



PELLETIER CHASE & ASSOCIATES, LLC
Certified Public Accountants and Business Advisors

2011 INDIVIDUAL TAX GUIDE

“Quality in a service or product is not what you put into it. It is what the client or customer gets out of it.”

- Peter Drucker

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2011 PERSONAL TAX RATES

Married Taxpayers Filing Jointly or Surviving Spouse

Base Taxable Income	Tax On Base	% On Excess Over Base
\$ 0	\$ 0.00	10.0%
17,000	1,700.00	15.0%
69,000	9,500.00	25.0%
139,350	27,087.50	28.0%
212,300	47,513.50	33.0%
379,150	102,574.00	35.0%

Single

Base Taxable Income	Tax On Base	% On Excess Over Base
\$ 0	\$ 0.00	10.0%
8,500	850.00	15.0%
34,500	4,750.00	25.0%
83,600	17,025.00	28.0%
174,400	42,449.00	33.0%
379,150	110,016.50	35.0%

Head of Household

Base Taxable Income	Tax On Base	% On Excess Over Base
\$ 0	\$ 0.00	10.0%
12,150	1,215.00	15.0%
46,250	6,330.00	25.0%
119,400	24,617.50	28.0%
193,350	45,323.50	33.0%
379,150	106,637.50	35.0%

Long-Term Capital Gains Rates for Individuals

The maximum tax rate on net capital gains for 2011 is 15%. This applies to gains on property held more than 12 months. The reduction in the maximum tax rate on capital gains does not apply to the sale of collectibles, on which the maximum tax rate remains at 28%, or the sale of rental real estate, on which the maximum tax rate is 25%. The tax rate on qualified dividends is a maximum rate of 15%.

2011 SELF-EMPLOYMENT TAX RATES

	Tax Base	Rate	Maximum Tax
Social Security	\$106,800	10.4%	\$11,107.20
Medicare	(no limit)	2.9%	N/A
Total		13.3%	

2011 SOCIAL SECURITY TAX (EMPLOYER)

	Tax Base	Rate	Maximum Tax
Social Security*	\$106,800	6.2%	\$6,621.60
Medicare	No Limit	1.45%	N/A
Total		7.65%	

* Employee rate is 4.2%, maximum tax is \$4,485.60.

2011 SOCIAL SECURITY INCOME

Maximum Annual Earned Income Limit - 2011

Under Normal Retirement Age (NRA)	\$14,160
During year NRA is attained	37,680
Above NRA	No limit

STANDARD DEDUCTIONS & EXEMPTIONS

Federal Standard Deduction*

	2011
Joint return	\$ 11,600
Single	5,800
Head of Household	8,500
Married filing separately	5,800
Additional - blind or elderly	
Single	1,450
Married	1,150

* You are allowed to deduct the greater of your standard deduction or your itemized deductions.

Federal Personal Exemptions

Deduction for each taxpayer, spouse, and dependent	\$ 3,700
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2011 STANDARD MILEAGE DEDUCTIONS

Use	Per Mile
Business	51.0 cents
Charitable	14.0 cents
Medical	19.0 cents
Moving	19.0 cents

2011 SECTION 179 EXPENSE DEDUCTION

Maximum	\$500,000*
Phase-out	\$2,000,000

*Including maximum of \$250,000 for Qualified Real Property.

**2011 RETIREMENT PLAN
CONTRIBUTION LIMITS**

Individual Limitations

401(K) Contributions \$16,500
Catch-up contributions for age 50 and over - \$5,500

Profit Sharing and Money Purchase Plans
100% of comp ≤ \$245,000 up to \$49,000*

Simplified Employee Pension (SEP) Plans
25% of comp ≤ \$245,000 up to \$49,000*

Simple Plan Contributions \$11,500
Catch-up contributions for age 50 and over - \$2,500

Employer Plan Limitations

	% Of Compensation*
Profit Sharing or SEP Plan	25%
Money Purchase Plan	25%

*Or net self-employment income after SECA tax deduction and plan contribution.

Individual Retirement Accounts

Contribution Limits - lesser of \$5,000* or compensation/earned income
Catch-up contributions for age 50 and over - \$1,000

2011 RETIREMENT DEDUCTION LIMITS

Not a Participant in Another Plan - lesser of \$5,000* or compensation/earned income

Active in Another Plan

Joint AGI	Deduction Is	Single AGI
\$0 - \$90,000	\$5,000* max.	\$0 - \$56,000
90,000 - 110,000	phased out	56,000 - 66,000

Contribution must be made before the original due date of the tax return.

*Plus up to \$5,000 for nonworking spouse.

2011 U.S. ESTATE & TRUST RATES

Base Taxable Income	Tax On Base	% On Excess Over Base
\$ 0	\$ 0.00	15.0%
2,300	345.00	25.0%
5,450	1,132.50	28.0%
8,300	1,930.50	33.0%
11,350	2,937.00	35.0%

2011 Estate and Gift Tax Rate Exclusions

The Federal Estate tax exclusion for 2011 is \$5,000,000.
The Maine Estate tax exclusion for 2011 is \$1,000,000.

2011 Annual Gift Tax Exclusion Per Donee

Gifts per person - \$13,000
Joint gifts by spouses - \$26,000

2011 EDUCATION TAX CONSIDERATIONS

American Opportunity Tax Credit (Hope Credit)

100% of the first \$2,000 of qualified education expenses; 25% of qualified expenses between \$2,000 and \$4,000 (maximum credit \$2,500). This credit is available for the first four years of a student's post-secondary education, subject to phase-out rules.

Phase-out begins at modified adjusted gross income of \$160,000 for joint return; \$80,000 for all others. The credit is completely phased out at \$180,000 (\$90,000).

Lifetime Learning Credit

20% of the first \$10,000 of qualified education expenses per qualified student; eligible for only one credit (Hope or Lifetime Learning) per student, subject to phase-out.

Phase-out begins at modified adjusted gross income of \$102,000 for joint return and \$51,000 for all others.

Interest on Education Loans

Maximum interest deduction - \$2,500

Modified adjusted gross income phase-out for married and joint status is \$120,000 - \$150,000. Phase-out for all other filing statuses is \$60,000 - \$75,000.