



Iowa Farm Business Association

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Tax News for 2008 (as of: Emergency Economic Stabilization Act signed 10/03/2008)

Standard Deductions for 2008:

Married Filing Joint (MFJ)	\$10,900	Married Filing Separate (MFS)	\$ 5,450
Head of Household (HH)	\$ 8,000	MFJ Age 65+	\$ 1,050
Single (S)	\$ 5,450	Single 65+	\$ 1,350

* **Children under 14 unearned income \$850 - \$1,700 taxed at the child's rate (1st \$850 tax-free)**

** **New for 2008 the limit for unearned income over \$1,700 will be taxed at the parent's rate goes to ages 14 – 18 and full time students under age 24**

*** **Real Estate Property Tax Deduction – (if not itemizing) MFJ +\$1,000 add to \$10,900, all others + \$500**

Personal Exemptions for 2008 is \$ 3,500 per person:

Phase out of the personal exemptions begins after the following AGI:

Married Filing Joint (MFJ)	\$ 239,950	Single (S)	\$ 159,950
Head of Household (HH)	\$ 199,950	Married Filing Separate (MFS)	\$ 119,975

Itemized Deduction Limitations for 2008:

Itemized deductions are reduced when AGI is above the following thresholds:

Single/Head of Household/Married Filing Joint (MFJ)	\$159,500	Married Filing Separate (MFS)	\$ 79,975
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Maximum Taxable Income Subject to Tax per Brackets for 2008:

<u>Status:</u>	<u>Top of 10%</u>	<u>Top 15%</u>	<u>Top of 25%</u>	<u>Top of 28%</u>	<u>Top of 33%</u>	<u>> (above @35%)</u>
Single:	\$ 8,025	\$32,550	\$ 78,850	\$164,550	\$357,700	
MFJ	\$16,050	\$65,100	\$131,450	\$200,300	\$357,700	
Head of House	\$11,450	\$43,650	\$112,650	\$182,400	\$357,700	
MFS	\$ 8,025	\$32,550	\$ 65,725	\$100,150	\$178,850	
Estates & Trusts		\$ 2,200	\$ 5,150	\$ 7,850	\$ 10,700	

Self-Employment Tax in 2008:

The first \$102,000 of self-employed income will be subject to the 15.3% SE Tax = \$12,648

Amounts above \$102,000 are subject to the 2.9% Medicare portion of SE Tax.

Section 179 Deduction for Depreciation over \$100,000 (extended through 12/31/2010):

For 2008, the total cost of section 179 property that you can elect to deduct is \$250,000 and the phase-out begins at \$800,000 of qualifying purchased items. *(Iowa now recognizes the entire Section 179 election)*

For 2009 the Section 179 deduction is set to go back to \$128,000.

50% BONUS Depreciation Back for 2008:

New for 2008, add an additional 50% special bonus depreciation for **NEW** items purchased in 2008. This includes 20 year class life property (machine sheds). The bonus depreciation is claimed after the Section 179 and before regular depreciation. Iowa has decoupled from Federal at this point in time (**Bonus not allowed in Iowa**).

Social Security Benefits in 2008:

The maximum amount an individual between the ages of 62 and their full retirement age can earn and still receive full social security benefits for tax year 2008 is \$13,560. If you reach full retirement age in 2008, = \$36,120.