

RETIREMENT/HSA PLAN CONTRIBUTION LIMITS

Individual and Corporate Limitations

	2012	2011
General Deferral Limits:		
401(k)/403(b)/457(b)/SARSEP	\$ 17,000	\$ 16,500
SIMPLE IRA	11,500	11,500
Individual Retirement Account (IRA)*	5,000	5,000
Roth IRA**	5,000	5,000
HSA (family)	6,250	6,150
HSA (single)	3,100	3,050

Catch Up Contribution for Taxpayers

Age 50 and Over:

401(k)/403(b)/457(b)/SARSEP	\$ 5,500	\$ 5,500
SIMPLE IRA	2,500	2,500
IRA/ Roth IRA	1,000	1,000

Age 55 and Over:

HSA contributions	\$ 1,000	\$ 1,000
-------------------	----------	----------

Compensation Limit for

Benefit Calculations	\$ 250,000	\$ 245,000
-----------------------------	------------	------------

Defined Contribution Plan Limits:

Per Participant	100% of compensation up to \$50,000
Overall Plan Deduction Limit	25% of eligible compensation

* For 2012, deduction may be limited if taxpayer is a participant in another plan and earns over \$58,000 (single) or \$92,000 (married filing joint). For 2011, the earning limitations are \$56,000 (single) and \$90,000 (married filing joint).

** For 2012, deduction may be limited if income is over \$110,000 (single) or \$173,000 (married filing joint). For 2011, deduction may be limited if income is over \$107,000 (single) or \$169,000 (married filing joint).

NOTE: In general, contributions must be made before filing date of tax return, not including extensions.

ESTATE, GIFT AND TRUST TAX

Estate Tax Rates

Year	Exclusion	Highest Rate
2012*	\$5,120,000	35%
2011**	\$5,000,000	35%

* For 2012, exclusion is the sum of \$5,120,000 plus deceased spousal unused exclusion.

** For 2011, exclusion is the sum of \$5,000,000 plus deceased spousal unused exclusion.

Annual Gift Tax Exclusion

	2012	2011
Highest tax rate	35%	35%
Gifts per donee	\$13,000	\$13,000
Joint gifts by spouses	26,000	26,000

For 2012, the gift tax exclusion is combined with the estate tax exclusion and is the sum of \$5,120,000 plus deceased spousal unused exclusion. For 2011, the gift tax exclusion is \$5,000,000 plus deceased spousal unused exclusion.

2012 Trust & Estates Tax Rates

If Taxable Income Is:	The Tax Is:
\$1 - \$2,400	15% of taxable income
\$2,401 - \$5,600	\$360 plus 25% of the excess over \$2,400
\$5,601 - \$8,500	\$1,160 plus 28% of the excess over \$5,600
\$8,501 - \$11,650	\$1,972 plus 33% of the excess over \$8,500
Over \$11,650	\$3,011.50 plus 35% of the excess over \$11,650

EMPLOYMENT TAX RATES

FICA Taxes

	2012		2011	
	Wage Base	Rate	Wage Base	Rate
Social Security	\$ 110,100	4.20% *	\$ 106,800	4.20%**
Medicare	no limit	1.45%	no limit	1.45%

* For 2012, the 2% payroll tax cut has been extended through February 29, 2012. The employer half remains at 6.2%.

** For 2011, the employee half of Social Security is 4.2%. The employer half remains at 6.2%.

Self-Employment Tax

	2012		2011	
	Wage Base	Rate	Wage Base	Rate
Social Security	\$ 110,100	10.40% *	\$ 106,800	10.40%
Medicare	no limit	2.9%	no limit	2.9%

* For 2012, the 2% payroll tax cut has been extended through February 29, 2012.

Unemployment Tax

	2012	2012
	Wage Base	Rate
Federal	\$ 7,000 *	6.0%
Michigan	9,500 ***	2.7% **

* Subject to maximum 4.5% credit.

** Initial rate for non-construction payers.

*** Some taxpayers will be required to pay an additional .75% solvency tax on the first \$9,500.

SECTION 179 DEDUCTION & 168(k) "BONUS" DEPRECIATION

	2012	2011
Section 179 (new or used)*	\$ 139,000	\$ 500,000
"Bonus" Depreciation (new)**	50%	100%

* Amount is phased out when total eligible capital acquisitions exceed \$560,000.

** Amount is phased out when total eligible capital acquisition exceeds \$2,000,000.

STANDARD MILEAGE DEDUCTIONS

Per Mile

	2012	7/1-12/31/11	1/1-6/30/11
Business	55.5¢	55.5¢	51¢
Charitable	14¢	14¢	14¢
Medical/Moving	23¢	23.5¢	19¢

PER DIEM RATES

	High-Cost Locality	Low-Cost Locality
Meals and incidental expenses	\$ 65	\$ 52
Lodging	177	111

Reflects rates using the simplified method of determination effective 10/1/11.

This publication is distributed with the understanding that the publisher and distributor are not rendering legal, accounting or other professional advice and assume no liability whatsoever in connection with its use.

Disclaimer: Any tax advice contained in this publication was not intended or written to be used, and cannot be used, by the recipient for the purpose of avoiding penalties that may be imposed under the Internal Revenue Code or applicable state or local tax law provisions.

This publication reflects tax laws in effect as of January, 2012.

2012 Pocket Tax Guide

**BAKER
SPINDLER
HOLTZ** | CPAs and Advisors

409-A Waters Building
161 Ottawa Ave. NW
Grand Rapids, MI 49503

Telephone: 616 458-1835
Fax: 616 458-1895
Email: bsh@bshcpa.com
BakerSpindlerHoltz.com

INDIVIDUAL INCOME TAX RATES

Regular Tax*

2012 If Taxable Income Is:	The Tax Is:
Married Filing Joint/Surviving Spouses	
\$1 - \$17,400	10% of the taxable income
\$17,401 - \$70,700	\$1,740 plus 15% of the excess over \$17,400
\$70,701 - \$142,700	\$9,735 plus 25% of the excess over \$70,700
\$142,701 - \$217,450	\$27,735.50 plus 28% of the excess over \$142,700
\$217,451 - \$388,350	\$48,665 plus 33% of the excess over \$217,450
Over \$388,350	\$105,062 plus 35% of the excess over \$388,350
Single	
\$1 - \$8,700	10% of the taxable income
\$8,701 - \$35,350	\$870 plus 15% of the excess over \$8,700
\$35,351 - \$85,650	\$4,867.50 plus 25% of the excess over \$35,350
\$85,651 - \$178,650	\$17,442.50 plus 28% of the excess over \$85,650
\$178,651 - \$388,350	\$43,482.50 plus 33% of the excess over \$178,650
Over \$388,350	\$112,683.50 plus 35% of the excess over \$388,350
Head of Household	
\$1 - \$12,400	10% of the taxable income
\$12,401 - \$47,350	\$1,240 plus 15% of the excess over \$12,400
\$47,351 - \$122,300	\$6,482.50 plus 25% of the excess over \$47,350
\$122,301 - \$198,050	\$25,220 plus 28% of the excess over \$122,300
\$198,051 - \$388,350	\$46,430 plus 33% of the excess over \$198,050
Over \$388,350	\$109,229 plus 35% of the excess over \$388,350

2011 If Taxable Income Is:	The Tax Is:
Married Filing Joint/Surviving Spouses	
\$1 - \$17,000	10% of the taxable income
\$17,001 - \$69,000	\$1,700 plus 15% of the excess over \$17,000
\$69,001 - \$139,350	\$9,500 plus 25% of the excess over \$69,000
\$139,351 - \$212,300	\$27,087.50 plus 28% of the excess over \$139,350
\$212,301 - \$379,150	\$47,513.50 plus 33% of the excess over \$212,300
Over \$379,150	\$102,574 plus 35% of the excess over \$379,150
Single	
\$1 - \$8,500	10% of the taxable income
\$8,501 - \$34,500	\$850 plus 15% of the excess over \$8,500
\$34,501 - \$83,600	\$4,750 plus 25% of the excess over \$34,500
\$83,601 - \$174,400	\$17,025 plus 28% of the excess over \$83,600
\$174,401 - \$379,150	\$42,449 plus 33% of the excess over \$174,400
Over \$379,150	\$110,016.50 plus 35% of the excess over \$379,150
Head of Household	
\$1 - \$12,150	10% of the taxable income
\$12,151 - \$46,250	\$1,215 plus 15% of the excess over \$12,150
\$46,251 - \$119,400	\$6,330 plus 25% of the excess over \$46,250
\$119,401 - \$193,350	\$24,617.50 plus 28% of the excess over \$119,400
\$193,351 - \$379,150	\$45,323.50 plus 33% of the excess over \$193,350
Over \$379,150	\$106,637.50 plus 35% of the excess over \$379,150

* Long-term capital gains held more than one year and qualified dividends are subject to a maximum 15% tax rate (0% tax rate for persons in the 10% or 15% bracket).

Alternative Minimum Tax (AMT)

Tax Rate 26% to \$175,000, 28% over \$175,000

	Exemption Amounts	
	2012	2011
Married Filing Joint/Surviving Spouse	\$45,000	\$74,450
Unmarried Individuals	33,750	48,450

Subject to phase out provisions when AMTI exceeds \$150,000 (married filing joint) and \$112,500 (unmarried individuals).

INDIVIDUALS

Standard Deduction

	2012	2011
Married Filing Joint/Surviving Spouse	\$11,900	\$11,600
Single/Married Filing Separate	5,950	5,800
Head of Household	8,700	8,500
Additional – Blind or Elderly		
Single	\$1,450	\$1,450
Married (each)	1,150	1,150

Taxpayer is allowed to deduct the greater of standard deduction or itemized deductions.

Personal Exemptions

	2012	2011
Exemption for each taxpayer, spouse, and dependent	\$3,800	\$3,700

Personal exemptions are no longer subject to income limitation phase outs.

Estimated Tax Payments

To avoid possible underpayment penalties (if tax due with return will exceed \$1,000), taxpayer is required to deposit through withholdings and/or estimated tax payments the lesser of:

1. 100% of prior year tax liability*, or
2. 90% of current year tax liability

* "High-income" taxpayers (i.e., those whose adjusted gross income was greater than \$150,000) must pay estimates and/or withhold equal to 110% of their prior year's tax liability for 2012 and 2011.

Child Tax Credit

	2012	2011
Qualifying Child under Age 17 on December 31	\$1,000	\$1,000

Subject to phase out provisions when modified AGI exceeds \$110,000 (married filing joint) and \$75,000 (unmarried individuals). The individual must be someone who can claim a dependency exemption for the child.

Tuition Credits

	2012	2011
American Opportunity Credit*		
Maximum credit on qualified expenses	\$2,500	\$2,500

Lifetime Learning Credit**

Maximum credit on qualified expenses		
Credit equals 20% of first \$10,000 paid	2,000	2,000

* Subject to phase out provisions when modified AGI exceeds \$160,000 (married filing joint) and \$80,000 (single) for 2012 and 2011. A portion of the credit may be refundable. The credit is available for a maximum of four years.

** Subject to phase out provisions when modified AGI exceeds \$104,000 and \$102,000 (married filing joint) and \$52,000 and \$51,000 (single) for 2012 and 2011, respectively. Credit is available to the extent of tax liability.

Itemized Deductions

For 2012 & 2011, itemized deductions are no longer subject to income limitation phase outs.

CORPORATE INCOME TAX RATES

2012 Regular Tax

Taxable Income	Rate
\$ 0 - \$ 50,000	15%
50,001 - 75,000	25%
75,001 - 100,000	34%
100,001 - 335,000	39%*
335,001 - 10,000,000	34%
10,000,001 - 15,000,000	35%
15,000,001 - 18,333,333	38%**
Over 18,333,333	35%

35% flat tax rate on taxable income of Personal Service Corporations.

* Reflects 5% surtax which phases out benefit of 15% and 25% rates
** 34% rate phased out

Alternative Minimum Tax (AMT)*

Tax Rate	20%
Exemption amount	\$ 40,000
Phase-out base	\$ 150,000

* "Small corporations" with an average of \$7.5 million or less in gross receipts over the prior three years are generally exempt from this tax.

Estimated Tax Payments

To avoid possible underpayment penalties (if tax due with return will exceed \$500), taxpayer is required to pay estimated tax payments equal to the lesser of:

1. 100% of prior year tax liability*, provided a positive tax liability was shown and the prior tax year consisted of twelve months, or
2. 100% of current year tax liability.

* Not available for corporations with a taxable income of at least \$1 million in any one of three immediately preceding tax years.

MICHIGAN TAXPAYERS

Individual Income Taxes

	2012	2011
Tax Rate	4.35%	4.35%
Personal exemption for each taxpayer, spouse and dependent	\$3,700	\$3,700

Business Taxes

	2012	2011
Michigan Business Tax rate:		
Gross Receipts Tax*	N/A	.8%
Business Income Tax*	N/A	4.95%
Michigan Corporate Income Tax**	6.0%	N/A

* Apportioned tax liability before credits is increased by a 21.99% surcharge.
** Applicable only to C-corporations