

## 2006 TAX INFORMATION FOR INDIVIDUALS

### STANDARD DEDUCTION (The amount to deduct unless itemized deductions are greater)

<u>Filing Status</u>	<u>Under 65</u>	<u>65 or Over</u>		
Single	\$5,150	\$6,400		
Head of household (Blind - add \$1,250 to amounts above)	\$7,550	\$8,800		
	<u>Both Spouses Under 65</u>	<u>One Spouse 65 or Over</u>	<u>Both Spouses 65 or Over</u>	
Married filing jointly/ Qualifying widow (er) (Blind - add \$1,000 to amounts above)	\$10,300	\$11,300	\$12,300	

NOTE: If you can be claimed as a dependent on another person's return, your standard deduction is the greater of (a) \$850 or (b) your earned income plus \$300, up to the standard deduction amount. To this amount you can add the appropriate additional amount for the elderly or blind.

### PERSONAL EXEMPTION

The personal exemption amount is \$3,300 for each individual, the individual's spouse, and each dependent. This amount is reduced by 2% for each \$2,500 (\$1,250 for married filing separately), or fraction thereof, by which adjusted gross income exceeds the following limits for each filing status:

Single	\$150,500
Head of household	188,150
Married filing jointly/Qualifying widow (er)	225,750
Married filing separately	112,875

NOTE: You may claim an exemption in 2006 for your qualifying child who is under age 19 or under age 24 at the end of 2006 and a full-time student. If you cannot claim the exemption under this rule, the child may claim an exemption on his or her own return.

### ANNUAL GIFT AND ESTATE EXCLUSION AMOUNTS

For 2006, the maximum excludable gift is \$12,000 per donee. The first \$2,000,000 of your estate in 2006 and 2007 will not be subject to federal estate tax. Be aware that there is still Washington state estate tax on the amount above \$2,000,000.

### STANDARD MILEAGE RATE FOR BUSINESS USE

In 2006, the standard mileage rate for all business use miles of a car is 44.5 cents a mile. In 2007, the standard mileage rate for all business use miles of a car is 48.5 cents a mile. You may be able to take a credit if you place an energy efficient motor vehicle or alternative fuel vehicle refueling property in service in 2006.

### STANDARD MILEAGE RATE FOR CHARITABLE USE

The standard mileage rate for charitable use miles of a car in 2006 is 14 cents a mile. For charitable use mileage related to Hurricane Katrina, the rate is 32 cents a mile.

### 401(k) or 403(b) PLAN LIMITATION

If you are under 50, the 401(k) plan limitation on elective deferrals is \$15,000 for 2006 and will be \$15,500 for 2007. If you are 50 or over, the 401(k) plan limitation on elective deferrals is \$20,000 for 2006 and will be \$20,500 for 2007.

### SIMPLE PLAN LIMITATION

If you are under 50, the SIMPLE plan limitation on elective deferrals is \$10,000 for 2006 and will be \$10,500 for 2007. If you are 50 or over, the SIMPLE plan limitation on elective deferrals is \$12,500 for 2006 and will be \$13,000 for 2007.

### SOCIAL SECURITY TAX WAGE BASE FOR 2007

The social security tax rate will remain at 7.65% in 2007, but the wage base for the FICA tax portion (6.2%) will increase to \$97,500 in 2007, from \$94,200 in 2006. An unlimited amount of wages paid remains subject to the Medicare tax portion (1.45%). In other words, employers will withhold and match 7.65% on gross wages up to \$97,500 and 1.45% on all wages exceeding \$97,500.

Self-employed individuals will pay 15.3% on the first \$97,500 of net self-employment income and 2.9% on net self-employment income exceeding \$97,500.

### INDIVIDUAL TAX RATES

See the chart on the reverse side for calculation of tax.

