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Overview of the 2012 Income Tax Law Changes



6/14/2012



2012 Reminders

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Renew PTIN– www.irs.gov/ptin

Education-Related Credits

Individual Income Tax Rates – No change

Long-Term Capital Gains & Dividend Tax
Rates — *15 percent*





2012 Reminders

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Mortgage Forgiveness Debt Relief Act &
Debt Cancellation — *Form 982*

Child Tax Credit — *\$1,000*

Itemized Deductions

Residential Energy Efficient Property
Credit

Form 2290 - Heavy Highway Vehicle Use
Tax





Updates for 2012

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Identity Protection PIN

Employer Identification Number Policy

Earned Income Tax Credit

Form 4562 - Section 179





Updates for 2012

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Installment Agreements

Foreign Account Tax Compliance Act

Traditional IRA Contributions

Form 2848, Power of Attorney &
Declaration of Representative





Foreign Account Tax Compliance Act

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Specified individuals with an interest in specified foreign financial assets — *which exceed the applicable reporting threshold* — must report those assets on **Form 8938** and attach it to their annual tax return.





Specified Individual

U.S. citizen

Resident alien of the U.S. for any part of the tax year

Nonresident alien who makes an election to be treated as a resident alien

Nonresident alien who is a bona fide resident of American Samoa or Puerto Rico

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Specified Foreign Financial Assets

Financial accounts maintained by foreign financial institutions, with certain exceptions

Foreign financial investment assets not held in an account maintained by a domestic or foreign financial institution

Foreign financial institutions scheduled to begin reporting these accounts in TY 2013





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Specified Foreign Financial Assets

The listed financial assets are specified foreign financial assets if they're *held for investment*

Stock or securities issued by someone other than a U.S. person

Any interest in a foreign entity

Any financial instrument or contract that has an issue or counterparty that is other than a U.S. person





Reporting Thresholds

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Unmarried or Married Filing Single & living in US

- **\$50,000 / \$75,000**

Married and living in US

- **\$100,000 / \$150,000**

Taxpayers living abroad

- **(S or MFS) \$200,000 / \$300,000**

- **(MFJ) \$400,000 / \$600,000**





Civil Penalties

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Failure-to-File

- \$10,000 (If correct Form 8938 is not filed within 90 days after IRS notification, additional \$10,000 penalty for each 30-day penalty up to an additional penalty of \$50,000)

Accuracy-Related

- 40% penalty of underpayment as a result of a transaction involving an undisclosed specified foreign financial asset





Traditional IRA Contributions

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More than **\$92,000** but less than **\$112,000**
for a married couple filing a joint return or
a qualifying widow(er)

More than **\$58,000** but less than **\$68,000**
for a single individual or head of
household

Less than **\$10,000** for a married individual
filing a separate return





Form 2848, POA &

Declaration of Representative

Joint returns

Copies of notices and communications

Acts authorized

Representative designations

Future developments

www.irs.gov/form2848

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Expired Tax Benefits

Adoption Credit

Alternative Minimum Tax

Credit for non-business energy property

Plug-in electric vehicle credit

Plug-in conversion credit

Alternative fuel vehicle refueling property credit

Indian employment credit

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Expired Tax Benefits

New energy efficient home credit
Energy efficient appliance credit
Employer wage differential for
active duty members of the
uniformed services

Work opportunity credit (except for
certain veterans)

Deduction of expenses for school
teachers

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Expired Tax Benefits

Deduction for mortgage insurance premiums

Deduction for state & local sales taxes instead of state & local income taxes

Tuition and fees deduction

Tax-free distribution from retirement accounts for charitable purposes

Zero% capital gains rate for DC Zone assets

First-Time Homebuyer Credit – *repayment continues this year*

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Non-Refundable Credits & the AMT

Credit for child & dependent care expenses

Credit for elderly or the disabled

Mortgage interest credit

Education Credits





No Longer Available

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Forms

- **944-S**, Employer's Annual Federal Tax Return - American Samoa, Guam, the Commonwealth of the Northern Mariana Islands, and the U.S. Virgin Islands
- **944-PR**

Publications

- **1542**, Per Diem Rates





Help your clients start planning for next year

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Adjust withholding

Store return in a safe place

Organize recordkeeping

Review paycheck

Itemize deductions

Order a transcript online





IRS.gov Tools

Recent Developments for Tax Forms,
Instructions & Publications

Tax Professionals

Multilingual Gateway

El IRS en Español

Interactive Tax Assistant

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Communication Tools

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