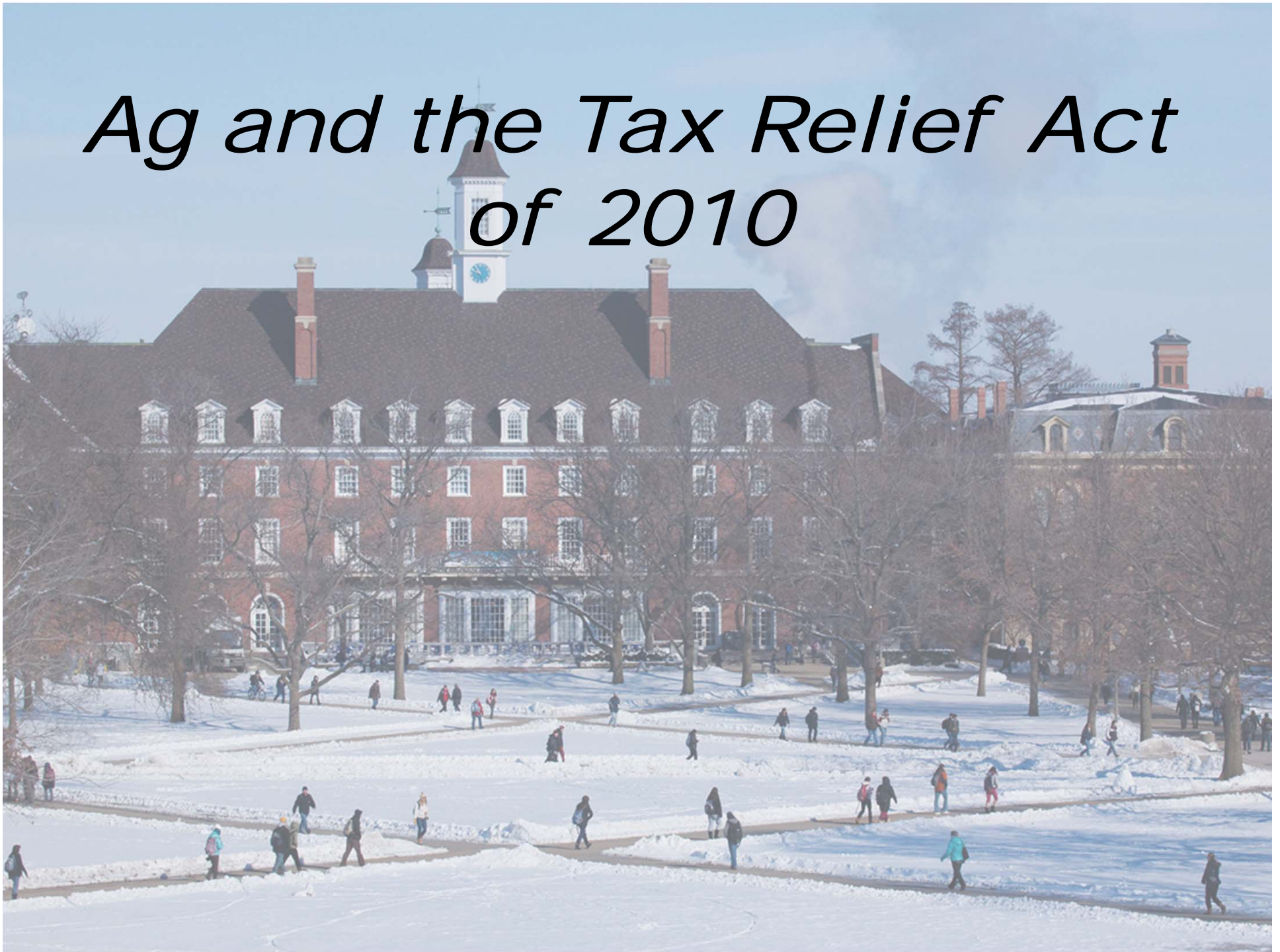
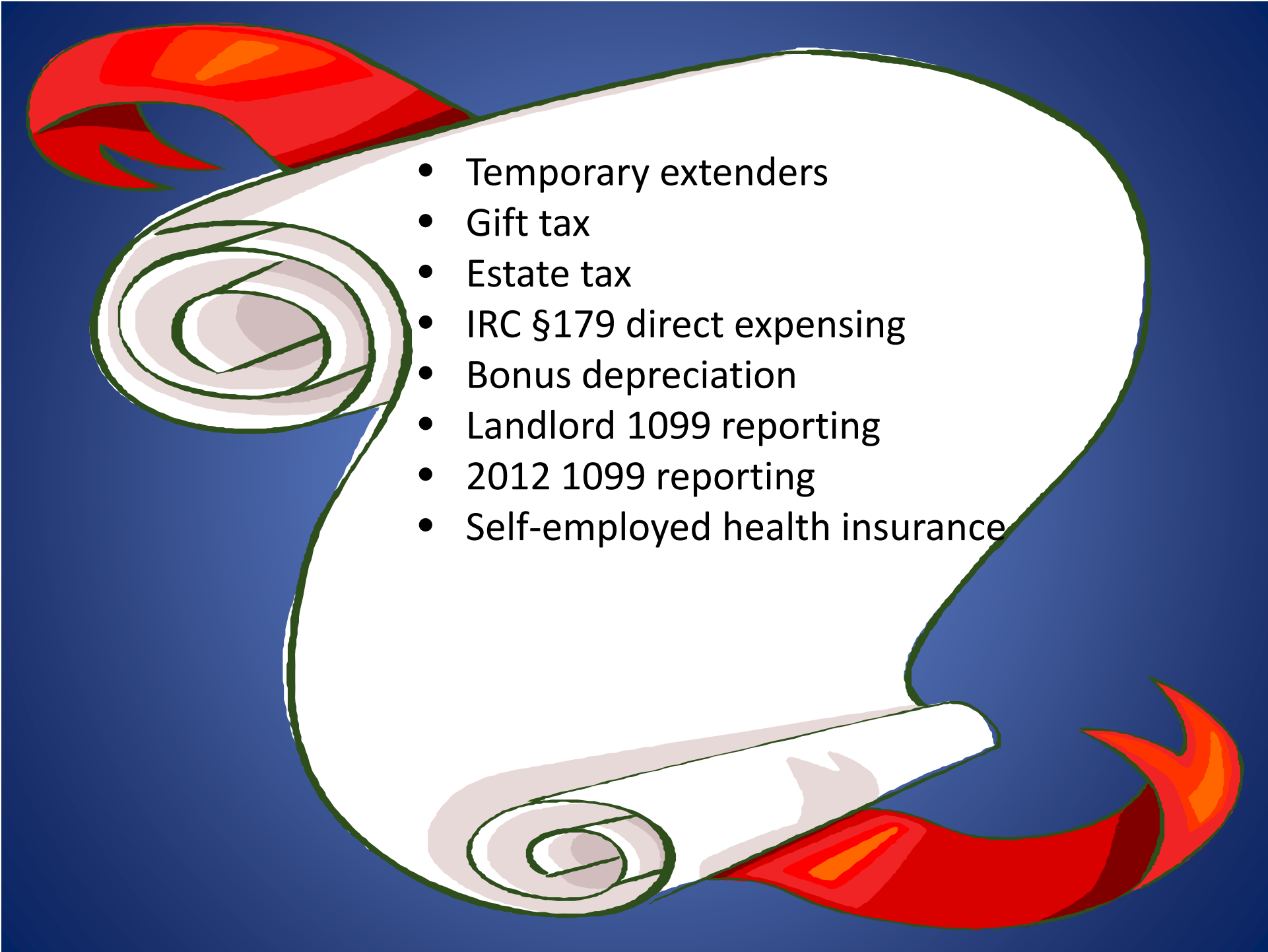


Ag and the Tax Relief Act of 2010



- 
- Temporary extenders
 - Gift tax
 - Estate tax
 - IRC §179 direct expensing
 - Bonus depreciation
 - Landlord 1099 reporting
 - 2012 1099 reporting
 - Self-employed health insurance

Tax Rates

Income	2011 with passage *	2011 without passage *	Difference	Percent reduction
\$170,000	\$35,670	\$41,025	5,355	13%
\$30,000	3,650	4,500	850	19%
\$16,750	1,675	2,513	838	33%

* Assume a married couple filing jointly.

Reduced Rates

Capital gains.

Dividends.

Earned Income Tax Credit

Three or more
children.

Gift Tax

Reunified with estate tax exclusion.

\$5 million in 2011.

\$5 million plus inflation index in 2011.

Unlimited marital exclusion remains.

Estate Tax Changes

Form **706**
(Rev. September 2009)

United States Estate (and Generation-Skipping Transfer) Tax Return

OMB No. 1545-0015

Department of the Treasury
Internal Revenue Service

United States (see separate instructions).
and before January 1, 2010.

Part 1—Decedent and Executor	1a	Decedent's first name	2	Decedent's Social Security No.	
	3a	County, state, and residence (domestic or foreign)	Date of death		
	6a	Name of executor	Address (street or suite no., city, town, state, and ZIP code)		
	6c	Executor's social security number	Estate tax identification number		
	7a	Name and location of executor	7b Case number		
	8	If decedent died in a state that has a credit for tax on death, check here <input type="checkbox"/>	If Schedule R-1 is attached, check here <input type="checkbox"/>		
	10	If Schedule R-1 is attached, check here <input type="checkbox"/>			
Part 2—Taxation	1	Total gross estate			
	2	Tentative total tax			
	3a	Tentative taxable estate			
	b	State death tax deduction			
	c	Taxable estate (subtract line 3b from line 3a)			
	4	Adjusted taxable gifts (total taxable gifts (within the meaning of section 2503, after December 31, 1976, other than gifts that are includible in decedent's gross estate (section 2001))			
	5	Add lines 3c and 4	5		
6	Tentative tax on the amount on line 5 from Table A on page 4 of the instructions	6			
7	Total gift tax paid or payable with respect to gifts made by the decedent after December 31, 1976. Include gift taxes by the decedent's spouse for such spouse's share of split gifts (section 2513) only if				

- Stepped-up basis.
- Extended filing date.
- Installment payment of estate tax.
- QFOBI reinstated
- State death tax deduction restored

Exemption Amount

Year	Exemption Amount	Top rate
2004	1.5 million	48%
2005	1.5 million	47%
2006	2 million	46%
2007	2 million	45%
2008	2 million	45%
2009	3.5 million	45%
2010	5 million or \$0	35% or 0%
2011	5 million	35%
2012	5 million	35%
2013	1 million	55%

Portability Election

	First to Die	Death of Spouse
Estate	\$4,000,000	\$6,000,000
Exemption	<u>(5,000,000)</u>	<u>(5,000,000)</u>
Difference	(\$1,000,000)	\$1,000,000
Transferred exemption		<u>(1,000,000)</u>
Taxable estate	<u>\$0</u>	<u>\$0</u>

IRC §179 Expensing

Year	Deduction Limit	Purchase Limit
2010	\$500,000	\$2,000,000
2011	500,000	2,000,000
2012	125,000	500,000
2013	25,000	200,000

Bonus Depreciation

100% bonus

New property

After 9/8/2010 and before 1/1/2012

State tax implications

Returns to 50% in 2012

Comparison

	100% Bonus	IRC §179
New property	Yes	Yes
Used property	No	Yes
§1245 property and certain real property improvements	Yes	Yes
20-Year property	Yes	No
Illinois state tax implications	Yes	No
Create NOL	Yes	No
Allowed on carryover basis	Yes	No

FICA and OASDI Tax Cut

2% reduction on employee FICA.

2% reduction on OASDI.

2% reduction for railroad employees.

2011 only.

No benefit for other retirement systems.

Form 1099 on Property Payments

All purchases aggregating \$600 or more

Effective for payments after Dec. 31, 2011

Revenue provision of PPACA

Several pending bills call for repeal

1099 Reporting Penalties

- Failure to timely file
 - 30 days later increases from \$15 to \$30/return.
 - >30 but before Aug. 1 from \$30 to \$60.
 - After Aug 1 from \$50 to \$100.
 - Not filing at all \$250
- Begins with Jan 1, 2011 filings.
- Maximum penalty for small filers (less than \$5 million gross is lower.

SE Health Insurance Deduction

Reduces self-employment
income.

For 2010 only.

Form 1040

Adjusted Gross Income

24	Certain business expenses of reservists, performing artists, and fee-basis government officials. Attach Form 2106 or 2106-EZ	24			
25	Health savings account deduction. Attach Form 8889	25			
26	Moving expenses. Attach Form 3903	26			
27	One-half of self-employment tax. Attach Schedule SE	27			
28	Self-employed SEP, SIMPLE, and qualified plans	28			
29	Self-employed health insurance deduction				
31a	Amount paid by recipient's SSN	31a			
32	IRA deduction	32			
33	Student loan interest deduction	33			
34	Tuition and fees. Attach Form 8917	34			
35	Domestic production activities deduction. Attach Form 8903	35			
36	Add lines 23 through 31a and 32 through 35	36			
37	Subtract line 36 from line 22. This is your adjusted gross income	37			

For Disclosure, Privacy Act, and Paperwork Reduction Act Notice, see separate instructions. Cat. No. 11320B Form **1040** (2010)

Schedule SE

3	Combine lines 1a, 1b, and 2. Subtract from that total the amount on Form 1040, line 29, or Form 1040NR, line 29, and enter the result (see page SE-3)	3			
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