

TAX RELIEF ACT OF 2010: QUICK REFERENCE GUIDE

The Tax Relief, Unemployment Insurance Reauthorization and Job Creation Act of 2010 was signed into law on December 17, 2010. Below is a brief guide to some of the changes applicable in our industry. Please call for a summary of the other provisions not listed here or further details on the provisions included below.

TAX RATES

	Before Act	After Act
Federal Income Tax Brackets	<u>Five 2011 tax brackets:</u> 15%, 28%, 31%, 36%, 39.6%	<u>Six 2010 tax brackets extended to 2011 and 2012:</u> 10%, 15%, 25%, 28%, 33%, 35%
Maximum Tax Rate on Long-Term Capital Gains	<u>Starting in 2011:</u> 20% (10% for individuals in the 15% tax bracket)	<u>2010 rates extended to 2011 and 2012:</u> 15% (0% for individuals in the 10% or 15% tax brackets)
Tax on Qualifying Dividends	Taxed as ordinary income starting in 2011	<u>2010 treatment extended to 2011 and 2012:</u> 15% (0% for individuals in the 10% or 15% tax brackets)
Alternative Minimum Tax (AMT)	<u>Exemption amounts 2010:</u> \$45,000 (married joint) \$33,750 (single) \$22,500 (married separate)	<u>Exemption amounts 2010:</u> \$72,450 (married joint) \$47,450 (single) \$36,225 (married separate) <u>Exemption amounts 2011:</u> \$74,450 (married joint) \$48,450 (single) \$37,225 (married separate)
	<i>Personal tax credits not allowed against AMT beginning in 2010</i>	<i>Personal tax credits allowed against AMT beginning in 2010 and 2011</i>

ESTATE TAX

	Before Act	After Act
Top Estate Tax Rate	No estate tax for 2010 (modified carryover basis rules applied), estate tax would return in 2011 with top rate of 55%	Estate tax retroactively reinstated for 2010; top rate of 35% applies to 2010, 2011 and 2012
Estate Tax Exemption Equivalent Amount (basic exclusion amount, formerly called applicable exclusion amount)	No estate tax for 2010 (modified carryover basis rules applied), estate tax would return in 2011 with \$1 million applicable exclusion amount	\$5 million basic exclusion amount applies to 2010, 2011 and 2012; (\$5 million amount will be indexed for inflation in 2012)
Portability of Exemption Amount	Not applicable	For 2011 and 2012, when one spouse dies, any unused portion of that spouse's estate tax exemption equivalent amount may be transferred to the surviving spouse

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