

# 2006 TAX TABLES

## Personal Exemption and Standard Deductions

### Personal and Dependency Exemptions:

Individuals	\$3,300
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### Standard Deduction:

Married filing jointly and surviving spouses	\$10,300
Single Taxpayers	5,150
Heads of households	7,550
Married filing separately	5,150
Dependents who file <i>(Could be up to \$5,150 if they have earned income)</i>	850

Taxpayers who are blind or age 65 and over may obtain an additional standard deduction of \$1000 if married (whether filing jointly or separately), or \$1,250 if single or head of household. If a taxpayer is both over 65 and blind, double those amounts.

## 2006 Estate and Trust Tax Rates

### Estates and Trusts

#### If Taxable Income Is –

Over - But not over	The tax is	Of amount over
\$ 0 - 2,050	15%	\$ 0
2,050 - 4,850	\$ 307.50 + 25%	2,050
4,850 - 7,400	1007.50 + 28%	4,850
7,400 - 10,050	1,721.50 + 33%	7,400
Over 10,050	2,596.00 + 35%	10,050

## 2006 Individual Tax Rates

### Married Persons Filing Jointly and Surviving Spouses

#### If Taxable Income Is:

Over - But not over	The tax is	Of amount over
\$ 0 - 15,100	10%	\$ 0
15,100 - 61,300	\$ 1,510.00 + 15%	15,100
61,300 - 123,700	8,440.00 + 25%	61,300
123,700 - 188,450	24,040.00 + 28%	123,700
188,450 - 336,550	42,170.00 + 33%	188,450
Over 336,550	91,043.00 + 35%	336,550

### Married Persons Filing Separately

#### If Taxable Income Is:

Over - But not Over	The tax is	Of amount over
\$ 0 - 7,550	10%	\$ 0
7,550 - 30,650	\$ 755.00 + 15%	7,550
30,650 - 61,850	4,220.00 + 25%	30,650
61,850 - 94,225	12,020.00 + 28%	61,850
94,225 - 168,275	21,085.00 + 33%	94,225
Over 168,275	45,521.50 + 35%	168,275

### Single Taxpayers

#### If Taxable Income Is:

Over - But not over	The tax is	Of amount over
\$ 0 - 7,550	10%	\$ 0
7,550 - 30,650	\$ 755.00 + 15%	7,550
30,650 - 74,200	4,220.00 + 25%	30,650
74,200 - 154,800	15,107.50 + 28%	74,200
154,800 - 336,550	37,675.50 + 33%	154,800
Over 336,550	97,653.00 + 35%	336,550

### Head of Household

#### If Taxable Income Is:

Over - But not over	The tax is	Of amount over
\$ 0 - 10,750	10%	\$ 0
10,750 - 41,050	\$ 1,075.00 + 15%	10,750
41,050 - 106,000	5,620.00 + 25%	41,050
106,000 - 171,650	21,857.50 + 28%	106,000
171,650 - 336,550	40,239.50 + 33%	171,650
Over 336,550	94,656.50 + 35%	336,550

## 2006 Corporate Tax Rules

### Vermont

#### If Taxable Income Is:

Over - But not over	The tax is	Of amount over
\$ 0 - 4,165	\$250	\$ 0
4,165 - 10,000	250 + 6%	4,165
10,000 - 25,000	600 + 7%	10,000
25,000 - 250,000	1,650 + 8.75 %	25,000
Over 250,000	21,337 + 8.9%	250,000

### Federal

#### If Taxable Income Is:

Over - But not over	The 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

## 2006 Individual Capital Gains Rates

Top Capital Gains Rate	Holding Period
15%	More than one year
25%	More than one year, recapture of depreciation on real estate
5%	More than one year, for those in 10% & 15% bracket
28%	More than one year (collectables)

Short-term and long-term capital gains are treated separately and a loss can be used to offset a gain of the same type. Short-term gains are taxed as ordinary income. Net capital losses may offset other income by up to \$3,000 per year. The balance of unused capital losses is carried forward indefinitely.

## Payroll Tax Rates for 2006

**FICA:** The maximum taxable wage base for FICA (Social Security) is \$94,200

	MEDICARE	FICA
Employer & Employee	1.45%	6.20%
Self-Employed	2.90%	12.40%

**Medicare:** The Medicare Part A (Hospital Insurance) payroll tax rate is 1.45% for both employers and employees, and 2.9% for the self-employed. Once part of the Social Security tax, Medicare now has its own rate. There is no cap on the amount of earned income subject to the Medicare tax.

**SUTA:** A state unemployment compensation tax is imposed on all Vermont employers for the first \$8,000 of wages paid in 2006 to each covered employee.

**FUTA:** A federal unemployment compensation tax rate of 6.2% is imposed on employers for the first \$7,000 of wages paid in 2006 to each covered employee. However, because of credits allowed to employers for their contributions to state unemployment funds, the effective FUTA rate paid by most employers is only 0.8%. Quarterly deposits are required if tax exceeds \$500.

## Estimated Tax Payments

INSTALLMENT	DUE DATE
Last 2005 Payment	January 16, 2006
First 2006 Payment	April 17, 2006
Second 2006 Payment	June 15, 2006
Third 2006 Payment	September 15, 2006
Fourth 2006 Payment	January 15, 2007

## Exceptions to Underpayment Penalties

These due dates apply to a calendar-year taxpayer. To avoid penalties for underpaying estimated taxes, taxpayers must pay in through withholding and estimated taxes at least the lesser of (1) 100% of the 2005 tax liability, (2) 90% of the 2006 tax liability or (3) based on an annualized income installment method. For taxpayers with adjusted gross income in excess of \$150,000 (\$75,000 for married filing separately) the prior year safe harbor percentage is 110%.

**INCOME PHASEOUT RANGES<sup>1</sup>**

**FILING STATUS**

	Married - Joint	Head of Household	Single	Married - Separate
<b>Personal Exemption</b>	\$225,750	\$188,150	\$150,500	\$112,875
<b>Itemized Deduction</b>	\$150,500	\$150,500	\$150,500	\$75,250
<b>Child Tax Credit<sup>2</sup></b>	\$110,000 - varies	\$75,000 - varies	\$75,000 - varies	\$55,000 - varies
<b>Education Loan Interest Deduction</b>	\$105,000	\$50,000	\$50,000	N/A <sup>3</sup>
<b>Roth IRA Contribution</b>	\$150,000 -160,000	\$ 95,000 -110,000	\$95,000 -110,000	\$ 0 -10,000
<b>Education IRA</b>	\$190,000 -220,000	\$ 95,000 -110,000	\$95,000 -110,000	\$95,000 -110,000
<b>Traditional IRA w/ Pension</b>	\$75,000 -85,000	\$50,000 -60,000	\$50,000 -60,000	\$ 0 -10,000
<b>Higher Education Credits</b>	\$ 90,000 -110,000	\$45,000 -55,000	\$45,000 -55,000	N/A <sup>3</sup>
<b>Savings Bond Interest Exclusion</b>	\$ 94,700 -124,700	\$63,100 -78,100	\$63,100 -78,100	N/A <sup>3</sup>

<sup>1</sup> Income refers to adjusted gross income with some modifications  
<sup>2</sup> The income level at which this credit will be completely phased out depends on the number of qualifying children  
<sup>3</sup> A married person must file a joint return in order to take advantage of this tax break

**Other Important Information**

	2006	2005
Unearned Income Without Kiddie Tax	\$1,700	\$1,600
Child Tax Credit	\$1,000	\$1,000
Auto Standard Mileage Allowances		
Business	44.5¢	40.5¢
Charity Work	14¢	14¢
Medical/Moving	18¢	15¢
Self-Employed Health Insurance Deduction	100%	100%
Section 179 Deduction	\$108,000	\$105,000
Earning Ceiling for Social Security		
Under full retirement age	\$12,480	\$12,000
Above full retirement age	Unlimited	Unlimited
YR Retirement Age Reached	\$2,770/mo	\$2,650/mo
	maximum amount for each month under retirement age	
Gift Lifetime Exclusion	\$1,000,000	\$1,000,000
Estate Tax Unified Credit Equivalent	\$2,000,000	\$1,500,000
Annual Gift Exclusion	\$12,000	\$11,000
Max Compensation Qualified Plans	\$220,000	\$210,000
Max Contribution Defined Contribution Plan	\$44,000	\$42,000
Max Deferral 401(k)/403(b) Over 50 Catch up	\$15,000 \$5,000	\$14,000 \$4,000
Max Deferral SIMPLE Over 50 Catch up	\$10,000 \$2,500	\$10,000 \$2,000
IRA, Traditional and Roth Over 50 Catch up	\$4,000 \$1,000	\$4,000 \$500
HSA - Annual Deductible		
Not less than:		
Self-Only	\$1,050	\$1,000
Family	\$2,100	\$2,000
HSA - Out of Pocket Expenses		
Do Not Exceed:		
Self	\$5,250	\$5,100
Family	\$10,500	\$10,200

**Conversion of Tax Exempt to Taxable Interest Equivalent**

Tax Exempt Yield	Equivalent Taxable Yield for a Federal Tax Rate of:					
	10%	15%	25%	28%	33%	35%
2.0%	2.22	2.35	2.67	2.78	2.99	3.08
2.5%	2.78	2.94	3.33	3.47	3.73	3.85
3.0%	3.33	3.53	4.00	4.17	4.48	4.62
3.5%	3.89	4.12	4.67	4.86	5.22	5.38
4.0%	4.44	4.71	5.33	5.56	5.97	6.15
4.5%	5.00	5.29	6.00	6.25	6.72	6.92
5.0%	5.56	5.88	6.67	6.94	7.46	7.69

**Important Addresses:**

**For Individual Tax Returns:**

Internal Revenue Service  
Andover, MA 05501-0002

**For Individual Estimated Tax Payments:**

Internal Revenue Service  
P.O. Box 37001  
Hartford, CT 06176-0001

Vermont Department of Taxes  
P.O. Box 1779  
Montpelier, VT 05601-1779

**Extended Due Dates for Calendar Year Taxpayers**

	Individual	Corporate
Automatic Fed:	10/16/06	9/15/06
Automatic VT:	10/16/06	10/16/06



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**2006**

**IMPORTANT TAX TABLES AND INFORMATION**

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**Consumer Price Index (CPI-U)**

Year	Average 12-Month Increase
2003	2.3%
2004	2.7%
2005	3.4%