

Temporary Tax Cuts After TRA 2005

The chart below illustrates a number of the temporary tax cuts enacted by Congress, beginning with the Economic Growth and Tax Reconciliation Act of 2001 (P.L. 107-16). The latest changes made by the Tax Increase Prevention and Reconciliation Act of 2005 are indicated in the shaded portion of the chart. For details, see CCH Tax Briefing Special Report, www.CCHGroup.com/legislation.

	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011
CAPITAL GAINS										
Capital gains rate	20%	15%*	15%	15%	15%	15%	15%	15%	15%	20%
Capital gains rate for taxpayers in 10% or 15% bracket	10%	5%*	5%	5%	5%	5%	0%	0%	0%	10%
DIVIDENDS										
Dividends rate (taxed as capital gains)	Did not apply	15%	15%	15%	15%	15%	15%	15%	15%	Will not apply
Dividends rate for taxpayers in 10% or 15% bracket (taxed as capital gains)	Did not apply	5%	5%	5%	5%	5%	0%	0%	0%	Will not apply
AMT EXEMPTION										
Joint filers	\$49,000	\$58,000	\$58,000	\$58,000	\$62,550	\$45,000	\$45,000	\$45,000	\$45,000	\$45,000
Single filers	\$35,750	\$40,250	\$40,250	\$40,250	\$42,500	\$33,750	\$33,750	\$33,750	\$33,750	\$33,750
CODE SEC. 179 EXPENSING										
Deduction amount	\$24,000	\$100,000	\$100,000**	\$100,000**	\$100,000**	\$100,000**	\$100,000**	\$100,000**	\$25,000	\$25,000
Investment limitation (on cost of property)	\$200,000	\$400,000	\$400,000**	\$400,000**	\$400,000**	\$400,000**	\$400,000**	\$400,000**	\$200,000	\$200,000

*post 5/5/03
 **before adjustment for inflation

Quick Tax Facts—2006 Tax Changes in Context

	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011
INCOME TAX RATE REDUCTIONS										
Top bracket	38.6%	35%	35%	35%	35%	35%	35%	35%	35%	39.6%
Fifth bracket	35%	33%	33%	33%	33%	33%	33%	33%	33%	36%
Fourth bracket	30%	28%	28%	28%	28%	28%	28%	28%	28%	31%
Third bracket	27%	25%	25%	25%	25%	25%	25%	25%	25%	28%
Second bracket	15%	15%	15%	15%	15%	15%	15%	15%	15%	15%
Initial bracket	10%	10%	10%	10%	10%	10%	10%	10%	10%	No 10% bracket
EXPANSION OF 10% BRACKET										
Taxable income limit—joint filers	\$12,000	\$14,000	\$14,000**	\$14,000**	\$14,000**	\$14,000**	\$14,000**	\$14,000**	\$14,000**	No 10% bracket
Taxable income limit—single filers	\$6,000	\$7,000	\$7,000**	\$7,000**	\$7,000**	\$7,000**	\$7,000**	\$7,000**	\$7,000**	No 10% bracket
MARRIAGE PENALTY RELIEF										
Basic standard deduction for joint filers—Percentage of single filer amount	Did not apply	200%	200%	200%	200%	200%	200%	200%	200%	Will not apply
15% bracket size for joint filers—Percentage of 15% bracket size for single filers	Did not apply	200%	200%	200%	200%	200%	200%	200%	200%	Will not apply
CHILD TAX CREDIT										
Amount per child	\$600	\$1,000	\$1,000	\$1,000	\$1,000	\$1,000	\$1,000	\$1,000	\$1,000	\$500

**before adjustment for inflation