

# *Sy Accountancy Corporation*

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## FEDERAL TAX UPDATE FOR TAX YEAR 2011

By Victor Sy, CPA, MBA

1. You are **REQUIRED TO FILE** an income tax return if your 2011 gross income reaches:
  - A. Single ..... \$ 9,500
  - B. Married filing jointly..... 19,000
  - C. Married filing separately.. 3,700
  - D. Head of household..... 12,200Elderly and blind taxpayers add \$1,150 to \$1,450.
2. **PERSONAL EXEMPTIONS**.....\$3,700 for 2011 (\$3,800 FOR 2012).
3. **STANDARD DEDUCTIONS**: If your combined itemized deductions for interests, taxes, medical and contributions are less than the following amounts, use the following standard deductions:
  - A. Single ..... \$5,800
  - B. Married filing jointly ..... 11,600
  - C. Married filing separately ..... 5,800
  - D. Head of household ..... 8,500Elderly and blind taxpayers get an extra \$1,150 for married and \$1,450 for unmarried.
4. **CHILD TAX CREDIT**: \$1,000 per child (additional refundable credit available).
5. **FIRST-TIME HOMEBUYER CREDIT**: Purchases between 4/9/08 & 11/30/09 (expired on 10/01/10, except for military personnel)
  - A. \$8,000 (\$4,000 for married filing separately) or 10% of purchase price, whichever is lesser.
  - B. \$6,500 (\$3,250 for married filing separately) for long-time residents.
6. **EDUCATION CREDITS**:
  - A. American Opportunity Credit (HOPE): \$2,500 per student.
  - B. Lifetime Learning Credit: \$2,000 per return.
7. **RETIREMENT PLANS LIMITS**:
  - A. IRA contribution limits: \$5,000 (\$6,000 age 50 or older).
  - B. SIMPLE IRA elective deferral limits: \$11,500 (\$14,000 AGE 50 OR OVER).
  - C. 401(k), 403(b), 457 elective deferral limits: \$16,500 (\$22,000 age 50 or older).
  - D. Profit-sharing plan/SEP contribution limits: \$49,000.
8. **STANDARD MILEAGE RATES**:
  - A. Business: 51¢ for the first half of 2011 and 55.5¢ for the second half.
  - B. Medical and Moving: 19¢ per mile for the first half of 2011 and 23.5¢ for the second half.
  - C. Charity 14 cents per mile.
9. **LONG-TERM CARE INSURANCE DEDUCTION LIMITS**: \$350 to \$4,370 depending on age.
10. **ALTERNATIVE MINIMUM TAX (AMT) EXEMPTION AMOUNT INCREASED**. The AMT exemption amount is increased to \$48,450 (\$74,450 if married filing jointly and \$37,225 if married filing separately).
11. **FOREIGN EARNED INCOME EXCLUSION**: \$95,100.
12. **SOCIAL SECURITY TAXES FOR NEXT YEAR 2012**:
  - A. Minimum earnings to be covered by SS increases from \$4,360 to \$4,520 (\$1,130 per quarter).
  - B. Maximum earnings allowed for 65 and under remains the same at \$14,640.
  - C. Maximum amount subject to FICA remains the same at \$110,100.
  - D. Early retirement age is 62, full retirement 67.
13. **ESTATE AND GIFT TAXES FOR 2012**:
  - A. Estate/gift tax exclusion: \$5,120,000 (sunsets after 2012).
  - C. Annual gift tax exclusion: \$13,000 (every year).