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## **2008** What's New in 2008

Here's a quick review of some of the tax changes you'll see from 2007 to 2008 as a result of inflation adjustments and tax law changes. For details or a discussion of these and other changes that could affect your situation, give us a call.

<b>Provision</b>	<b>2008</b>	<b>2007</b>
Business equipment expensing deduction	\$128,000	\$125,000
Total purchase limit for full expensing deduction	\$510,000	\$500,000
Standard mileage rate for business driving	50.5¢ per mile	48.5¢ per mile
Mileage rate for medical and moving expense deductions	19¢ per mile	20¢ per mile
Adoption credit	\$11,650	\$11,390
Maximum wages subject to social security tax	\$102,000	\$97,500
Social security earnings limit		
- Below full retirement age	\$13,560	\$12,960
- Full retirement age	No limit	No limit
Top estate tax rate	45%	45%
Amount exempt from estate tax	\$2 million	\$2 million
Annual gift tax exclusion (per donee)	\$12,000	\$12,000
Maximum retirement plan contributions		
- IRA for those under age 50	\$5,000	\$4,000
- IRA for those 50 and over	\$6,000	\$5,000
- SIMPLE plan for those under age 50	\$10,500	\$10,500
- SIMPLE plan for those 50 and over	\$13,000	\$13,000
- 401(k) plan for those under age 50	\$15,500	\$15,500
- 401(k) plan for those 50 and over	\$20,500	\$20,500
"Kiddie tax" threshold	\$1,800	\$1,700
"Nanny tax" threshold	\$1,600	\$1,500
Personal exemption	\$3,500	\$3,400
Standard deduction		
- Single	\$5,450	\$5,350
- Joint returns & surviving spouses	\$10,900	\$10,700
- Married filing separately	\$5,450	\$5,350
- Head of household	\$8,000	\$7,850
- Additional for elderly or blind (married)	\$1,050	\$1,050
- Additional for elderly or blind (single)	\$1,350	\$1,300



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