

PRATT & ASSOCIATES NEWSLETTER

TAX SEASON 2000

I) New York State Clothing Exemption

The permanent clothing exemption for purchases of clothing and footwear costing less than \$110.00 will take place on March 1, 2000.

Please note this exemption is for the state portion of sales tax only (4%). The individual counties may or may not participate in the permanent exemption effective March 1st.

II) New York Gift & Estate Tax Changes

The New York State Gift tax is being repealed for all gifts given after Dec 31, 1999.

The New York State Estate Tax exemption is being adjusted to the federal rate on 2/1/00. This will be \$675,000 for the year 2000.

III) Electronic Filing

For the 1999 tax year, electronic filing is going to be offered by many more tax practitioners. Electronic filing improves the accuracy of your return along with a more expeditious refund. You can have your refund directly deposited into a checking account, savings account or can be sent by check.

If you have a balance due, you can pay with either a direct debit, credit card, or with a check. For more information please contact our office.

For the 1999 tax season we will electronically file, both the Federal & State tax returns for our clients. If you prepare your own return, we can electronically file your return for a fee, to expedite your refund. Call our office between the hours of 9:00 a.m. - 4:30 p.m. Monday-Friday, and 9: a.m. - 3:00 p.m. on Saturday EST, or e-mail us @ kspnbrq@nycap.rr.com

IV) S.S. Wage Base

For all employers who calculate their own Social Security for employee's paychecks, the maximum earnings subject to S.S. tax in 2000 is \$76,200.00.

V) 1999 Tax Figures

Standard Deductions for 1999

Married Filing Jointly	7200.00
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Single	4300.00
Head of Household	6350.00
Married Filing Separately	3600.00

Personal Exemptions for 1999

\$2750.00 per person

1999 Phase-Out Amounts / Adjusted Gross Income Ranges

<u>Filing Status</u>	<u>Lifetime Learning & Hope Scholarship</u>	<u>Education IRA</u>	<u>Student Loan Int</u>
Married Filing Joint	\$80,000-100,000	\$150,000-160,000	\$60,000-75,000
Single	40,000 - 50,000	95,000 - 110,000	40,000-55,000
Head of Household	40,000 - 50,000	95,000 - 110,000	40,000-55,000
Married Separately	Do Not Qualify	95,000 - 110,000	Do Not Qualify

<u>Filing Status</u>	<u>Regular IRA Active Participant</u>	<u>Roth IRA</u>	<u>Child Tax Credit</u>
Married Filing Joint	\$51,000-61,000	\$150,000-160,000	(over)\$ 110,000
Single	31,000-41,000	95,000-110,000	(over) 75,000
Head of Household	31,000-41,000	95,000-110,000	(over) 75,000
Married Separately	0-10,000	0- 10,000	(over) 55,000

I) 1999 Key Changes

Listed below are the maximum benefits you can receive from the new tax credits. They are phased out at the amounts listed above.

New Child Tax Credit	\$500.00
Hope Scholarship Credit	\$1500.00
Lifetime Learning Credit	\$1000.00
Student Loan Interest	\$1500.00

II) What's ahead in 2000

Section 179, the maximum amount of equipment purchased in 2000 that can be expensed in the current year is increasing to \$20,000, up from \$19,000 in 1999.

A federal Estate and Gift tax exempts the first \$ 675,000 of taxable income in 2000 up from \$ 650,000 in 1999.

IRS has announced that in 2000 the business mileage reimbursement will increase to 32.5¢ a mile.