

AS OF OCT. 17, 2007

# FAST TAX FACTS 2007

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Welcome to California CPA's annual at-a-glance compilation of federal and state tax information. User-friendly tax rate schedules, facts, figures and assorted data make this section a handy companion. Keep it within arm's reach as you enter busy season.

*special thanks to:* The CalCPA Committee on Taxation, Chair Daniel Crosbie; John DiCarlo, CPA; Ann Ngo, CPA and Rebecca Christiansen for compiling this information.

## 2007 TAX DATA SCHEDULE

	2007 Federal	2007 California		
<b>Standard Deductions</b>			<b>California Exemption Credits</b>	
Single	\$ 5,350	\$3,516	Single, Married Filing Separately, Head of Household	\$ 94
Married Filing Jointly, Surviving Spouse	10,700	7,032	Married Filing Jointly, Surviving Spouse	188
Married Filing Separately	5,350	3,516	Dependent	294
Head of Household	7,850	7,032	Blind or Age 65 and Older	94
Additional for Age 65 and Older or Blind—Married	1,050		<b>Senior Head of Household Credit</b>	
Additional for Age 65 and Older or Blind—Unmarried	1,300		2% of California taxable income, maximum California AGI of \$60,791 with maximum credit of	\$1,146
(per individual for each situation, age or blind)			<b>Joint Custody Head of Household Credit and Dependent Parent Credit</b>	
Taxpayer Claimed as a Dependent	850	850	Each is 30% of net tax with maximum credit of	\$374
<b>Personal or Dependent Exemption</b> (Social Security Number required)	3,400			



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## 2007 TAX DATA SCHEDULE

	2007 Federal	2007 California
<b>Child and Dependent Care Credit</b>		
Percentage of federal credit for California AGI limits		
\$0-40,000		50%
40,001-70,000		43%
70,001-100,000		34%
100,001 or more		0%
<b>Teacher's Retention Credit</b>		
This California tax credit has been repealed effective for years beginning on or after Jan. 1, 2007.		
<b>California Renter's Credit</b>		
Married Filing Jointly, Head of Household, Surviving Spouse if AGI is below \$66,544		\$120
Single or Married Filing Separately if AGI is below \$33,272		60
<b>IRC Sec. 179 Deduction</b>	\$125,000	\$25,000
<b>Beginning of Personal Exemption Phaseout Range—Based on Federal AGI</b>		
Single	\$156,400	\$155,416
Married Filing Jointly, Surviving Spouse	234,600	310,837
Married Filing Separately	117,300	155,416
Head of Household	195,500	233,129
<b>Beginning of Itemized Deduction Phaseout Range—Based on Federal AGI</b>		
Single	\$156,400	\$155,416
Married Filing Jointly, Surviving Spouse	156,400	310,837
Married Filing Separately	78,200	155,416
Head of Household	156,400	233,129
Rate Reduced over federal AGI limits	3%	6%
<b>Schedule A Medical Deduction</b>		
Based on federal AGI	7.5%	7.5%
<b>Schedule A Miscellaneous Deduction</b>		
Based on federal AGI	2%	2%
<b>Alternative Minimum Tax (AMT) Rate</b>		
AMTI Less Exemption up to \$175,000	26%	
AMTI Less Exemption over \$175,000 (\$87,500 if Married Filing Separately)	28%	
AMTI Less Exemption		7%
<b>AMT Exemption Amounts</b>		
Married Filing Jointly, Surviving Spouse	\$45,000	\$76,207
Single, Head of Household	33,750	57,156
Married Filing Separately	22,500	38,102
Estate or Trust	22,500	38,102

	2007 Federal	2007 California
<b>AMT Exemption Phaseout Amounts</b>		
Married Filing Jointly, Surviving Spouse	\$150,000	\$285,776
Single, Head of Household	112,500	214,333
Married Filing Separately, Estate or Trust	75,000	142,887
<b>Self-Employed Health Insurance Premiums</b>		
Adjustment for AGI, percentage of total qualifying health insurance premiums	100%	100%
<b>Auto Standard Mileage Allowances</b>		
Business	.485	.485
Charity work - general	.14	.14
Medical or moving	.20	.20
<b>U.S. Savings Bond Interest Exclusion Phaseout Based on codified AGI</b>		
Joint Return	\$98,400-128,400	
All Other Returns	65,600-80,600	
<b>California SDI</b>		
Federal tax deduction*		
Annual wage limit		\$83,389
Rate		0.60%
Tax		500.33
*Amounts paid to a voluntary program in lieu of the state programs are not deductible, but may be a credit on California return.		

## 2007 FEDERAL TAX RATE SCHEDULE

Taxable Income Is Over	But Not Over	Pay	+%	Of The Amount Over
<b>Single</b>				
\$0	\$7,825	\$0.00	10%	\$0
7,825	31,850	782.50	15%	7,825
31,850	77,100	4,386.25	25%	31,850
77,100	160,850	15,698.75	28%	77,100
160,850	349,700	39,148.75	33%	160,850
349,700	and more	101,469.25	35%	349,700
<b>Head of Household</b>				
\$0	\$11,200	\$0.00	10%	\$0
11,200	42,650	1,120.00	15%	11,200
42,650	110,100	5,837.50	25%	42,650
110,100	178,350	22,700.00	28%	110,100
178,350	349,700	41,810.00	33%	178,350
349,700	and more	98,355.50	35%	349,700
<b>Married Filing Jointly or Qualifying Widow(er)</b>				
\$0	\$15,650	\$0.00	10%	\$0
15,650	63,700	1,565.00	15%	15,650
63,700	128,500	8,772.50	25%	63,700

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Taxable Income Is Over	But Not Over	Pay	+	%	Of The Amount Over
128,500	195,850	24,972.50		28%	128,500
195,850	349,700	43,830.50		33%	195,850
349,700	and more	94,601.00		35%	349,700
<b>Married Filing Separately</b>					
\$0	\$7,825	\$0.00		10%	\$0
7,825	31,850	782.50		15%	7,825
31,850	64,250	4,386.25		25%	31,850
64,250	97,925	12,486.25		28%	64,250
97,925	174,850	21,915.25		33%	97,925
174,850	and more	47,300.50		35%	174,850
<b>Estate or Nongrantor Trust</b>					
\$0	\$2,150	\$0.00		15%	\$0
2,150	5,000	322.50		25%	2,150
5,000	7,650	1,035.00		28%	5,000
7,650	10,450	1,777.00		33%	7,650
10,450	and more	2,701.00		35%	10,450

## 2007 STATE TAX RATE SCHEDULE

### Single, Married Filing Separately, Fiduciary Return

Taxable Income	Rate	Tax
\$0	1.0%	\$0
6,827	2.0%	6,827
16,185	4.0%	16,185
25,544	6.0%	25,544
35,460	8.0%	35,460
44,814	9.3%	41,814
44,814	and more	1,973.07

An additional 1% surcharge applies to taxable income in excess of \$1 million.

### Married Filing Jointly or Qualifying Widow(er)

Taxable Income	Rate	Tax
\$0	1.0%	\$0
13,654	2.0%	13,654
32,370	4.0%	32,370
51,088	6.0%	51,088
70,920	8.0%	70,920
89,628	9.3%	89,628
89,628	and more	3,946.14

An additional 1% surcharge applies to taxable income in excess of \$1 million.

### Head of Household

Taxable Income	Rate	Tax
\$0	1.0%	\$0
13,662	2.0%	13,662
32,370	4.0%	32,370
41,728	6.0%	41,728
51,643	8.0%	51,643
61,000	9.3%	61,000
61,000	and more	2,228.56

An additional 1% surcharge applies to taxable income in excess of \$1 million.

## LUXURY AUTO LIMIT

Taxpayer leasing so-called "luxury" autos needs to add back an amount to income to offset the full deduction of the lease payments.

Year	First	Second	Third	Thereafter
2006	2,960	4,800	2,850	1,775
2007	3,060	4,900	2,850	1,775

## SOCIAL SECURITY & MEDICARE TAXES

	2006	2007
<b>Social Security Tax</b>		
Maximum wage base	\$94,200	\$97,500
Social Security rate - employee	6.2%	6.2%
Social Security rate - self-employed	12.4%	12.4%
<b>Medicare Tax</b>		
Maximum wage base	Unlimited	Unlimited
Medicare rate—employee	1.45%	1.45%
Medicare rate—self-employed	2.9%	2.9%

## Earned Income Ceilings for Social Security Benefits

Benefit	2006	2007
Under full retirement age	\$12,480	\$12,960
Full retirement age	Unlimited	Unlimited
Monthly Medicare Part B Premium	\$88.50	\$93.50

## RETIREMENT PLAN LIMITATIONS

	2006	2007
Maximum 401(k) or 403(b) Deferral	\$15,000	\$15,500
Maximum Defined Contribution Plan Contribution	44,000	45,000
Maximum Annual Benefit for Defined Benefit Plans	175,000	180,000
Annual Compensation Limit for Computing Plan Benefits	220,000	225,000
Annual Compensation Limit for the Definition of Highly Compensated		
Employee IRC Section 414(q)	100,000	100,000
Compensation Minimum for SEP plan	450	500
Maximum Contribution for SIMPLE plan	10,000	10,500
Catch-up Contribution for 401(k) or 403(b) for taxpayers age 50 and older	5,000	5,000
Catch-up Contribution for SIMPLE for taxpayers age 50 and older	2,500	2,500

## Key Employee for Top Heavy Purposes:

• Officers Earning Over	\$140,000	\$145,000
• A 5-percent Owner or a 1-percent Owner Earning Over	150,000	150,000



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*tax news* Access tax news archives at [www.calcpa.org/californiacpa](http://www.calcpa.org/californiacpa).

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## TRADITIONAL & ROTH IRAs

	2006	2007
Contribution Limit	\$4,000	\$4,000
Catch-up Contribution age 50 and older	1,000	1,000
<b>IRA Deduction Phaseout for Active Participants</b>		
Single	\$50,000–60,000	
Married Filing Jointly	80,000–100,000	
<b>IRA Deduction Phaseout for Spousal Contributions</b>		
Married Filing jointly	150,000–160,000	
<b>Roth IRA Contribution Phaseout</b>		
Single	\$99,000–114,000	
Married Filing Jointly	156,000–166,000	
Married Filing Separately	0–10,000	
<b>Roth IRA Conversion Phaseout</b>		
Single	\$100,000	
Married Filing Jointly	100,000	
Married Filing Separately	Ineligible	

## IRA & PENSION CREDIT

**Tax Credit Rate applied to maximum contribution of \$2,000**  
Based on AGI for various pension/IRA plans

Joint Filers	Heads of Household	All Other Filers	Credit Rate
\$0–31,000	\$0–23,250	\$0–15,500	50%
31,001–34,000	23,251–25,500	15,501–17,000	20%
34,001–52,000	25,501–39,000	17,001–26,000	10%
Over 52,000	Over 39,000	Over 26,000	0%

## ESTATE AND GIFT TAX

**Phaseout and Repeal of Estate and Generation-Skipping Transfer Taxes**

Calendar Year	Estate/GST tax transfer exemption	Highest estate and gift tax rate
2007	2 million	45%
2008	2 million	45%
2009	3.5 million	45%
2010	Not applicable, taxes repealed	Top individual rate under bill (gift tax only)

Gift tax:

Annual Gift Limitation of \$12,000 for 2007.

Lifetime Exemption of \$1 million after Dec. 31, 2001.

## EDUCATION-RELATED TAX BENEFITS

### Coverdell Educational Savings Accounts

Annual Contribution Limit	\$2,000
<b>Contribution Phaseout based on modified AGI</b>	
Single	\$95,000–110,000
Married Filing Jointly	190,000–220,000

### Student Loan Interest Deduction

Maximum interest deduction	\$2,500
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Deduction phaseout based on modified AGI

Single	\$55,000–70,000
Married Filing Jointly	\$110,000–140,000

## 2006 EXPIRED DEDUCTIONS

The following deductions expired Dec. 31, 2006:

- Relief for Hurricanes Katrina, Rita and Wilma
- Qualified electric vehicle credit

## VALUABLE PHONE NUMBERS

### TAX PRACTITIONER HOTLINES

**IRS Priority Service (866) 860-4259**  
**FTB (916) 845-7057**  
**FTB Fax (916) 845-6377**  
**EDD (888) 745-3886**  
**BOE (800) 401-3661**

### APPLICATION FOR TAXPAYER ID

**Federal Form SS-4 (800) 829-4933**  
**Federal Form SS-4 Fax (859) 669-5760**  
**Federal Online: [www.irs.gov](http://www.irs.gov)**  
**EDD Form DE 1 (916) 654-8706**  
**EDD Form DE 1 Fax (916) 654-9211**

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