

On December 17, 2010, President Obama signed into law a two year extension of the Bush tax cuts. Most of the expiring provisions were extended with a few modifications.

- 1.) The marriage penalty relief and the \$1,000 tax credit were both extended.
- 2.) The reduced capital gains and dividend tax rates were both extended.
- 3.) The Alternative Minimum Tax patch was extended.
- 4.) A number of provisions that had actually expired at the end of 2009 were retroactively extended. These include the option to deduct sales tax, teachers classroom expense deduction, tax free distributions from IRA's to charity, and the higher education tuition deduction.
- 5.) An extension and an increase in the expensing and bonus depreciation provisions.
- 6.) The energy credit for individuals was extended but with prior \$50 and \$150 limits.
- 7.) The exclusion for unemployment benefits was not renewed.
- 8.) Extended for 2 years the full repeal of the limitation on itemized deductions and personal exemptions based upon adjusted gross income.
- 9.) The \$500 deduction for real estate taxes for non itemizers was not extended.

There are a number of new tax provisions as well.

- 1.) The employee share of OASDI (social security) was reduced from 6.2% to 4.2%.
- 2.) The Federal Estate tax is back with a \$5 million exclusion amount.
- 3.) Self employed individuals can claim a deduction for qualified health insurance when computing SE tax.

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