

Beyond the Fiscal Cliff

for the Propane Gas Association of New England

The good and the bad.



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BEYOND THE NUMBERS

Presented By
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Introduction



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Today's Presenter



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American Taxpayer Relief Act 2012


Don't let the tax tail wag the economic dog!



“Thanks to Congress for keeping its wayward members off roads & out of bars on New Year's.”

“The morning after, as so often happens, there were regrets.”

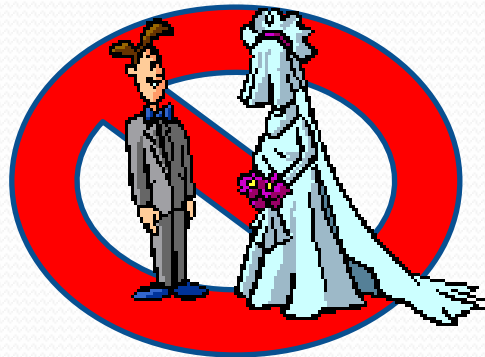
“Scanned entire fiscal cliff bill for best tax breaks. Algae and economic development of American Samoa.”



PAYROLL TAX HOLIDAY

39.6 % TAX BRACKET

SINGLE	\$400,000
MARRIED FILING JOINT	\$450,000
HEAD OF HOUSEHOLD	\$425,000
MARRIED FILING SEPARATELY	\$225,000



CAPITAL GAINS & DIVIDENDS

20%

- Same thresholds as 39.6% rate
- Remember 3.8% NII
- Consider electing out of installment sale
- Recapture rates remain

ESTATES AND TRUSTS DO NOT ESCAPE



TRUST PLANNING



**AMT permanently indexed
for inflation.**

**Non-refundable PERSONAL
credits can be used against AMT.**



PEASE LIMITATION ITEMIZED DEDUCTION PHASE-OUT

- **\$300,000 MFJ, \$250,000 SINGLE**
- **Medical expense, investment interest, casualty losses and wagering losses excluded**
- **Charitable donations not excluded**
- **Up to 80% can be phased-out**
- **3% OF AGI (\$250,000 SINGLE, \$300,000 MFJ)**

BUNCHING



PERSONAL EXEMPTION PHASE-OUT

2% for each \$2,500



IN-SERVICE CONVERSION TO ROTH 401(k) REGARDLESS OF AGE



EDUCATION

- American opportunity credit extended thru 2017
- **\$5,250** exclusion for business education made permanent
- Student loan interest deduction made permanent
- Deduction for tuition & expenses extended through 2013



INDIVIDUAL OTHER

- **State and local sales tax deduction**
- **Child tax credit**
- **Earned income credit**
- **Adoption credit / assistance**
- **Child & dependent care credit**
- **Teacher class room deduction**
- **Capital gain property donation for conservation**

GIFT, ESTATE & GST

- Exclusion \$5,000,000 indexed (\$5,250,000) for inflation
- Portability
- 40% tax
- Permanent
- No other changes
- Why gifts are still important



§179

- **RETROACTIVE 2012 & 2013**
- **\$500,000 / \$2,000,000**



BONUS DEPRECIATION

- 50%
- Through 2013



BUSINESS CREDITS

- **R & D CREDIT – Retroactive through 2013**
- **WOTC – Retroactive through 2013**
- **Most other business credits**





PPACA (OBAMACARE) PLANNING

- NII – Waiting for Reg
- Earned income
 - S CORP
 - LLC
- When to start counting



REPAIR REGS

- Early adoption?
- Effective 2014
- Final Reg



WORKER CLASSIFICATION



MORE TO COME!

DEBT CEILING

SEQUESTRATION



REMEMBER!

**In tax, the definition of
“permanent” is “until congress
changes it”**



Questions



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