



QUICK TAX FACTS

2011 - 2012

BROWN
SMITH LLC
WALLACE

A MEASURABLE DIFFERENCE™

ST. LOUIS, MO
314.983.1200

ST. CHARLES, MO
636.255.3000

GLEN CARBON, IL
618.654.3100

TOLL FREE 1.888.279.2792 WWW.BSWLLC.COM

AN INDEPENDENT FIRM ASSOCIATED WITH MOORE STEPHENS INTERNATIONAL LIMITED



This publication is distributed with the understanding that the publisher and the distributor are not rendering legal, accounting, or other professional advice, and assume no liability whatsoever in connection with its use.

CIRCULAR 230 DISCLOSURE

"To ensure compliance with requirements imposed by the IRS, we are required to inform you that any U.S. federal tax advice contained in this communication (including attachments) is not intended or written to be used, and cannot be used, for the purpose of 1) avoiding penalties under the Internal Revenue Code or 2) promoting, marketing, or recommending to another party any transaction or matter addressed herein."

Specifically, this publication does not incorporate changes contained in any legislation enacted subsequent to December 31, 2011.

2012 INDIVIDUAL TAX RATE SCHEDULES

MARRIED TAXPAYERS JOINT OR SURVIVING SPOUSE

Base Taxable Income	Tax on Base	% on Excess Over Base
\$ 0	\$ 0	10%
17,400	1,740.00	15%
70,700	9,735.00	25%
142,700	27,735.00	28%
217,450	48,665.00	33%
388,350	105,062.00	35%

MARRIED TAXPAYERS FILING SEPARATELY

Base Taxable Income	Tax on Base	% on Excess Over Base
\$ 0	\$ 0	10%
8,700	870.00	15%
35,350	4,867.50	25%
71,350	13,867.50	28%
108,725	24,332.50	33%
194,175	52,531.00	35%

SINGLE TAXPAYERS

Base Taxable Income	Tax on Base	% on Excess Over Base
\$ 0	\$ 0	10%
8,700	870.00	15%
35,350	4,867.50	25%
85,650	17,442.50	28%
178,650	43,482.50	33%
388,350	112,683.50	35%

HEAD OF HOUSEHOLD

Base Taxable Income	Tax on Base	% on Excess Over Base
\$ 0	\$ 0	10%
12,400	1,240.00	15%
47,350	6,482.50	25%
122,300	25,220.00	28%
198,050	46,430.00	33%
388,350	109,229.00	35%

ESTATES AND TRUSTS

Base Taxable Income	Tax on Base	% on Excess Over Base
\$ 0	\$ 0	15%
2,400	360.00	25%
5,600	1,160.00	28%
8,500	1,972.00	33%
11,650	3,011.50	35%

2011 INDIVIDUAL TAX RATE SCHEDULES

MARRIED TAXPAYERS JOINT OR SURVIVING SPOUSE

Base Taxable Income	Tax on Base	% on Excess Over Base
\$ 0	\$ 0	10%
17,000	1,700.00	15%
69,000	9,500.00	25%
139,350	27,087.50	28%
212,300	47,513.50	33%
379,150	102,574.00	35%

MARRIED TAXPAYERS FILING SEPARATELY

Base Taxable Income	Tax on Base	% on Excess Over Base
\$ 0	\$ 0	10%
8,500	850.00	15%
34,500	4,750.00	25%
69,675	13,543.75	28%
106,150	23,756.75	33%
189,575	51,287.00	35%

SINGLE TAXPAYERS

Base Taxable Income	Tax on Base	% on Excess Over Base
\$ 0	\$ 0	10%
8,500	850.00	15%
34,500	4,750.00	25%
83,600	17,025.00	28%
174,400	42,449.00	33%
379,150	110,016.50	35%

HEAD OF HOUSEHOLD

Base Taxable Income	Tax on Base	% on Excess Over Base
\$ 0	\$ 0	10%
12,150	1,215.00	15%
46,250	6,330.00	25%
119,400	24,617.50	28%
193,350	45,323.50	33%
379,150	160,637.50	35%

ESTATES AND TRUSTS

Base Taxable Income	Tax on Base	% on Excess Over Base
\$ 0	\$ 0	15%
2,300	345.00	25%
5,450	1,132.50	28%
8,300	1,930.50	33%
11,350	2,937.00	35%

INDIVIDUALS

INCOME	2012	2011
Salary	Taxable	Taxable
Interest	Taxable	Taxable
Dividends	Taxable***	Taxable***
Net long-term capital gains	Taxable***	Taxable***
Net passive activity	****	****
Social Security	Taxable*****	Taxable*****
Unemployment benefits	Taxable	Taxable
GROSS INCOME		
ADJUSTMENTS		
IRA	See IRA Table	See IRA Table
Keogh/SEP	Deductible	Deductible
Alimony	Deductible	Deductible
Moving expenses (specified)	Deductible	Deductible
Self-employed health insurance	100% deductible	100% deductible
ADJUSTED GROSS INCOME		
ITEMIZED DEDUCTIONS*		
Medical Expenses	7.5%	7.5%
State/local income tax*	Deductible	Deductible
Other state/local tax*	Deductible	Deductible
Mortgage interest (up to limit)	Deductible	Deductible
Personal interest	0%	0%
Investment interest	See interest deductions table	
Charitable donations (up to limit)	Deductible	Deductible
Miscellaneous deductions and employee business expenses	2% AGI floor	2% AGI floor
Statutory deduction	N/A	N/A
STANDARD DEDUCTIONS*		
Joint return	\$11,900	\$11,600
Married filing separately	5,950	5,800
Single	5,950	5,800
Head of household	8,700	8,500
Additional – blind or elderly		
Single	1,450	1,450
Married	1,150	1,150
Dependent (minimum standard deduction)	950	950
PERSONAL EXEMPTIONS**		
Deduction for each taxpayer, spouse and dependent	3,800 **	3,700 **
TAXABLE INCOME		
Child Tax Credit (qualifying child under age 17)	1,000	1,000

* You are allowed to deduct the greater of your standard deduction or your itemized deductions. For 2011 and 2012, the phase-out for itemized deductions is eliminated. Barring any further legislative action, the phase-out is set to return in 2013.

** For 2011 and 2012, the phase-out for personal exemptions is eliminated. Barring any further legislative action, the phase-out is set to return in 2013.

*** See Capital Gains Table. Qualifying dividends received in 2011 and 2012 are taxed at the same rate as long-term capital gains.

**** Passive activity income/losses are netted. Resulting passive losses will be limited. Exceptions for actively managed real estate, Qualified Real Estate Professionals and passive activity dispositions.

***** 50% of the benefits above the following income thresholds are taxable: (Single \$25,000) (Married \$32,000). The taxable portion increases to 85% for benefits above \$34,000 for single taxpayers and \$44,000 for married taxpayers.

AUTO, TRAVEL, MEALS & ENTERTAINMENT

Fully Deductible	<ul style="list-style-type: none"> • Business travel • Auto standard mileage rate (1/1/11-6/30/11: \$.51, 7/1/11-12/31/11: \$.555, 2012: \$.555) • Medical travel (1/1/11-6/30/11: \$.19, 7/1/11-12/31/11: \$.235, 2012: \$.23) • Moving expense (1/1/11-6/30/11: \$.19, 7/1/11-12/31/11: \$.235, 2012: \$.23) • Charitable travel (2011-2012 - \$.14)
50% Deductible	<ul style="list-style-type: none"> • Business entertainment • Business meals, including taxes and tips • Qualified banquet meetings
Not Deductible	<ul style="list-style-type: none"> • Educational travel • Investment seminars • Luxury skybox cost in excess of normal ticket cost • Club dues

CORPORATE INCOME TAX RATES

2011-2012	
Taxable Income	Tax Rate
\$0 - \$50,000	15%
50,001 - 75,000	25%
75,001 - 100,000	34%
100,001 - 335,000	39%
- 10,000,000	34%
10,000,001 - 15,000,000	35%
15,000,001 - 18,333,333	38%
18,333,334+	35%

Alternative Minimum Tax Rate is 20%

Personal Service Corporations: 35% flat tax rate

SOCIAL SECURITY TAXES

Wage Base		FICA Tax Rate	Self-Employment Tax Rate
2012	2011		
\$110,100	\$106,800	7.65%*	13.3%
\$110,101-unlimited	\$106,801-unlimited	1.45%	2.9%

Adjustment to income allowed for one half (50%) of the self-employment tax.

* Employer rate

INTEREST DEDUCTIONS

	2012	2011	Examples
Personal	NONE	NONE	- Auto loans - Credit cards
Investment	Up to net investment income	Up to net investment income	- Stocks/bonds - Land
Qualified Residence	100%	100%	- Principal and second residence (with limitation)
Trade or Business	100%	100%	- Asset purchases - Working capital
Passive	Net passive income	Net passive income	- Rental activities - Limited partnership interests
Education ("Above the line")	Up to \$2,500	Up to \$2,500	- Student loans (with limitations)

CAPITAL GAINS

HOLDING PERIOD	2012	2011
Short term	12 months or less	12 months or less
Long term	More than 12 months	More than 12 months
MAXIMUM TAX RATES		
Short term	Ordinary	Ordinary
Long term	15%	15%
Long term (10% and 15% bracket taxpayer)	0%	0%
Collectibles	28%	28%
Depreciable real estate:		
Depreciation recapture	25%	25%
Economic profit	15%	15%
Capital losses	*	*
SALE OF PRINCIPAL RESIDENCE		
Excludible amount:	\$250,000	\$250,000
Qualified married couples	\$500,000	\$500,000

*Net capital losses can be offset against category of long-term and short-term gains with highest capital gain tax rate.

EDUCATION INCENTIVES

In general: a variety of effective dates, gross income phase-outs and definitions are contained in the statute. We strongly recommend that you discuss these rules with your tax advisor in order to use them most effectively.

PROVISION	2012 Amount	2011 Amount
American Opportunity Tax Credit (Formerly the Hope Credit) First four years of post-secondary education. (Refundable)	\$2,500	\$2,500
Lifetime learning credit	\$2,000	\$2,000
Tuition and fees deduction	Not Available	\$4,000
Student Loan interest deduction	\$2,500	\$2,500
Coverdell education savings account (per child under 18 or "special needs beneficiary")	\$2,000	\$2,000
Qualified state tuition program	*	*
Exclusion for employer-paid assistance	\$5,250	\$5,250

* As determined by state plan

ALTERNATIVE MINIMUM TAX

INDIVIDUALS

Base Alternative Minimum Taxable Income*	% on Excess Over Base
\$0 - \$175,000	26%
\$175,000+	28%

*In excess of the exemption amount

SEC 179 ELECTION TO EXPENSE

	2012	2011
Maximum amount	\$139,000	\$500,000
Phase-out begins	\$560,000	\$2,000,000

The Tax Relief, Unemployment Insurance Reauthorization and Job Creation Act of 2010 provides 100 percent depreciation bonus for capital (continued on the next column)

SEC 179 ELECTION TO EXPENSE (CONTINUED)

investments placed in service after September 8, 2010 through December 31, 2011. For equipment placed in service after December 31, 2011 and through December 31, 2012, the bill provides for 50 percent depreciation bonus.

ESTIMATED TAX PAYMENTS

To avoid possible underpayment penalties, pay in through withholding or estimated tax payments:

For 2011 - Lesser of:

- 100% of prior year tax liability (if 2010 AGI <\$150,000); otherwise 110% of prior year tax liability
- 90% of current year tax liability

Estimated tax payments for individuals are due by:

April 15 • June 15 • September 15
January 15 of subsequent year*

*State and local payments deductible in year of payment

RETIREMENT PLAN DEDUCTION LIMITS

EXCLUDING "CATCH-UP" PAYMENTS FOR INDIVIDUALS OVER 50 YEARS OF AGE

	2012	2011
401(k) maximum salary deferral limitation	\$17,000	\$16,500
Simple retirement account	\$11,500	\$11,500
Roth IRA (non-deductible)	\$ 5,000	\$ 5,000
Coverdell ESA (per child under 18) (non-deductible)	\$ 2,000	\$ 2,000
Roth IRA – AGI Phase-Out:		
Married - Joint	\$173-183K	\$169-179K
Single, Head of Household	\$110-125K	\$107-122K
Married - Separate	\$0-10K	\$0-10K
Roth IRA Conversion - AGI Maximum	*	*

* Effective for tax years beginning after 2009, there is no AGI limitation for Roth rollovers.

Profit Sharing and Pension Plans (Deductible Contributions)

Corporate	25% up to \$49,000 (2012-\$50,000)
Self-employed retirement plan	20%* up to \$49,000 (2012-\$50,000)

* Of net self-employment income

Individual Retirement Accounts (Taxpayer or Spouse)

Not a participant in another plan	\$5,000 Maximum** (2011 and 2012)
-----------------------------------	-----------------------------------

Active in another plan:

Married AGI ***			Single AGI	
2012	2011	Deduction	2012	2011
0-92,000	0-90,000	Full	\$0-58,000	\$0-56,000
92,001-112,000	90,001-110,000	Partial	58,001-68,000	56,001-66,000
> \$112,000	> \$110,000	None	> \$68,000	> \$66,000
\$5,000	\$5,000	Maximum	\$5,000	\$5,000
\$1,000	\$1,000	Catch-Up	\$1,000	\$1,000

** Also up to \$5,000 plus catch-up for non-working spouse. (2011 and 2012-\$5,000)

*** Non-participant spouse can make a full deductible contribution if AGI is less than \$169,000 (2012-\$173,000). For married persons filing separate returns, the range for a partial deduction is \$0-\$10,000.

ESTATE & GIFT TAX RATE SCHEDULES

TABLE A			
Column A	Column B	Column C	Column D
Taxable Amount Over	Taxable Amount Not Over	Tax on Amount in Column A	Rate of Tax on Excess Over Amount in Column A
\$ 0	\$ 10,000	\$ 0	18%
10,000	20,000	1,800	20%
20,000	40,000	3,800	22%
40,000	60,000	8,200	24%
60,000	80,000	13,000	26%
80,000	100,000	18,200	28%
100,000	150,000	23,800	30%
150,000	250,000	38,800	32%
250,000	500,000	70,800	34%
500,000	*****	155,800	35%

For decedents dying in 2011 and 2012 the marginal rate is 35%.

TABLE B

ESTATE TAX EXEMPTION AND UNIFIED CREDIT

For decedents dying in 2011, the estate tax exemption is \$5,000,000 and the unified credit is \$1,730,800.

For decedents dying in 2012, the estate tax exemption is \$5,120,000 and the unified credit is \$1,772,800.

TABLE C - GIFT TAX ANNUAL EXCLUSION,
LIFETIME EXEMPTION AND UNIFIED CREDIT

	<u>2012</u>	<u>2011</u>
Annual exclusion	\$ 13,000	\$ 13,000
Maximum unified credit gift tax	1,772,800	1,730,800
Lifetime gift exemption	5,120,000	5,000,000

For gifts made in 2011 and 2012, the top marginal rate is 35%.

TABLE D

GENERATION-SKIPPING TAX (GST) EXEMPTION AND UNIFIED CREDIT

For 2011, the the GST exemption is \$5,000,000 and the unified credit is \$1,730,800.

For 2012, the the GST exemption is \$5,120,000 and the unified credit is \$1,772,800.