

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

30% additional first-year depreciation for qualified property acquired between 9-11-01 and 5-5-03.

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	1-Year Class	3-Year Class	7-Year Class
1	33.33	33.33	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

	2004	2003
Maximum expense election	\$102,000	\$100,000

CORPORATE INCOME TAX RATES

Regular Tax

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

Personal Service Corporations — 35% flat tax rate.

Capital Gains Tax Rate — Same as regular rate.

ESTATE TAX RATES

2004

Cumulative Taxable Amount	Tax*	% on Excess Over Base
\$ 1,500,000 or less	\$ 0	45%
\$ 2,000,000	\$ 225,000	48%

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

2003

Cumulative Taxable Amount	Tax*	% on Excess Over Base
\$ 1,000,000 or less	\$ 0	41%
\$ 1,250,000	\$ 102,500	43%
\$ 1,500,000	\$ 210,000	45%
\$ 2,000,000	\$ 435,000	49%

* Net of unified credit of \$345,800, which is equivalent to an exemption of \$1,000,000.

Unified Credit Exemption Amount — 2003 & 2004

	Estate	Gift
2004	\$ 1,500,000	\$ 1,000,000
2003	\$ 1,000,000	\$ 1,000,000

Annual Gift Tax Exclusion — 2003 & 2004

Gifts per person	\$ 12,000
Joint gifts by spouses	\$ 22,000

LONG-TERM CARE INSURANCE

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

	2004	2003
Over 70	\$ 3,250	\$ 3,130
61 to 70	\$ 2,510	\$ 2,510
51 to 60	\$ 940	\$ 940
41 to 50	\$ 470	\$ 470
40 and under	\$ 250	\$ 250

COVERDELL ESAs — 2003 & 2004

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

* Phase-outs apply to the contributor, not the beneficiary.

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

STANDARD MILEAGE RATES

Use	2004	2003
Business	37.5¢ per mile	36¢ per mile
Charitable	14¢ per mile	14¢ per mile
Medical	14¢ per mile	12¢ per mile
Moving	14¢ per mile	12¢ per mile

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2004



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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	\$ 19,290 + 33%	\$ 89,325
\$ 159,550 and above	\$ 43,161 + 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	\$ 11,325 + 28%	\$ 70,350
\$ 146,750 – \$ 319,100	\$ 35,775 + 33%	\$ 146,750
\$ 319,100 and above	\$ 72,593 + 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 – \$ 98,250	\$ 5,325 + 25%	\$ 38,900
\$ 98,250 – \$ 162,700	\$ 20,725 + 28%	\$ 98,250
\$ 162,700 – \$ 319,100	\$ 38,141 + 33%	\$ 162,700
\$ 319,100 and above	\$ 89,753 + 35%	\$ 319,100

The phase-out 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*

	2004	2003
Married filing jointly	\$ 9,700	\$ 9,500
Single	\$ 4,850	\$ 4,750
Head of household	\$ 7,150	\$ 7,000
Married filing separately	\$ 4,850	\$ 4,750
Additional — blind or elderly		
Single	\$ 1,200	\$ 1,150
Married	\$ 950	\$ 950

* Deduct the greater of standard or itemized deductions.

2003 INDIVIDUAL INCOME TAX RATES

Regular Tax — Married, Filing Jointly or Surviving Spouse

If Taxable Income Is Between:	Your Tax Is:	Of Amount Over:
\$ 0 – \$ 14,000	10%	\$ 0
\$ 14,000 – \$ 56,800	\$ 1,400 + 15%	\$ 14,000
\$ 56,800 – \$ 114,650	\$ 7,820 + 25%	\$ 56,800
\$ 114,650 – \$ 174,700	\$ 22,283 + 28%	\$ 114,650
\$ 174,700 – \$ 311,950	\$ 39,097 + 33%	\$ 174,700
\$ 311,950 and above	\$ 84,389 + 35%	\$ 311,950

Married, Filing Separately

If Taxable Income Is Between:	Your Tax Is:	Of Amount Over:
\$ 0 – \$ 7,000	10%	\$ 0
\$ 7,000 – \$ 28,400	\$ 700 + 15%	\$ 7,000
\$ 28,400 – \$ 57,325	\$ 3,910 + 25%	\$ 28,400
\$ 57,325 – \$ 87,350	\$ 11,141 + 28%	\$ 57,325
\$ 87,350 – \$ 155,975	\$ 19,548 + 33%	\$ 87,350
\$ 155,975 and above	\$ 42,195 + 35%	\$ 155,975

Single

If Taxable Income Is Between:	Your Tax Is:	Of Amount Over:
\$ 0 – \$ 7,000	10%	\$ 0
\$ 7,000 – \$ 28,400	\$ 700 + 15%	\$ 7,000
\$ 28,400 – \$ 68,800	\$ 3,910 + 25%	\$ 28,400
\$ 68,800 – \$ 143,500	\$ 11,141 + 28%	\$ 68,800
\$ 143,500 – \$ 311,950	\$ 30,266 + 33%	\$ 143,500
\$ 311,950 and above	\$ 90,366 + 35%	\$ 311,950

Head of Household

If Taxable Income Is Between:	Your Tax Is:	Of Amount Over:
\$ 0 – \$ 10,000	10%	\$ 0
\$ 10,000 – \$ 38,050	\$ 1,000 + 15%	\$ 10,000
\$ 38,050 – \$ 98,250	\$ 5,208 + 25%	\$ 38,050
\$ 98,250 – \$ 159,100	\$ 20,258 + 28%	\$ 98,250
\$ 159,100 – \$ 311,950	\$ 37,296 + 33%	\$ 159,100
\$ 311,950 and above	\$ 87,736 + 35%	\$ 311,950

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

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

CAPITAL GAINS — 2003 & 2004

Holding Period	Top Capital Gain Rate	
	1-1-03 – 5-5-03	Post 5-5-03
12 months or less	35%	35%
More than 12 months	20%	15%
Depreciation recapture on real estate	25%	25%
Collectibles and certain small business stock	28%	28%

PERSONAL EXEMPTIONS*

	2004	2003
Deduction for each taxpayer, spouse, and dependent	\$ 3,100*	\$ 3,050*
Phase-out of personal exemptions begins after the following threshold amounts:		
Joint returns or surviving spouse	\$ 214,050	\$ 209,250
Head of household	\$ 178,350	\$ 174,400
Single	\$ 142,700	\$ 139,500
Married filing separately	\$ 107,025	\$ 104,625

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

RETIREMENT PLANS

Indexed Contribution & Benefit Limits for Qualified Plans

Type of Plan	2004	2003
Individual Retirement Accounts		
contribution limit – All IRAs*	\$ 3,000	\$ 2,000
Section 401(k) plans or SAR-SEPs*	\$ 13,000	\$ 12,000
Section 403(b) plans	\$ 13,000	\$ 12,000
Section 408(p)(2)(A) SIMPLEs*	\$ 5,000	\$ 8,000
Section 457(b)(2) limit	\$ 13,000	\$ 12,000
Section 415 limit for:		
Defined contribution plans	\$ 41,000	\$ 40,000
Defined benefit plans	\$ 165,000	\$ 160,000
Highly compensated employees Section 415(b) limit	\$ 90,000	\$ 90,000
FICA taxable wage base		
Social security (tax rate 6.20% for employees; 12.40% for self-employed)	\$ 87,900	\$ 87,000
Medicare (tax rate 1.45% for employees; 2.90% for self-employed)	No limit	No limit

Roth IRAs 2003 & 2004

• New deductible contributions		
• Allowed tax-free distributions		
AGI Phase-out ranges:		
Joint filers	\$ 150,000 – \$ 160,000	
Individual filers	\$ 95,000 – \$ 110,000	

Note: Contributions for all types of IRAs must be made before the filing date of the tax return, not in subsequent years.

SOCIAL SECURITY

Social Security Benefits

Maximum Annual Earned Income Limit	2004	2003
	Ages 62–64	\$ 11,640
Ages 65 or older	No Limit	No Limit

* For people turning 65 in 2003, the limit is \$30,720 for months prior to age 65 (\$31,080 for those turning 65 in 2004). Beginning the month in which they turn 65, there is no limit.