

AS OF OCT. 18, 2006

FAST TAX FACTS 2006

The online version of Fast Tax Facts will be updated for tax law changes. Check it out at www.calcpa.org/fasttaxfacts.

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



special thanks to: the CalCPA Committee on Taxation, especially Chair John DiCarlo, CPA; Ann Ngo, CPA; Lisa Edeling, CPA; and the FTB for compiling this information.

2006 TAX DATA SCHEDULE

	2006 Federal	2006 California		
Standard Deductions			California Exemption Credits	
Single	\$ 5,150	\$3,410	Single, Married Filing Separately, Head of Household	\$ 91
Married Filing Jointly, Surviving Spouse	10,300	6,820	Married Filing Jointly, Surviving Spouse	182
Married Filing Separately	5,150	3,410	Dependent	285
Head of Household	7,550	6,820	Blind or Age 65 and Older	91
Additional for Age 65 and Older or Blind—Married	1,000		Senior Head of Household Credit	
Additional for Age 65 and Older or Blind—Unmarried	1,250		2% of California taxable income, maximum California AGI of \$58,963 with maximum credit of	\$1,111
(per individual for each situation, age or blind)			Joint Custody Head of Household Credit and Dependent Parent Credit	
Taxpayer Claimed as a Dependent	850	850	Each is 30% of net tax with maximum credit of	\$363
Personal or Dependent Exemption (Social Security Number required)	3,300			



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2006 TAX DATA SCHEDULE

	2006 Federal	2006 California
Child and Dependent Care Credit		
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%
Teacher's Retention Credit		
This California tax credit has been suspended for taxable years 2004, 2005, and 2006.		
California Renter's Credit		
Married Filing Jointly, Head of Household, Surviving Spouse if AGI is below \$64,544		\$120
Single or Married Filing Separately if AGI is below \$32,272		60
IRC Sec. 179 Deduction	\$108,000	\$25,000
Beginning of Personal Exemption Phaseout Range—Based on Federal AGI		
Single	\$150,500	\$150,743
Married Filing Jointly, Surviving Spouse	225,750	301,491
Married Filing Separately	112,875	150,743
Head of Household	188,150	226,119
Beginning of Itemized Deduction Phaseout Range—Based on Federal AGI		
Single	\$150,500	\$150,743
Married Filing Jointly, Surviving Spouse	150,500	301,491
Married Filing Separately	75,250	150,743
Head of Household	150,500	226,119
Rate Reduced over federal AGI limits	3%	6%
Schedule A Medical Deduction		
Based on federal AGI	7.5%	7.5%
Schedule A Miscellaneous Deduction		
Based on federal AGI	2%	2%
Alternative Minimum Tax (AMT) Rate		
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%
AMT Exemption Amounts		
Married Filing Jointly, Surviving Spouse	\$62,550	\$73,916
Single, Head of Household	42,500	55,437
Married Filing Separately	31,275	36,956
Estate or Trust	22,500	36,956

	2006 Federal	2006 California
AMT Exemption Phaseout Amounts		
Married Filing Jointly, Surviving Spouse	\$150,000	\$277,183
Single, Head of Household	112,500	207,888
Married Filing Separately, Estate or Trust	75,000	138,591
Self-Employed Health Insurance Premiums		
Adjustment for AGI, percentage of total qualifying health insurance premiums	100%	100%
Auto Standard Mileage Allowances		
Business	.445	.445
Charity work - general	.14	.14
Charity work - Hurricane Katrina	.32	.32
Medical or moving	.18	.18
U.S. Savings Bond Interest Exclusion Phaseout Based on codified AGI		
Joint Return	\$94,700/124,700	
All Other Returns	63,100/78,100	
California SDI		
Federal tax deduction*		
Annual wage limit		\$79,418
Rate		0.80%
Tax		635.34

*Amounts paid to a voluntary program in lieu of the state programs are not deductible but may be a credit on California return.

2006 FEDERAL TAX RATE SCHEDULE

Taxable Income Is Over	But Not Over	Pay	+%	Of The Amount Over
Single				
\$0	\$7,550	\$0.00	10%	\$0
7,550	30,650	755.00	15%	7,550
30,650	74,200	4,220.00	25%	30,650
74,200	154,800	15,107.50	28%	74,200
154,800	336,550	37,675.50	33%	154,800
336,550	and more	97,653.00	35%	336,550
Head of Household				
\$0	\$10,750	\$0.00	10%	\$0
10,750	41,050	1,075.00	15%	10,750
41,050	106,000	5,620.00	25%	41,050
106,000	171,650	21,857.50	28%	106,000
171,650	336,550	40,239.50	33%	171,650
336,550	and more	94,656.50	35%	336,550
Married Filing Jointly or Qualifying Widow(er)				
\$0	\$15,100	\$0.00	10%	\$0
15,100	61,300	1,510.00	15%	15,100
61,300	123,700	8,440.00	25%	61,300



Taxable Income Is Over	But Not Over	Pay	+	%	Of The Amount Over
123,700	188,450	24,040.00		28%	123,700
188,450	336,550	42,170.00		33%	188,450
336,550	and more	91,043.00		35%	336,550
Married Filing Separately					
\$0	\$7,550	\$0.00		10%	\$0
7,550	30,650	755.00		15%	7,550
30,650	61,850	4,220.00		25%	30,650
61,850	94,225	12,020.00		28%	61,850
94,225	168,275	21,085.00		33%	94,225
168,275	and more	45,521.50		35%	168,275
Estate or Nongrantor Trust					
\$0	\$2,050	\$0.00		15%	\$0
2,050	4,850	307.50		25%	2,050
4,850	7,400	1,007.50		28%	4,850
7,400	10,050	1,721.50		33%	7,400
10,050	and more	2,596.00		35%	10,050

2006 STATE TAX RATE SCHEDULE

Single, Married Filing Separately, Fiduciary Return

Taxable Income	Rate	Tax	Rate	Tax
\$0	1.0%	\$0.00	1.0%	\$0
6,622	2.0%	66.22	2.0%	6,622
15,698	4.0%	247.74	4.0%	15,698
24,776	6.0%	610.86	6.0%	24,776
34,394	8.0%	1,187.94	8.0%	34,394
43,467	9.3%	1,913.78	9.3%	43,467

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

Married Filing Jointly or Qualifying Widow(er)

Taxable Income	Rate	Tax	Rate	Tax
\$0	1.0%	\$0.00	1.0%	\$0
13,244	2.0%	132.44	2.0%	13,244
31,396	4.0%	495.48	4.0%	31,396
49,552	6.0%	1,221.72	6.0%	49,552
68,788	8.0%	2,375.88	8.0%	68,788
86,934	9.3%	3,827.56	9.3%	86,934

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

Head of Household

Taxable Income	Rate	Tax	Rate	Tax
\$0	1.0%	\$0.00	1.0%	\$0
13,251	2.0%	132.51	2.0%	13,251
31,397	4.0%	495.43	4.0%	31,397
40,473	6.0%	858.47	6.0%	40,473
50,090	8.0%	1,435.49	8.0%	50,090
59,166	9.3%	2,161.57	9.3%	59,166

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
2005	2,960	4,700	2,850	1,675
2006	2,960	4,800	2,850	1,775

SOCIAL SECURITY & MEDICARE TAXES

	2005	2006
Social Security Tax		
Maximum wage base	\$90,000	\$94,200
Social Security rate - employee	6.2%	6.2%
Social Security rate - self-employed	12.4%	12.4%
Medicare Tax		
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	2005	2006
Under full retirement age	\$12,000	\$12,480
Full retirement age	Unlimited	Unlimited
Monthly Medicare Part B Premium	\$78.20	\$88.50

RETIREMENT PLAN LIMITATIONS

	2005	2006
Maximum 401(k) or 403(b) Deferral	\$14,000	\$15,000
Maximum Defined Contribution Plan Contribution	42,000	44,000
Maximum Annual Benefit for Defined Benefit Plans	170,000	175,000
Annual Compensation Limit for Computing Plan Benefits	210,000	220,000
Annual Compensation Limit for the Definition of Highly Compensated Employee IRC Section 414(q)	95,000	100,000
Compensation Minimum for SEP plan	450	450
Maximum Contribution for SIMPLE plan	10,000	10,000
Catch-up Contribution for 401(k) or 403(b) for taxpayers age 50 and older	4,000	5,000
Catch-up Contribution for SIMPLE for taxpayers age 50 and older	2,000	2,500

Key Employee for Top Heavy Purposes:

• Officers Earning Over	\$135,000	\$140,000
• A 5-percent Owner		
• A 1-percent Owner Earning Over	150,000	150,000



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TRADITIONAL & ROTH IRAs

	2005	2006
Contribution Limit	\$4,000	\$4,000
Catch-up Contribution age 50 and older	500	1,000
IRA Deduction Phaseout for Active Participants		
Single	\$50,000–60,000	
Married Filing Jointly	75,000–85,000	
IRA Deduction Phaseout for Spousal Contributions		
Married Filing jointly	150,000–160,000	
Roth IRA Contribution Phaseout		
Single	\$95,000–110,000	
Married Filing Jointly	150,000–160,000	
Married Filing Separately	0–10,000	
Roth IRA Conversion Phaseout		
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
\$0–30,000	\$0 - 22,500	\$0 - 15,000	50%
30,000–32,500	22,500 - 24,375	15,000 - 16,250	20%
32,500–50,000	24,375 - 37,500	16,250 - 25,000	10%
Over 50,000	Over 37,500	Over 25,000	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
2006	2 million	46%
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 2006.

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

EDUCATION-RELATED TAX BENEFITS

Coverdell Educational Savings Accounts

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

Student Loan Interest Deduction

Maximum interest deduction	\$2,000
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Deduction phaseout based on modified AGI

Single	\$50,000–65,000
Married Filing Jointly	\$105,000–135,000

2005 EXPIRED DEDUCTIONS

The following deductions expired Dec. 31, 2005:

- State and local sales taxes
- Qualified higher education expenses
- Qualified teacher expenses
- Clean-fuel vehicles

Note: Effective Jan. 1, 2006, IRC Sec. 30C provides a tax credit for qualified alternative fuel vehicle refueling (QAFVR) property. The maximum credit is \$1,000 for nondepreciable QAFVR property and the maximum credit is \$30,000 for depreciable QAFVR property.

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 Number

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

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