

ESTATE AND GIFT TAX RATES

Estate Tax - 2010 Decedents

The estate tax is scheduled to expire in 2010. However, as of the date of this publication, it is likely Congress will act to reinstate it for 2010.

Annual Gift Tax Exclusion

| | 2009 | 2010 |
|------------------------|----------|----------|
| Gifts per donee | \$13,000 | \$13,000 |
| Joint gifts by spouses | 26,000 | 26,000 |

The Gift Tax applicable exclusion is \$1,000,000.

CORPORATE INCOME TAX RATES

Regular Tax

| Taxable Income | Rate |
|-------------------------|--------|
| \$ 0 - \$ 50,000 | 15% |
| 50,001 - 75,000 | 25% |
| 75,001 - 100,000 | 34% |
| 100,001 - 335,000 | 39% * |
| 335,001 - 10,000,000 | 34% |
| 10,000,001 - 15,000,000 | 35% |
| 15,000,001 - 18,333,333 | 38% ** |
| Over 18,333,333 | 35% |

* Reflects 5% surtax which phases out benefit of 15% and 25% rates.

** 34% rate phased out.

Personal Service Corporations

35% flat tax rate

Alternative Minimum Tax (AMT)*

| | |
|------------------|-----------|
| Tax rate | 20% |
| Exemption amount | \$ 40,000 |
| Phase-out base | \$150,000 |

* "Small corporations" with an average of \$7.5 million or less in gross receipts over the prior three years are exempt from this tax (\$5 million if the corporation had only 1 prior year).

2010 Estimated Tax Payments

To avoid possible underpayment penalties, a corporate taxpayer is required to pay estimated tax payments equal to the lesser of:

- 100% of prior year tax liability*, provided a positive tax liability was shown and the prior tax year consisted of twelve months, or
- 100% of current year tax liability.

* Not available for corporations with taxable income of \$1 million or more in any one of three immediately preceding tax years.

SECTION 179 DEDUCTION

| | 2009 | 2010 |
|---------|------------|------------|
| Amount* | \$ 250,000 | \$ 134,000 |

* Amount is phased out dollar for dollar when total capital acquisitions exceed \$800,000 in 2009 and \$530,000 in 2010.

EMPLOYMENT TAX RATES

FICA Taxes

| | 2009 Wage Base | 2010 Wage Base | Rate |
|-----------------|-------------------|-------------------|-------|
| Social Security | \$ 106,800 | \$ 106,800 | 6.20% |
| Medicare | no limit | no limit | 1.45% |
| Total | | | 7.65% |

Self-Employment Tax

| | 2009 Wage Base | 2010 Wage Base | Rate |
|-----------------|-------------------|-------------------|--------|
| Social Security | \$ 106,800 | \$106,800 | 12.40% |
| Medicare | no limit | no limit | 2.90% |
| Total | | | 15.30% |

Unemployment Tax

| | 2009 Wage Base | 2010 Wage Base | Rate |
|----------|-------------------|-------------------|---------|
| Federal | \$7,000 | \$7,000 | 6.2% ** |
| Michigan | 9,000 | 9,000 | 2.7% ^ |

** Subject to maximum 5.4% credit.

^ Initial rate for non-construction payers. Subsequent rates may vary from 0.1% to 10.0%.

MICHIGAN BUSINESS TAX (MBT)

| | |
|-----------------------------|-----------|
| Business Income Tax | 4.95% |
| Modified Gross Receipts Tax | 0.80% |
| Tax Surcharge | 21.99% |
| MBT Filing Threshold | \$350,000 |

Key Credits

| | 2009 |
|-------------------------------|-------|
| Compensation Credit | 0.37% |
| Capital Investment Credit | 2.90% |
| Research & Development Credit | 1.90% |

STANDARD MILEAGE DEDUCTIONS

| Use | Per Mile | |
|----------------|----------|-------|
| | 2009 | 2010 |
| Business | 55¢ | 50¢ |
| Charitable | 14¢ | 14¢ |
| Medical/Moving | 24¢ | 16.5¢ |

PER DIEM RATES*

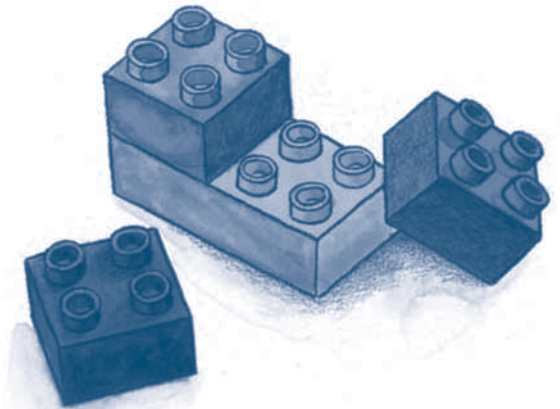
| | High-Cost Locality | Low-Cost Locality |
|-------------------------------|-----------------------|----------------------|
| Meals and incidental expenses | \$ 65 | \$ 52 |
| Lodging | \$193 | \$111 |
| Total | \$258 | \$163 |

* Reflects rates in effect as of 10/1/09, using the simplified method of determination.

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2010 Pocket Tax Guide



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