

RETIREMENT PLAN CONTRIBUTION LIMITS

Individual and Corporate Limitations

	2010	2009
General Deferral Limits:		
401(k)/403(b)/457(b)/SARSEP	\$ 16,500	\$ 16,500
SIMPLE IRA	11,500	11,500
Individual Retirement Account (IRA)*	5,000	5,000
Roth IRA**	5,000	5,000

Catch Up Contribution for Taxpayers Age 50 and Over:

401(k)/403(b)/457(b)/SARSEP	\$ 5,500	\$ 5,500
SIMPLE IRA	2,500	2,500
IRA/ Roth IRA	1,000	1,000

Compensation Limit for Benefit Calculations

\$ 245,000	\$ 245,000
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Overall Contribution Limits:

Per Participant	100% of compensation up to \$49,000
Overall Plan Deduction Limit	25% of eligible compensation

- * For 2010, deduction may be limited if taxpayer is a participant in another plan and earns over \$56,000 (single) or \$89,000 (married filing joint).
 ** For 2010, deduction may be limited if taxpayer income is over \$105,000 (single) or \$167,000 (married filing joint).

NOTE: In general, contributions must be made before filing date of tax return, not including extensions.
 For 2010, there is no income limit for determining the ability to convert a traditional IRA to a Roth IRA

ESTATE AND GIFT TAX

Estate Tax Rates

Year	Exclusion	Highest Rate
2009	\$3,500,000	45%
2010	N/A (estate tax repealed)	35%
2011	\$1,000,000	55% (gift tax only)

Annual Gift Tax Exclusion

	2010	2009
Gifts per donee	\$13,000	\$13,000
Joint gifts by spouses	26,000	26,000

The Gift Tax exclusion is fixed at \$1,000,000.

TAXABLE SOCIAL SECURITY BENEFITS

	Provisional Income*	%Subject to Tax
	Married	
Over \$32,000	Over \$25,000	50%
Over \$44,000	Over \$34,000	85%

* Provisional income includes adjusted gross income, tax-exempt interest, certain foreign source income, and one-half of Social Security benefits.

EMPLOYMENT TAX RATES

FICA Taxes

	2010 Wage Base	2009 Wage Base	Rate
Social Security	\$ 106,800	\$ 106,800	6.20%
Medicare	no limit	no limit	1.45%

Self-Employment Tax

	2010 Wage Base	2009 Wage Base	Rate
Social Security	\$ 106,800	\$ 106,800	12.40%
Medicare	no limit	no limit	2.90%

Unemployment Tax

	2010 Wage Base	2009 Wage Base	Rate
Federal	\$ 7,000	\$ 7,000*	6.2%
Michigan	9,000	9,000	2.7% **

* Subject to maximum 5.1% credit; the tax rate is scheduled to decrease to 6.0% after June 30, 2011.

** Initial rate for non-construction payers. Subsequent rates may vary.

SECTION 179 DEDUCTION & 168(k) DEPRECIATION

	2010	2009
For tax years beginning in	\$ 134,000	\$ 250,000

Amount is phased out when total eligible capital acquisitions exceed \$530,000 in 2010 and \$800,000 in 2009.

First year depreciation bonus equal to 50% of the cost of qualified property is available for 2009 if Section 179 is not taken. Not available in 2010.

STANDARD MILEAGE DEDUCTIONS

Per Mile

	2010	2009
Business	50¢	55¢
Charitable	14¢	14¢
Medical/Moving	16.5¢	24¢

PER DIEM RATES

	High-Cost Locality	Low-Cost Locality
Meals and incidental expenses	\$ 65	\$ 52
Lodging	193	111

Reflects rates using the simplified method of determination effective 10/1/09.

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This publication reflects tax laws in effect as of January 2010.

2010 Pocket Tax Guide

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INDIVIDUAL INCOME TAX RATES

Regular Tax*

2010 If Taxable Income Is:	The Tax Is:
Married Filing Joint/Surviving Spouses	
\$1 - \$16,750	10% of the taxable income
\$16,751 - \$68,000	\$1,675 plus 15% of the excess over \$16,750
\$68,001 - \$137,300	\$9,362.50 plus 25% of the excess over \$68,000
\$137,301 - \$209,250	\$26,687.50 plus 28% of the excess over \$137,300
\$209,251 - \$373,650	\$46,833.50 plus 33% of the excess over \$209,250
Over \$373,651	\$101,085.50 plus 35% of the excess over \$373,650
Single	
\$1 - \$8,375	10% of the taxable income
\$8,376 - \$34,000	\$837.50 plus 15% of the excess over \$8,375
\$34,001 - \$82,400	\$4,681.25 plus 25% of the excess over \$34,000
\$82,401 - \$171,850	\$16,781.25 plus 28% of the excess over \$82,400
\$171,851 - \$373,650	\$41,827.25 plus 33% of the excess over \$171,850
Over \$373,650	\$108,421.25 plus 35% of the excess over \$373,650
Head of Household	
\$1 - \$11,950	10% of the taxable income
\$11,951 - \$45,550	\$1,195 plus 15% of the excess over \$11,950
\$45,551 - \$117,650	\$6,235 plus 25% of the excess over \$45,550
\$117,651 - \$190,550	\$24,260 plus 28% of the excess over \$117,650
\$190,551 - \$373,650	\$44,672 plus 33% of the excess over \$190,550
Over \$373,650	\$105,095 plus 35% of the excess over \$373,650

2009 If Taxable Income Is:	The Tax Is:
Married Filing Joint/Surviving Spouses	
\$1 - \$16,700	10% of the taxable income
\$16,701 - \$67,900	\$1,670 plus 15% of the excess over \$16,700
\$67,901 - \$137,050	\$9,350 plus 25% of the excess over \$67,900
\$137,051 - \$208,850	\$26,637.50 plus 28% of the excess over \$137,050
\$208,851 - \$372,950	\$46,741.50 plus 33% of the excess over \$208,850
Over \$372,950	\$100,894.50 plus 35% of the excess over \$372,950
Single	
\$1 - \$8,350	10% of the taxable income
\$8,351 - \$33,950	\$835 plus 15% of the excess over \$8,350
\$33,951 - \$82,250	\$4,675 plus 25% of the excess over \$33,950
\$82,251 - \$171,550	\$16,750 plus 28% of the excess over \$82,250
\$171,551 - \$372,950	\$41,754 plus 33% of the excess over \$171,550
Over \$372,950	\$108,216 plus 35% of the excess over \$372,950
Head of Household	
\$1 - \$11,950	10% of the taxable income
\$11,951 - \$45,500	\$1,195 plus 15% of the excess over \$11,950
\$45,501 - \$117,450	\$6,227.50 plus 25% of the excess over \$45,500
\$117,451 - \$190,200	\$24,215 plus 28% of the excess over \$117,450
\$190,201 - \$372,950	\$44,585 plus 33% of the excess over \$190,200
Over \$372,950	\$104,892.50 plus 35% of the excess over \$372,950

* Long-term capital gains held more than one year and qualified dividends are subject to a maximum 15% tax rate (0% tax rate for persons in the 10% or 15% bracket).

Alternative Minimum Tax (AMT)

Tax Rate (non-corporate taxpayers) 26% to \$175,000, 28% over \$175,000

	Exemption Amounts	
	2010	2009
Married Filing Joint/Surviving Spouse	\$45,000	\$70,950
Unmarried Individuals	33,750	46,700

Subject to phase out provisions when AMT exceeds \$150,000 (married filing joint) and \$112,500 (unmarried individuals).

INDIVIDUALS

Standard Deduction

	2010	2009
Married Filing Joint/Surviving Spouse	\$11,400	\$11,400
Single/Married Filing Separate	5,700	5,700
Head of Household	8,400	8,350
Additional – Blind or Elderly		
Single	\$1,400	\$1,400
Married (each)	1,100	1,100

For 2009, taxpayers that use the standard deduction or itemize deductions can deduct sales tax on the purchase of qualified motor vehicles.
Taxpayer is allowed to deduct the greater of standard deduction or itemized deductions.
For 2009, taxpayer using the standard deduction can claim additional property taxes of \$500 if single and \$1,000 if married filing jointly.

Personal Exemptions

	2010	2009*
Exemption for each taxpayer, spouse, and dependent	\$3,650	\$3,650

* Subject to partial phase-out provisions when AGI exceeds \$166,800 (single), \$250,200 (married filing joint) and \$208,500 (head of household).
For 2010, the personal exemption phaseout rules will no longer apply.

Estimated Tax Payments

To avoid possible underpayment penalties (if tax due with return will exceed \$1,000), taxpayer is required to deposit through withholdings or estimated tax payments the lesser of:

1. 100% of prior year tax liability*, or
2. 90% of current year tax liability

* "High-income" taxpayers (i.e., those whose adjusted gross income was greater than \$150,000) must pay estimates equal to 110% of their prior year's tax liability for 2010 and 2009.
For 2009, qualified individuals receiving over 50% of income from small businesses may pay estimated tax on 90% of the prior year's tax liability. Not available in 2010.

Child Tax Credit

	2010	2009
Qualifying Child under Age 17 on December 31	\$1,000	\$1,000

Subject to phase out provisions when modified AGI exceeds \$110,000 (married filing joint) and \$75,000 (unmarried individuals). For 2009 and later tax years, the individual must be someone who can claim a personal exemption for the child.
Beginning in 2010, the credit cannot offset AMT.
Beginning in 2011, the credit will decrease to \$500 per qualifying child.

Tuition Credits

	2010	2009
American Opportunity Credit*		
Maximum credit on qualified expenses	\$2,500	\$2,500
Lifetime Learning Credit**		
Maximum credit on qualified expenses		
Credit equals 20% of first \$10,000 paid	2,000	2,000

* Subject to phase out provisions when modified AGI exceeds \$160,000 (married filing joint) and \$80,000 (single) for 2010 and 2009. A portion of the credit may be refundable. The credit is available for a maximum of four years.

** Subject to phase out provisions when modified AGI exceeds \$100,000 (married filing joint) and \$50,000 (single) for 2010 and 2009. Credit is available to the extent of tax liability.

INDIVIDUALS (continued)

Itemized Deductions

	2010	2009
Adjusted gross income thresholds for beginning of itemized deduction phase out	N/A	\$166,800

For 2010, there is no requirement to phase out itemized deductions.
For 2009, only 1/3 of the reduction to itemized deductions applies.
Threshold is \$83,400 for 2009 for Married Filing Separate.

CORPORATE INCOME TAX RATES

2010 Regular Tax

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

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

** 34% rate phased out
35% flat tax rate on taxable income of Personal Service Corporations.

Alternative Minimum Tax (AMT)*

Tax Rate	20%
Exemption amount	\$ 40,000
Phase-out base	\$ 150,000

* "Small corporations" with an average of \$7.5 million or less in gross receipts over the prior three years are generally exempt from this tax.

Estimated Tax Payments

To avoid possible underpayment penalties (if tax due with return will exceed \$500), taxpayer is required to pay estimated tax payments equal to the lesser of:

1. 100% of prior year tax liability*, provided a positive tax liability was shown and the prior tax year consisted of twelve months, or
2. 100% of current year tax liability.

* Not available for corporations with a taxable income of at least \$1 million in any one of three immediately preceding tax years.

MICHIGAN TAXPAYERS

Individual Income Taxes

	2010	2009
Tax Rate	4.35%	4.35%
Personal exemption for each taxpayer, spouse and dependent	\$3,600	\$3,600

Business Taxes

	2010	2009
Michigan Business Tax rate:		
*Gross Receipts Tax	.8%	.8%
*Business Income Tax	4.95%	4.95%

* Apportioned tax liability before credits is increased by a 21.99% surcharge.