

Wealth Design Services Inc
 Steven Schwartz
 940 Westfall Rd
 Rochester, NY 14618
 585-442-3230
 sschwartz@wealthdesignservices.com

W E A L T H
 D E S I G N

services

Income Tax Key Numbers



With four major pieces of tax legislation signed into law during 2006, it's not easy keeping things straight. To help, we've put together the 2006 and 2007 key figures for a number of tax provisions.

Personal Exemption Amounts	2006	2007
Base Amount	\$3,300	\$3,400
Phaseout Ranges¹		
<i>Married Filing Jointly</i>	\$225,750 to \$348,250	\$234,600 to \$357,100
<i>Head of Household</i>	\$188,150 to \$310,650	\$195,500 to \$318,000
<i>Single</i>	\$150,500 to \$273,000	\$156,400 to \$278,900
<i>Married Filing Separately</i>	\$112,875 to \$174,125	\$117,300 to \$178,550

¹ The exemption amount allowed is reduced by 2% for each \$2,500 (\$1,250 for filing status married filing separately), or fraction thereof, of AGI in excess of the phaseout threshold amount.

Under the Economic Growth and Tax Relief Reconciliation Act of 2001, for tax years 2006 and 2007, the amount of the phaseout deduction that would otherwise apply is reduced by one-third.

Standard Deduction	2006	2007
Married Filing Jointly	\$10,300	\$10,700
Head of Household	\$7,550	\$7,850
Single	\$5,150	\$5,350
Married Filing Separately	\$5,150	\$5,350
Dependent	Greater of \$850 or \$300 + earned income	Greater of \$850 or \$300 + earned income
Additional Deduction for Aged or Blind	\$1,250 (Single or Head of Household) \$1,000 (all other filing statuses)	\$1,300 (Single or Head of Household) \$1,050 (all other filing statuses)

Itemized Deductions	2006	2007
Threshold Phaseout² Married Filing Separately	\$75,250	\$78,200
Threshold Phaseout² All Others	\$150,500	\$156,400

² Itemized deductions that represent medical and dental expenses, investment interest expense, casualty and theft loss, and gambling losses are not subject to phaseout. If AGI is more than the threshold phaseout amount, itemized deductions are reduced by the smaller of: (1) 3% of the amount by which AGI exceeds the threshold phaseout amount, or (2) 80% of itemized deductions that are affected by the limit.

Under the Economic Growth and Tax Relief Reconciliation Act of 2001, for tax years 2006 and 2007, the amount of the phaseout deduction that would otherwise apply is reduced by one-third.

Tax Credits	2006	2007
Adoption Credit	\$10,960 max (phased out for AGIs \$164,410 to \$204,410)	\$11,390 max (phased out for AGIs \$170,820 to \$210,820)
Child Tax Credit	\$1,000 max Phaseout begins at AGI of \$75,000 (Single) \$110,000 (MFJ) \$55,000 (MFS) Refundable up to 15% of earnings over \$11,300	\$1,000 max Phaseout begins at AGI of \$75,000 (Single) \$110,000 (MFJ) \$55,000 (MFS) Refundable up to 15% of earnings over \$11,750
Hope and Lifetime Learning Tax Credits	\$2,000 max Lifetime Learning \$1,650 max Hope Phaseout range: \$45,000 to \$55,000 (Single) \$90,000 to \$110,000 (MFJ)	\$2,000 max Lifetime Learning \$1,650 max Hope Phaseout range: \$47,000 to \$57,000 (Single) \$94,000 to \$114,000 (MFJ)
"Saver's" Credit Elective deferrals and IRA contributions by certain individuals	\$1,000 max No credit available to individuals with AGI exceeding \$50,000 (MFJ), \$37,500 (HOH), \$25,000 (other)	\$1,000 max No credit available to individuals with AGI exceeding \$52,000 (MFJ), \$39,000 (HOH), \$26,000 (other)

Specific Deduction Items	2006	2007
Classroom Expenses of School Teachers (above-the-line)³	\$250 max (same amount 2006 and 2007)	
Deduction for Qualified Higher Education Expenses³	\$4,000 max deduction for individuals with AGI not more than \$65,000 (Single), \$130,000 (MFJ); \$2,000 reduced deduction for AGIs \$65,000 to \$80,000 (Single), \$130,000 to \$160,000 (MFJ)	
Education Loans Interest Deduction	\$2,500 max deduction; Phaseout range: \$50,000 to \$65,000 (Single), \$105,000 to \$135,000 (MFJ)	\$2,500 max deduction; Phaseout range: \$55,000 to \$70,000 (Single), \$110,000 to \$140,000 (MFJ)
Standard Mileage Rates	Business - \$0.445 Medical - \$0.18 Moving - \$0.18 Charitable - \$0.14	Business - \$0.485 Medical - \$0.20 Moving - \$0.20 Charitable - \$0.14

³ These deductions expired December 31, 2005 but were retroactively extended for two years by the Tax Relief and Health Care Act of 2006.

Alternative Minimum Tax (AMT)	2006	2007
Maximum AMT Exemption Amount	\$62,550 (MFJ) \$42,500 (Single) \$31,275 (MFS)	\$45,000 (MFJ) \$33,750 (Single) \$22,500 (MFS)
AMT Exemption Phaseout Threshold⁴	\$150,000 (MFJ) \$112,500 (Single) \$75,000 (MFS)	\$150,000 (MFJ) \$112,500 (Single) \$75,000 (MFS)

⁴ The AMT exemption is reduced by 25% of the amount by which alternative minimum taxable income exceeds the applicable threshold.

Kiddie Tax Rules	2006	2007
Amount Exempt from Tax	\$850	\$850
Additional Amount Taxed at Child's Rate	\$850	\$850
Unearned Income Over This Amount Taxed at Parent's Rate	\$1,700	\$1,700
Election to Include Child's Income on Parent's Return (Child's Gross Income Requirement)	\$850 to \$8,500	\$850 to \$8,500
AMT Exemption for Child Subject to Kiddie Tax	Lesser of \$6,050 + child's earned income or \$42,500	Lesser of \$6,300 + child's earned income or \$33,750

Top Tax Brackets	2006	2007
Single	35% of taxable income exceeding \$336,550 + \$97,653	35% of taxable income exceeding \$349,700 + \$101,469.25
MFJ	35% of taxable income exceeding \$336,550 + \$91,043	35% of taxable income exceeding \$349,700 + \$94,601
MFS	35% of taxable income exceeding \$168,275 + \$45,521.50	35% of taxable income exceeding \$174,850 + \$47,300.50
HOH	35% of taxable income exceeding \$336,550 + \$94,656.50	35% of taxable income exceeding \$349,700 + \$98,355.50

Tax legislation signed into law during 2006:

- Tax Relief and Health Care Act of 2006
- Pension Protection Act of 2006
- Tax Increase Prevention and Reconciliation Act of 2005
- The Deficit Reduction Act of 2005

Disclosure Information -- Important -- Please Review

Neither Forefield Inc. nor Forefield Advisor provides legal, taxation, or investment advice. All content provided by Forefield is protected by copyright. Forefield claims no liability for any modifications to its content and/or information provided by other sources.