



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

2012 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

482 CONGRESS STREET, SUITE 400
PORTLAND, MAINE 04101
TEL: (207) 771-8800
FAX: (207) 771-8801
www.pca-cpa.com



2012 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%
17,400	1,740.00	15.0%
70,700	9,735.00	25.0%
142,700	27,735.00	28.0%
217,450	48,665.00	33.0%
388,350	105,062.00	35.0%

Single

Base Taxable Income	Tax On Base	% On Excess Over Base
\$ 0	\$ 0.00	10.0%
8,700	870.00	15.0%
35,350	4,867.50	25.0%
85,650	17,442.50	28.0%
178,650	43,482.50	33.0%
388,350	112,683.50	35.0%

Head of Household

Base Taxable Income	Tax On Base	% On Excess Over Base
\$ 0	\$ 0.00	10.0%
12,400	1,240.00	15.0%
47,350	6,482.50	25.0%
122,300	25,220.00	28.0%
198,050	46,430.00	33.0%
388,350	109,229.00	35.0%

Long-Term Capital Gains Rates for Individuals

The maximum tax rate on net capital gains for 2012 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%.

2012 SELF-EMPLOYMENT TAX RATES

	Tax Base	Rate	Maximum Tax
Social Security	\$110,100	10.4%	\$13,652.40
Medicare	(no limit)	2.9%	N/A
Total		13.3%	

2012 SOCIAL SECURITY TAX

	Tax Base	Rate	Maximum Tax
Social Security	\$110,100	4.2%	\$6,826.20
Medicare	No Limit	1.45%	N/A
Total		5.65%	

2012 SOCIAL SECURITY INCOME

Maximum Annual Earned Income Limit - 2012

Under Normal Retirement Age (NRA)	\$14,640
During year NRA is attained	38,880
Above NRA	No limit

STANDARD DEDUCTIONS & EXEMPTIONS

Federal Standard Deduction*

	2012
Joint return	\$ 11,900
Single	5,950
Head of Household	8,700
Married filing separately	5,950
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	\$ 3,800
--	----------

2012 STANDARD MILEAGE DEDUCTIONS

Use	Per Mile*
Business	55.5 cents
Charitable	14.0 cents
Medical	23.0 cents
Moving	23.0 cents

* Mileage rate may change in 2012

2012 SECTION 179 EXPENSE DEDUCTION

Maximum	\$139,000
Phase-out	\$560,000

**2012 RETIREMENT PLAN
CONTRIBUTION LIMITS**

Individual Limitations

401(K) Contributions \$17,000
Catch-up contributions for age 50 and over - \$5,500

Profit Sharing and Money Purchase Plans
100% of comp ≤ \$250,000 up to \$50,000*

Simplified Employee Pension (SEP) Plans
25% of comp ≤ \$250,000 up to \$50,000*

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

Employer Plan Limitations

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

2012 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 - \$92,000	\$5,000* max.	\$0 - \$58,000
92,000 - 112,000	phased out	58,000 - 68,000

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

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

2012 U.S. ESTATE & TRUST RATES

Base Taxable Income	Tax On Base	% On Excess Over Base
\$ 0	\$ 0.00	15.0%
2,400	360.00	25.0%
5,600	1,160.00	28.0%
8,500	1,972.00	33.0%
11,650	3,012.00	35.0%

2012 Estate and Gift Tax Rate Exclusions

The Federal Estate tax exclusion for 2012 is \$5,000,000.
The Maine Estate tax exclusion for 2012 is \$1,000,000.

2012 Annual Gift Tax Exclusion Per Donee

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

2012 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 \$180,000 for joint return; \$90,000 for all others. The credit is completely phased out at \$200,000 (\$100,000).

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 \$104,000 for joint return and \$52,000 for all others.

Interest on Education Loans

Maximum interest deduction - \$2,500

Modified adjusted gross income phase-out for married and joint status is \$125,000 - \$155,000. Phase-out for all other filing statuses is \$60,000 - \$75,000.