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To: Clients, Associates & Friends of Pro@ctive CPA
From: Mark Wyssbrod, Managing Member
Date: November 30, 2010
Re: Alternative Minimum Tax Saga

The weather is turning a little cooler and the rain is falling a little more often. The year has flown bye, however Congress is once again dragging its feet. The information below is general information. Please call us to discuss how to apply the information to your specific situation at (770) 664-8583.

In the past 4 or 5 years Congress has discussed adjusting the Alternative Minimum Tax (AMT) by increasing the exemption amount. This has allowed many taxpayers to escape from paying the additional AMT tax. However, during 2010 no discussion of the AMT tax relief was mentioned during the first part of the year. The first time I heard Congress mention the any AMT relief was in the past week. We are now one month away from the end of the year, can Congress act in time?

AMT Items to be aware of:

- If you were in AMT during 2009 you will more than likely be in AMT during 2010
- The AMT exemption increase in 2009 was $70,950, in 2010 will be $45,000 (married filing jointly); a difference of $25,950
    - The AMT tax rate is 26% and 28%
    - $25,950 x 26% = $6,747
    - Taxpayer's in AMT may have an increase in tax of $6,747
- Common items which trigger AMT
    - State, city and local taxes
        - Ad valorem taxes
        - Real estate taxes
        - State income taxes
        - State sales tax
    - Mortgage Interest
        - Mortgage interest not used for the purchase or upkeep of your primary residence
        - Mortgage on second homes and lines of credit which were not used for home purchase or improvements is added to the AMT calculation

If you would not to find out if you are in AMT and possible solutions, please contact us immediately at (770) 664-8583.

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