

Sy Accountancy Corporation

Member, American Institute of CPAs

704 Mira Monte Place, Pasadena, California 91101

Tel (626) 744-0200 • Fax (626) 744-0300 • vsy@victorsycpa.com • www.victorsycpa.com

CALIFORNIA TAX UPDATE FOR INDIVIDUALS - 2011

By Victor Sy, CPA, MBA

1. You are **required to file** a California tax return if your gross income exceeds:
 - a. Single - **\$15,152**
 - b. Head of household - **\$25,652**
 - c. Married filing jointly - **\$35,405**Taxpayers with dependents or who are aged 65 or over have higher filing thresholds.
2. Taxpayers who do not itemize deductions for mortgage interest, property taxes, medical, contributions and other personal deductions can use the following **standard deductions**:
 - a. Single, married filing separate - **\$3,769**
 - b. Head of household, surviving spouse, married filing joint - **\$7,538**.
3. **Personal exemption** credits have increased as follows:
 - a. Single, married filing separate, head of household - **\$102**
 - b. Married filing joint, qualified widow (er) - **\$204**
 - c. Blind or seniors aged 65 or over – add **\$102**
 - d. Dependents - **\$315** each.
4. **Renter's credit** remains fixed at:
 - a. For single returns - \$60
 - b. For joint returns - \$120.
5. **Mandatory e-file** now affects tax preparers with more than 100 current income tax returns **and one or more using tax preparation software**. You, the taxpayer (but not the preparer) may elect *not* to e-file.
6. If you purchase tangible personal property from out-of-state where no sales tax has been paid, you may elect to pay California **use tax** on your personal income tax. The California Franchise Tax Board will receive the use tax and transfer the funds to the California State Board of Equalization that remains responsible for collecting the tax.
7. In an effort to reduce processing costs due to current the budget deficit, the State asks you to enclose but **not attach payments** to your California personal income tax.
8. The **teacher retentions credit** that was back for 2003 is suspended again for **2004-2011**.
9. Members of the clergy (**priest or minister**) may allocate 50% of wages to rental allowance to reduce taxable income.
10. **Real estate withholding requirement** of 3 1/3% covers sales by California residents. Tax-deferred exchanges and involuntary conversions are exempted. Waivers are allowed where transactions result in loss on sale of property.

California liberalized rules on **tax withholding on the sale of real estate**. For most sales of property other than a principal residence, California **withholds 3 1/3% of the sales price**. For Sales occurring after January 1, 2007, a new law allows you to compute required withholding based upon **reportable gain**. The rates are **9.30%** for personal, partnerships, and LLCs, **8.84%** for corporations, and **1.5%** for S corporations.