



Internal Revenue Service
United States Department of the Treasury

we make taxes easier

WI

Wage
and
Investment

2011 and 2012 Tax Law Changes

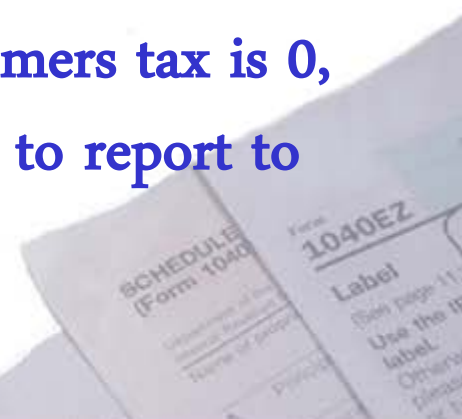
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Senior Tax Consultant

IRS SPEC

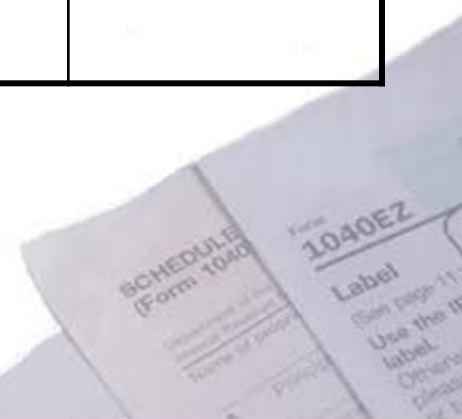
CHANGES for 2011

- APRIL 17th Deadline
- Income Tax Rates unchanged but brackets a little bigger due to inflation
- Good reprieve year to get a handle on planning for higher future taxes
- Stealth Taxes – two year reprieve for PEP and PEASE personal exemption and deductions won't decrease at higher incomes – Ends last of 2012
- Historic low capital gains ends in 2012 – 15% incomers tax is 0, For those in 25% and above – 15% tax. New form to report to include basis.



CHANGES FOR 2011

Category	2011 Rate (Jan. – June)	2011 Rate (July – December)	2012
Business Miles	51 cents Per mile	55.5 cents Per mile	55.5 cents Per mile
Medical, Moving Miles	19 cents	23.5 cents	23.5 cents
Charitable Miles	14 cents	14 cents	14 cents



TAX CHANGES

- **Education credits: Same extended to 2012**
- **School teacher deduction for supplies extended**
- **Energy credits extended but reduced to nothing**

- **Max contributions to 401(k) and 403(b) plans:
2011 same at \$16,500 catch up same at \$5,500
2012 increases to \$ 17,000 catch up is the same
SIMPLE plans remain at \$11,500 both years**



TAX CHANGES

- **Retirement Plans**

Income limits for Roth IRA

2011: MFJ \$169,000 Single/HH \$107,000

2012: MFJ \$173,000 Single/HH \$110,000

Traditional IRA up

2011: MFJ \$90,000 Single/HH \$56,000

2012: MFJ \$92,000 Single/HH \$58,000

No income limit on Roth conversions is permanent.

Provision to spread tax out is gone.



TAX CHANGES

- NEW FORMS
- FORM 8949 Replaces sch. D-1 and MOST capital asset sales will be reported on this form. **A)** 1099 B's with basis reported, **B)** 1099 B basis not reported, **C)** No 1099B. Need one form for both short and long term. Information then carries to sch. D

Form 8949 Department of the Treasury Internal Revenue Service (99)	Sales and Other Dispositions of Capital Assets ▶ See Instructions for Schedule D (Form 1040). ▶ For more information about Form 8949, see www.irs.gov/form8949 ▶ Attach to Schedule D to list your transactions for lines 1, 2, 3, 8, 9, and 10.	OMB No. 1545-0074 2011 Attachment Sequence No. 12A
Name(s) shown on return		Your social security number

Part I Short-Term Capital Gains and Losses—Assets Held One Year or Less

Note: You **must** check **one** of the boxes below. Complete a *separate* Form 8949, page 1, for **each** box that is checked.

***Caution.** Do not complete column (b) or (g) until you have read the instructions for those columns (see the Instructions for Schedule D (Form 1040)). Columns (b) and (g) do not apply for most transactions and should generally be left blank.

(A) Short-term transactions reported on Form 1099-B with basis reported to the IRS
 (B) Short-term transactions reported on Form 1099-B but basis not reported to the IRS
 (C) Short-term transactions for which you cannot check box A or B

	(a) Description of property (Example: 100 sh. XYZ Co.)	(b) Code, if any, for column (g)*	(c) Date acquired (Mo., day, yr.)	(d) Date sold (Mo., day, yr.)	(e) Sales price (see instructions)	(f) Cost or other basis (see instructions)	(g) Adjustments to gain or loss, if any*
1							



TAX CHANGES

- Foreign Financial Assets Form 8938
- If you have assets outside the U.S. of \$50,000. Accounts, land, etc. \$10,000 penalty

Form 8938 (November 2011) Department of the Treasury Internal Revenue Service	Statement of Specified Foreign Financial Assets	OMB No. 1545-2195
	▶ See separate instructions ▶ Attach to your tax return	Attachment Sequence No. 175
If you have attached additional sheets, check here <input type="checkbox"/>		
Name(s) shown on return	Identifying number	
Number, street, and room or suite no. (if a P.O. box, see instructions)		
City or town, province or state, and country (including postal code)		
For tax year beginning _____, 20____, and ending _____, 20____		
Note. All information must be in English. Show all amounts in U.S. dollars. Show currency conversion rates in Part I, line 6(2), or Part II, line 6(2).		
Type of filer		
a Specified individual	(1) <input type="checkbox"/> Married filing a joint return	(2) <input type="checkbox"/> Other individual
b Specified domestic entity	(1) <input type="checkbox"/> Partnership	(2) <input type="checkbox"/> Corporation (3) <input type="checkbox"/> Trust (4) <input type="checkbox"/> Estate



TAX CHANGES

- 1099K Merchant Card and Third Party Network Payments
- Middleman reports – Pay Pal, eBay, etc.
- Transactions over \$20,000 and over 200 transactions

CORRECTED

FILER'S name, street address, city, state, ZIP code, and telephone no.	FILER'S federal identification no.	OMB No. 1545-2205	2011 Merchant Card and Third Party Network Payments Form 1099-K
	PAYEE'S taxpayer identification no.		
If checked, FILER is Payment Settlement Entity (PSE) <input type="checkbox"/> OR If checked, FILER is Electronic Payment Facilitator (EPF)/ Third Party Payer (TPP) <input type="checkbox"/>	1 Gross amount of merchant card/third party network payments \$	2 Merchant category code	Copy B For Payee This is important tax information and is being furnished to the Internal Revenue Service. If you are required to file a return, a negligence penalty or other sanction may be imposed on you if taxable income results from this transaction and the IRS determines that it has not been reported.
		3	
PAYEE'S name Street address (including apt. no.) City, state, and ZIP code	5a January \$	5b February \$	
	5c March \$	5d April \$	
	5e May \$	5f June \$	
	5g July \$	5h August \$	
PSE'S name and telephone number	5i September \$	5j October \$	
	5k November \$	5l December \$	



TAX CHANGES

- Estate and gift taxes
- Estate top rate is 35% through 2012
- One exemption amount of \$5 million
- Large amount can be shifted
- Gift tax exclusion of \$13,000 is unlimited to different individuals. Tuition and medical care gifts are also exempt.



TAX TRIVIA

- **Gettysburg address.....269 words**
- **Declaration of Independence ...1,337 words**
- **The Bible.....773,000 words**
- **U.S. TAX LAW.....7 MILLION WORDS**



VITA TRIVIA

TP's spend over \$200 billion and 5.3 billion hours to comply with federal taxes each year.

Warren Buffet does his own taxes

60% of the rest of the nation hires a professional

Use to IRS would send out 8 billion pages of forms and inst.. They would circle the Earth 28 times

Trivia

- **There were approximately 4,430 tax changes to the tax code from 2001 through 2010,**
- **an average of more than one a day**
- **That includes more than 579 changes in 2010 alone**

