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CPS in the News

Events this month

"Money Matters"

Saturday Mornings

9:00 am on

1430am WLKF

CPS First Thursdays:

Hospice Care

CPS Investment Advisors

1509 S Florida Ave

Lakeland, FL 33803

Date: 10/7/2010

11:30 am—Lunch
Provided

Contact us for more information

Post-2010 Tax Changes—Where Are We Headed?

There is plenty of talk these days about the upcoming expiration of the so-called 2001 and 2003 "Bush Tax Cuts". As Congress scrambles these next 2 months to try to come up with a plan of which credits and deductions to extend and which ones to let expire, it is important to identify what the potential changes are and to start planning for them now. I would caution however, to wait until Congress has actually acted before putting any planning into action. What might appear to be headed for a change may very well not change or change in a completely different direction.

Here are some of the changes that might occur that would affect the most taxpayers:

1. The 10% bracket disappears (the lowest bracket will be 15%)
2. The top four (4) brackets rise from 25%, 28%, 33% and 35% to 28%, 31%, 36% and 39.6%.
3. Long-Term Capital Gains will go from 15% to 20% (18% for assets held more than 5 years)
4. Dividends will be taxed at the same rates as ordinary income.
5. Student loan interest will only be deductible over the first 60 months in which interest payments are required.
6. Child Credit will go from \$1,000 to \$500.
7. Use of Homesale exclusion by heirs, estates, and qualified revocable trusts will no longer be applicable.
8. The so-called "marriage penalty" will be back as it relates to the Standard Deduction and the 15% tax bracket
9. Reduction in itemized deductions of higher-income taxpayers—reduced by 3% of AGI.
10. Phaseout of personal exemptions for higher-income taxpayers
11. Estate Tax—reinstated with a top rate of 55% with a unified exemption equivalent to \$1 million.
12. Gift Tax—Top rate increased to 55%
13. Treatment of transfers to non-grantor trusts as taxable gifts under Section 2503 will no longer apply.

A lot of important planning decisions will need to be made this year as the entire landscape of our taxation system is changing. It is important to stay in close contact with your CPA or Financial Advisor as we get closer to year-end and the tax bills are finalized.

Source: [RIA—Checkpoint](#)