

## BUSINESS

### Depreciation

#### 36-Month Assets (Straight-Line)

Most software

#### 3-Year Assets (200% DB)

Dies, molds, small tools, certain horses

#### 5-Year Assets (200% DB)

Autos, computers, typewriters, copiers, many types of equipment, private aircraft

#### 7-Year Assets (200% DB)

Most manufacturing equipment, office furniture, printing equipment, oil and gas production equipment

#### 7-Year Assets (150% DB)

Farm equipment

#### 27.5-Year Assets (Straight-Line)

Rental houses, apartments, low-income housing

#### 39-Year Assets (Straight-Line)

Nonresidential buildings

50% additional first-year depreciation for qualified property acquired between 5-6-03 and 12-31-04.

### Personal Property Depreciation

#### Percent of Original Depreciable Basis under 200% DB Method

(Not applicable for mid-quarter convention)

Recovery Year	3-Year Class	5-Year Class	7-Year Class
1	33.33	20.00	14.29
2	44.45	32.00	24.49
3	14.81	19.20	17.49
4	7.41	11.52	12.49
5		11.52	8.93
6		5.76	8.92
7			8.93
8			4.46

### Section 179 Expense

	2005	2004
Maximum expense election	\$105,000	\$102,000
Phaseout threshold	\$420,000	\$410,000

## CORPORATE INCOME TAX RATES

### Regular Tax

If Taxable Income Is Between:	Your Tax Is:	Of Amount Over:
\$ 0 - \$ 50,000	..... 15%	\$ 0
\$ 50,001 - \$ 75,000	\$ 7,500 + 25%	\$ 50,000
\$ 75,001 - \$ 100,000	\$ 13,750 + 34%	\$ 75,000
\$ 100,001 - \$ 335,000	\$ 22,250 + 39%	\$ 100,000
\$ 335,001 - \$10,000,000	\$ 113,900 + 34%	\$ 335,000
\$ 10,000,001 - \$15,000,000	\$ 3,400,000 + 35%	\$10,000,000
\$ 15,000,001 - \$18,333,333	\$ 5,150,000 + 38%	\$15,000,000
\$ 18,333,334 and above	a flat 35%	

Personal Service Corporations — 35% flat tax rate.

Capital Gains Tax Rate — Same as regular rate.

## ESTATE AND GIFT TAX RATES

### 2005 Estate Tax Rates

Cumulative Taxable Amount	Tax*	% on Excess Over Base
\$ 1,500,000 or less	\$ 0	45%
\$ 2,000,000	\$ 225,000	47%**

\* Net of unified credit of \$555,800, which is equivalent to an exemption of \$1,500,000.

\*\* 48% for 2004

### Estate and Gift Tax Exemption Amounts

	Estate	Gift
2005	\$ 1,500,000	\$ 1,000,000
2004	\$ 1,500,000	\$ 1,000,000

### Annual Gift Tax Exclusion — 2005 & 2004

Gifts per person	\$ 11,000
Joint gifts by spouses	\$ 22,000

## LONG-TERM CARE INSURANCE

If you are: You may deduct this much of your annual premiums

	2005	2004
Over 70	\$ 3,400	\$ 3,250
61 to 70	\$ 2,720	\$ 2,600
51 to 60	\$ 1,020	\$ 980
41 to 50	\$ 510	\$ 490
40 and under	\$ 270	\$ 260

## CAPITAL GAINS — 2005 & 2004

Holding Period Top Capital Gains Rates

12 months or less	35%
More than 12 months	15%
Depreciation recapture on real estate	25%
Collectibles and certain small business stock	28%

## COVERDELL ESAs — 2005 & 2004

- Contribution limit \$ 2,000 per beneficiary
- AGI phaseouts\*:
  - Joint filers \$ 190,000 - \$ 220,000
  - Individual filers \$ 95,000 - \$ 110,000

\* Phaseout applies to the contributor, not the beneficiary.

Note: Coverdell ESAs (Education Savings Accounts) were formerly known as Education IRAs. Contributions for ESAs must be made before the filing date of the tax return, not including extensions.

## STANDARD MILEAGE RATES

Use	2005	2004
Business	40.5¢ per mile	37.5¢ per mile
Charitable	14¢ per mile	14¢ per mile
Medical	15¢ per mile	14¢ per mile
Moving	15¢ per mile	14¢ per mile

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# Tax Pocket Guide

# 2005

individual ★ business ★ retirement ★ capital gains ★ estate & gift

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## 2005 INDIVIDUAL INCOME TAX RATES

### Regular Tax — Married, Filing Jointly or Surviving Spouse

If Taxable Income Is Between:	Your Tax Is:	Of Amount Over:
\$ 0 – \$ 14,600	..... 10%	\$ 0
\$ 14,600 – \$ 59,400	\$ 1,460 + 15%	\$ 14,600
\$ 59,400 – \$ 119,950	\$ 8,180 + 25%	\$ 59,400
\$ 119,950 – \$ 182,800	\$ 23,318 + 28%	\$ 119,950
\$ 182,800 – \$ 326,450	\$ 40,916 + 33%	\$ 182,800
\$ 326,450 and above	\$ 88,320 + 35%	\$ 326,450

### Married, Filing Separately

If Taxable Income Is Between:	Your Tax Is:	Of Amount Over:
\$ 0 – \$ 7,300	..... 10%	\$ 0
\$ 7,300 – \$ 29,700	\$ 730 + 15%	\$ 7,300
\$ 29,700 – \$ 59,975	\$ 4,090 + 25%	\$ 29,700
\$ 59,975 – \$ 91,400	\$ 11,659 + 28%	\$ 59,975
\$ 91,400 – \$ 163,225	\$ 20,458 + 33%	\$ 91,400
\$ 163,225 and above	\$ 44,160 + 35%	\$ 163,225

### Single

If Taxable Income Is Between:	Your Tax Is:	Of Amount Over:
\$ 0 – \$ 7,300	..... 10%	\$ 0
\$ 7,300 – \$ 29,700	\$ 730 + 15%	\$ 7,300
\$ 29,700 – \$ 71,950	\$ 4,090 + 25%	\$ 29,700
\$ 71,950 – \$ 150,150	\$ 14,653 + 28%	\$ 71,950
\$ 150,150 – \$ 326,450	\$ 36,549 + 33%	\$ 150,150
\$ 326,450 and above	\$ 94,728 + 35%	\$ 326,450

### Head of Household

If Taxable Income Is Between:	Your Tax Is:	Of Amount Over:
\$ 0 – \$ 10,450	..... 10%	\$ 0
\$ 10,450 – \$ 39,800	\$ 1,045 + 15%	\$ 10,450
\$ 39,800 – \$ 102,800	\$ 5,448 + 25%	\$ 39,800
\$ 102,800 – \$ 166,450	\$ 21,198 + 28%	\$ 102,800
\$ 166,450 – \$ 326,450	\$ 39,020 + 33%	\$ 166,450
\$ 326,450 and above	\$ 91,820 + 35%	\$ 326,450

The phaseout of personal exemptions for taxpayers above certain income levels is not reflected in these schedules.

### Qualified Dividend Income 15% (5% for lower brackets)

## STANDARD DEDUCTION\*

	2005	2004
Married filing jointly	\$10,000	\$ 9,700
Single	\$ 5,000	\$ 4,850
Head of household	\$ 7,300	\$ 7,150
Married filing separately	\$ 5,000	\$ 4,850
Additional — blind or elderly		
Single	\$ 1,250	\$ 1,200
Married	\$ 1,000	\$ 950

\* Deduct the greater of standard or itemized deductions.

## 2004 INDIVIDUAL INCOME TAX RATES

### Regular Tax — Married, Filing Jointly or Surviving Spouse

If Taxable Income Is Between:	Your Tax Is:	Of Amount Over:
\$ 0 – \$ 14,300	..... 10%	\$ 0
\$ 14,300 – \$ 58,100	\$ 1,430 + 15%	\$ 14,300
\$ 58,100 – \$ 117,250	\$ 8,000 + 25%	\$ 58,100
\$ 117,250 – \$ 178,650	\$ 22,788 + 28%	\$ 117,250
\$ 178,650 – \$ 319,100	\$ 39,980 + 33%	\$ 178,650
\$ 319,100 and above	\$ 86,328 + 35%	\$ 319,100

### Married, Filing Separately

If Taxable Income Is Between:	Your Tax Is:	Of Amount Over:
\$ 0 – \$ 7,150	..... 10%	\$ 0
\$ 7,150 – \$ 29,050	\$ 715 + 15%	\$ 7,150
\$ 29,050 – \$ 58,625	\$ 4,000 + 25%	\$ 29,050
\$ 58,625 – \$ 89,325	\$ 11,394 + 28%	\$ 58,625
\$ 89,325 – \$ 159,550	\$ 19,990 + 33%	\$ 89,325
\$ 159,550 and above	\$ 43,164 + 35%	\$ 159,550

### Single

If Taxable Income Is Between:	Your Tax Is:	Of Amount Over:
\$ 0 – \$ 7,150	..... 10%	\$ 0
\$ 7,150 – \$ 29,050	\$ 715 + 15%	\$ 7,150
\$ 29,050 – \$ 70,350	\$ 4,000 + 25%	\$ 29,050
\$ 70,350 – \$ 146,750	\$ 14,325 + 28%	\$ 70,350
\$ 146,750 – \$ 319,100	\$ 35,717 + 33%	\$ 146,750
\$ 319,100 and above	\$ 92,593 + 35%	\$ 319,100

### Head of Household

If Taxable Income Is Between:	Your Tax Is:	Of Amount Over:
\$ 0 – \$ 10,200	..... 10%	\$ 0
\$ 10,200 – \$ 38,900	\$ 1,020 + 15%	\$ 10,200
\$ 38,900 – \$ 100,500	\$ 5,325 + 25%	\$ 38,900
\$ 100,500 – \$ 162,700	\$ 20,725 + 28%	\$ 100,500
\$ 162,700 – \$ 319,100	\$ 38,141 + 33%	\$ 162,700
\$ 319,100 and above	\$ 89,753 + 35%	\$ 319,100

The phaseout of personal exemptions for taxpayers above certain income levels is not reflected in these schedules.

### Qualified Dividend Income 15% (5% for lower brackets)

## PERSONAL EXEMPTIONS\*

	2005	2004
Deduction for each taxpayer, spouse, and dependent	\$ 3,200*	\$ 3,100*
Personal exemptions phase out after the following threshold amounts:		
Joint returns or surviving spouse	\$218,950	\$214,050
Head of household	\$182,450	\$178,350
Single	\$145,950	\$142,700
Married filing separately	\$109,475	\$107,025

\* Reduced by 2% for each \$2,500 increment of AGI in excess of threshold phaseout amounts. (\$1,250 for married persons filing separately.)

## RETIREMENT PLANS

### Indexed Contribution & Benefit Limits for Qualified Plans

Type of Plan	2005	2004
Individual Retirement Accounts (IRAs)*	\$ 4,000	\$ 3,000
Section 401(k) plans or SAR-SEPs*	\$ 14,000	\$ 13,000
Section 403(b) plans	\$ 14,000	\$ 13,000
Section 408(p)(2)(A) SIMPLE contributions*	\$ 10,000	\$ 9,000
Section 457(b)(2) limit	\$ 14,000	\$ 13,000
Section 415 limit for:		
Defined contribution plans	\$ 42,000	\$ 41,000
Defined benefit plans	\$170,000	\$165,000
Highly compensated employees Section 414(q)	\$ 95,000	\$ 90,000
FICA taxable wage base		
Social security (tax rate 6.20% for employees; 12.40% for self-employed)	\$ 90,000	\$ 87,900
Medicare (tax rate 1.45% for employees; 2.90% for self-employed)	No limit	No limit
* Age 50 additional contributions		
401(k) type plans	\$ 4,000	\$ 3,000
SIMPLEs	\$ 2,000	\$ 1,500
IRAs	\$ 500	\$ 500

### Roth IRAs - 2005 & 2004

- Nondeductible contributions
- Qualified tax-free distributions
- AGI Phaseouts:
 

Joint filers	\$ 150,000 – \$ 160,000
Individual filers	\$ 95,000 – \$ 110,000

## SOCIAL SECURITY

### Maximum Annual Earned Income Limit

	2005	2004
Under full retirement age	\$ 12,000	\$ 11,640
Full retirement age	No Limit	No Limit

\* For people reaching full retirement age in 2005, the limit is \$31,800 for months prior to attainment. Beginning the month in which they turn full retirement age, there is no limit.

## HEALTH SAVINGS ACCOUNTS

Contribution Limits	2005	2004
Individual, self-only	\$2,650	\$2,600
Family Coverage	\$5,250	\$5,150
Catch-up for those age 50 and older	\$ 600	\$ 500

For 2005 and 2004, the minimum deductible for a high-deductible health plan (HDHP) is \$1,000 for self-only coverage and \$2,000 for family coverage.

In 2005, the maximum annual out-of-pocket amount for HDHP self-coverage increases to \$5,100 from \$5,000 in 2004. In 2005, the maximum annual out-of-pocket amount for HDHP family coverage is \$10,200, up from \$10,000 in 2004.

## ALTERNATIVE MINIMUM TAX

AMT Exemptions	2005	2004
Single filers	\$40,250	\$40,250
Joint filers	\$58,000	\$58,000
Married, filing separately	\$29,000	\$29,000
Head of household	\$40,250	\$40,250