

KEY Numbers

for **2008 & 2009**

Compiled by David Mellem, EA and Mary Mellem, EA

TAX RATES	2008	2009
Single		
10% bracket tops at	8,025	8,350
15% bracket tops at	32,550	33,950
25% bracket tops at	78,850	82,250
28% bracket tops at	164,550	171,550
33% bracket tops at	357,700	372,950
35% after	357,700	372,950
Married Filing Joint		
10% bracket tops at	16,050	16,700
15% bracket tops at	65,100	67,900
25% bracket tops at	131,450	137,050
28% bracket tops at	200,300	208,850
33% bracket tops at	357,700	372,950
35% after	357,700	372,950
Head of Household		
10% bracket tops at	11,450	11,950
15% bracket tops at	43,650	45,500
25% bracket tops at	112,650	117,450
28% bracket tops at	182,400	190,200
33% bracket tops at	357,700	372,950
35% after	357,700	372,950
Married Filing Separate		
10% bracket tops at	8,025	8,350
15% bracket tops at	32,550	33,950
25% bracket tops at	65,725	68,525
28% bracket tops at	100,150	104,425
33% bracket tops at	178,850	186,475
35% after	178,850	186,475

The IRS recently released the inflation adjusted tax brackets and other significant numbers for the 2009 tax year. The numbers continue to increase with inflation. This chart provides a useful tool for the current year and planning for the coming year.

TAX RATES	2008	2009
Estates & Trusts		
15% bracket tops at	2,200	2,300
25% bracket tops at	5,150	5,350
28% bracket tops at	7,850	8,200
33% bracket tops at	10,700	11,150
35% after	10,700	11,150
Standard Deduction		
Single	5,450	5,700
Married Filing Joint/Qualified Widower	10,900	11,400
Head of Household	8,000	8,350
Married Filing Separate	5,450	5,700
Dependents	900 (or \$300 plus earned income)	950 (or \$300 plus earned income)
Extra for Age or Blindness		
Single	1,350	1,400
Married	1,050	1,100
Exemptions *		
Exemptions *	3,500	3,650
Phaseout begins at:		
- MFJ	239,950	250,200
- S	159,950	166,800
- HH	199,950	208,500
- MFS	119,975	125,100
Adoption Credit		
Adoption Credit	11,650	12,150
Child Tax Credit		
Child Tax Credit income base for refundable portion	8,500	12,550

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Earned Income Credit		
Maximum credit:		
No children	438 (@ 5,720 of income)	457 (@ 5,970 of income)
One child	2,917 (@ 8,580 of income)	3,043 (@ 8,950 of income)
Two children	4,824 (@ 12,060 of income)	5,028 (@ 12,570 of income)
Maximum AGI		
No children	12,880 (15,880 for MFJ)	13,440 (16,560 for MFJ)
One child	33,995 (36,995 for MFJ)	35,463 (38,583 for MFJ)
Two children	38,646 (41,646 for MFJ)	40,295 (43,415 for MFJ)
Investment income (max)	2,950	3,100
Education Credits		
Hope Credit	100% of first 1,200 + 50% of second 1,200	100% of first 1,200 + 50% of second 1,200
Phase-out level for:		
Hope & Lifetime Learning Credit	Begins at 48,000 (96,000 MFJ)	Begins at 50,000 (100,000 MFJ)
Adoption Credit	174,730–214,730	182,180–222,180
Itemized Deductions *	Begins at 159,950 (79,975 MFS)	Begins at 166,800 (83,400 MFS)
Savings Bonds used for Education	67,100–82,100 (100,650–130,650 MFJ)	69,950–84,950 (104,900–134,900 MFJ)
Student Loan Interest	55,000–70,000 (115,000–145,000 for MFJ)	60,000–75,000 (120,000–150,000 for MFJ)
IRA Contributions when "covered"	53,000–63,000 (85,000–105,000 for MFJ, 0–10,000 for MFS)	55,000–65,000 (89,000–109,000 for MFJ, 0–10,000 for MFS)
Roth IRA Contributions	101,000–116,000 (159,000–169,000 for MFJ; 0–10,000 for MFS)	105,000–120,000 (166,000–176,000 for MFJ; 0–10,000 for MFS)

TAX RATES	2008	2009
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Parking	220	230
Transit passes or commuter highway	115	120

§179 expensing	250,000 maximum w/phaseout beginning at 800,000 of qualified purchases	133,000 maximum w/phaseout beginning at 530,000 of qualified purchases
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Foreign Earned Income Exclusion	87,600	91,400
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Long-Term Care		
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Premiums – max deductible		
Not over age 40	310	320
> 40, but not > 50	580	600
> 50, but not > 60	1,150	1,190
> 60, but not > 70	3,080	3,180
> 70	3,850	3,980
Benefits – max excludible	270/day	280/day

Gift Tax Exclusion (annual)	12,000	13,000
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MSA		
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Self-only coverage	1,950–2,900 deductible	2,000–3,000 deductible
	3,850 out-of-pocket max	4,000 out-of-pocket max
Family coverage	3,850–5,800 deductible	4,000–6,050 deductible
	7,050 out-of-pocket max	7,350 out-of-pocket max

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HSA		
Self-only plan	–At least 1,100 minimum deductible, and out-of-pocket max of 5,600	–At least 1,150 minimum deductible, and out-of-pocket max of 5,800, Contribution maximum of 2,900
Family plan	–At least 2,200 minimum deductible, and out of pocket max of 11,200, Contribution maximum of 5,800	–At least 2,300 minimum deductible, and out of pocket max of 11,600, Contribution maximum of 5,950
SOCIAL SECURITY ITEMS		
Increase in benefits	2.3%	5.8%
Maximum earnings subject to Social Security tax	102,000	106,800
Amount needed for a quarter of coverage	1,050	1,090
Annual limit on earnings:		
Taxpayers under full retirement age before having to repay benefits	13,560	14,160
Taxpayers who reach full retirement age during the year (applies to months before the month of full retirement)	36,120	37,680
Medicare premiums	1,156.80/year (96.40/mth) + surcharge if applicable	1,156.80/year (96.40/mth) + surcharge if applicable

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PENSION AMOUNTS		
Defined contribution maximum	46,000	49,000
Defined benefit maximum	185,000	195,000
Annual compensation for calculations	230,000	245,000
SEP earnings for a year	500	550
Deferrals		
SIMPLE	10,500 (+2,500 catch up)	11,500 (+2,500 catch up)
Other elective deferrals (401(k), 403(b), SARSEP, 457)	15,500 (+5,000 catch up)	16,500 (+5,500 catch up)

PER DIEMS		
Meals	39–64/day	39–64/day
Mileage	.505 for business use from Jan 1–Jun 30 .585 for business use from Jul 1–Dec 31	.55 for business use
	.21 = depreciation for entire year	.21 = depreciation for entire year
	.14 for charity	.14 for charity
	.19 for medical & moving (Jan. 1–Jun. 30) .27 for medical & moving (Jul. 1–Dec. 31)	.24 for medical & moving

* The phaseout of the deduction for exemptions and the itemized deductions for 2008 and 2009 are reduced by 2/3.

About the Authors

David and Mary Mellem are enrolled agents who have been in the tax profession for more than twenty years. They own Ashwaubenon Tax Professionals in Green Bay, WI. They serve approximately 1000 tax and accounting clients. They also do consulting and teaching for other tax professionals throughout the country.