begin by April 1 of the year following the year the account owner turns age 70½.		Distributions are required only after the death of the Roth IRA owner.
Rollovers and Conversions	IRA funds may be rolled into another IRA or employer retirement plan (see *Rollovers and Transfers* on Page 14-9). IRA funds may also be converted to a Roth IRA—the conversion is subject to income tax but not the 10% early withdrawal penalty.[2]		Funds from one Roth IRA may be rolled over tax-free into another Roth IRA.

Notes:

[1] Roth IRA distributions are treated as made from contributions first. Taxation on the earnings portion begins after total distributions exceed total contributions.

[2] Traditional IRA converted to a Roth IRA must remain in the Roth IRA for five years or a 10% penalty applies to the converted amount that is withdrawn, even if the amount distributed is not subject to income tax (unless one of the 10% penalty exceptions applies).

Exceptions to 10% Withdrawal Penalty Before Age 59½

Form 5329 Number	Distribution from	Exception
01	Qualified plan	Distribution made to an employee who has attained age 55 and separated from service (age 50 for qualified public safety employees).
02	Qualified plan or IRA	Distribution is part of a scheduled series of substantially equal periodic payments made over the life expectancy of the participant or joint lives of participant and his beneficiary.
03	Qualified plan or IRA	Distribution made due to total and permanent disability.
04	Qualified plan or IRA	Distribution made due to death of the employee or account owner.
05	Qualified plan or IRA	Distribution to the extent the individual's unreimbursed medical expenses > 7.5% of AGI.
06	Qualified plan	Distribution made to an alternate payee pursuant to a qualified domestic relations order.
07	IRA	Distribution to pay for health insurance premiums for certain unemployed individuals.
08	IRA	Distribution to pay for qualified higher education expenses of the taxpayer, spouse, child or grandchild.
09	IRA	Distribution for first-time home purchases (no home ownership in prior two years). Distribution limited to $10,000 (lifetime).
10	Qualified plan or IRA	Distribution due to an IRS levy on the qualified plan or IRA. The exception will not apply if funds are withdrawn to avoid a levy or to satisfy a levy on other property.
11	Qualified plan or IRA	Distribution to reservists while serving on active duty for at least 180 days.
12	—	Various other exceptions including ones that apply to certain distributions from annuities. See Form 5329 instructions and Pub. 575 for more information.

Note: Distributions treated as a return of nondeductible contributions, distributions of excess contributions or deferrals and distributions of excess aggregate contributions to meet nondiscrimination requirements are not subject to the 10% penalty.

Uniform Lifetime Table for Computing Required Minimum Distributions (RMDs)

Age	Distribution Period	Age	Distribution Period
70	27.4	93	9.6
71	26.5	94	9.1
72	25.6	95	8.6
73	24.7	96	8.1
74	23.8	97	7.6
75	22.9	98	7.1
76	22.0	99	6.7
77	21.2	100	6.3
78	20.3	101	5.9
79	19.5	102	5.5
80	18.7	103	5.2
81	17.9	104	4.9
82	17.1	105	4.5
83	16.3	106	4.2
84	15.5	107	3.9
85	14.8	108	3.7
86	14.1	109	3.4
87	13.4	110	3.1
88	12.7	111	2.9
89	12.0	112	2.6
90	11.4	113	2.4
91	10.8	114	2.1
92	10.2	115+	1.9

Tax Credits Summary (2010)

For information on additional credits available to individuals, see Page 12-1.

Tax Credit	IRC §	For	Rate	IRS Pub	Tax Form	Refundability, Carryover	Allowed Against AMT?	QF Page
Additional Child	24	Taxpayers who don't claim full $1,000 tax credit for each child and have (1) one or more qualifying children and over $3,000 of earned income or (2) three or more qualifying children.	Up to $1,000 per child.	972	8812	Partially refundable	Yes	12-6
Adoption Expense	23	Expenses incurred in the legal adoption of a child under age 18 or for the adoption of an incapacitated or special needs person (regardless of age). Credit is phased out for modified AGI between $182,520–$222,520.	$13,170 for a special needs child; up to $13,170 per child for all other adoptions.	17	8839	Refundable	Yes	12-2
Alternative Motor Vehicle	30B	New hybrid and advanced lean-burn technology vehicles placed in service during the year.	Various limits based on models. Maximum: $3,400.	17	8910	Nonrefundable	Yes	11-7
Child and Dependent Care	21	Care expenses for dependent(s) under age 13 or incapacitated that allow taxpayer to work or look for work.	20% to 35% of qualifying (limited) expenses depending on AGI level.	503	2441	Nonrefundable	No[1]	12-3
Child	24	Taxpayers with qualifying children under age 17. Phase-out begins at modified AGI over $110,000 MFJ; $75,000 Single, HOH and QW; $55,000 MFS.	$1,000 per child.	972	1040	Generally nonrefundable	Yes	12-5
First-Time Homebuyer	36	First-time homebuyers and certain existing homeowners who purchase a home. Credit phases out for higher income taxpayers.	Lesser of (1) $8,000 ($4,000 MFS) or (2) 10% of purchase price. Limit is $6,500 ($3,250 MFS) for existing homeowners.	17	5405	Refundable	Yes	12-10
Personal Energy Property	25C	Homeowners who install certain energy saving improvements such as insulation, doors, windows, heat pumps, etc.	30% of cost; $1,500 (aggregate limit) for both 2009 and 2010.	17	5695	Nonrefundable	No[1]	12-12
Residential Energy Efficient Property	25D	Following property installed on taxpayer's personal residences (principal residence only for fuel cell): solar water heating, solar electric, fuel cells, small wind energy, geothermal heat pump.	30% of cost; $1,000/kW limit for fuel cells.	17	5695	Nonrefundable; fwd indefinitely	Yes	12-12
Retirement Saver's	25B	For individuals who make retirement plan contributions. Credit in addition to tax deduction. AGI ≤ $55,500 MFJ; $41,625 HOH; $27,750 Single, MFS, QW.	10% to 50% of contributions. Maximum: $2,000 MFJ, $1,000 other.	590	8880	Nonrefundable	Yes	12-13
Small Employer Health Insurance	45R	Certain employers who pay health insurance premiums for their employees.	Up to 35% of premiums paid (state average premium for small market, it less).	—	8941	Nonrefundable	Yes[2]	12-13

[1] For 2009, credit could offset both regular tax and AMT. At the time of publication, Congress was considering legislation that would extend this provision to 2010. Monitor for legislation.

[2] For 2010, a general business credit (which includes the small employer health insurance credit) for a small business (average gross receipts of $50 million or less) can offset AMT.

2011 Tax Amounts

2011 Key Amounts

Health Savings Accounts

Self-only coverage:	Contribution limit	$ 3,050
	Plan minimum deductible	1,200
	Plan out-of-pocket limit	5,950
Family coverage:	Contribution limit	6,150
	Plan minimum deductible	2,400
	Plan out-of-pocket limit	11,900
Additional contribution limit—age 55 or older		1,000

Profit-Sharing Plan/SEP

Contribution limit	$ 49,000
Compensation limit (for employer contributions)	245,000

Traditional IRA Deduction Phase-Out Begins at AGI of

MFJ,[1] QW[1]	$ 90,000
MFJ[2]	169,000
Single[1]	56,000
HOH[1]	56,000
MFS[1]	0

Retirement Plan Amounts

SIMPLE IRA Elective Deferral Limit

< age 50	$ 11,500
≥ age 50	14,000

401(k) Elective Deferral Limit

< age 50	$ 16,500
≥ age 50	22,000

[1] Participant in employer retirement plan [2] Nonparticipating spouse

Estate and Gift

Estate Tax Exclusion/Credit

Year	Exclusion	Credit
2004–2005	$ 1,500,000	$ 555,800
2006–2008	2,000,000	780,800
2009	3,500,000	1,455,800
2010	No Tax	No Tax

Gift Tax Exclusion/Credit

Year	Exclusion	Credit
2002–2009	$ 1,000,000	$ 345,800
2010	1,000,000	330,800

Estate and Gift Tax Maximum Rates

Year	Top Bracket	Top Rate
2007 – 2009	$ 1,500,001 and over ×	45% minus $ 119,200 = Tax
2010	Estate Tax Repealed *—Gift Tax Only—* $ 500,001 and over ×	35% minus $ 19,200 = Tax

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