

# 2002 TAX SEASON NEWSLETTER

## I) ELECTRONIC FILING PAYMENT OPTIONS

### New York State

Taxpayers may elect to pay their balance due by authorizing a direct debit from their savings or checking account in 2002. Taxpayers must specify at the time their return is electronically filed, the type of account (savings or checking), account number, routing number of the bank account and the date of the debit. The direct debit option must be chosen before the state income tax is transmitted to New York State.

Taxpayers can pay their 2001 tax liability with their credit cards (American Express, Discover or Mastercard), by contacting one of the two credit card service providers listed below. Taxpayers must contact these providers directly.

Official Payments Corp  
Call - 1-800-2PAYTAX  
1-800-272-9829  
[www.officialpayments.com](http://www.officialpayments.com)

Phone Charge Inc.  
Call - 1-877-521-8NYS  
1-877-521-8697  
[www.paynystatetax.com](http://www.paynystatetax.com)

You can connect to either of these sites by visiting the NYS Tax Department's web-site [www.tax.state.ny.us](http://www.tax.state.ny.us) and clicking on pay by credit card.

### Internal Revenue Service

Taxpayers can pay their federal taxes using a direct debit or credit card in 2001. Direct debit payments can be made by calling 1-888-353-4537 or by setting the payment schedule up with your tax preparer at the time of your tax appointment.

You can pay income taxes using either of the two credit card service providers listed below. Taxpayers must contact these providers directly.

Official Payments Corp  
Call - 1-800-2PAYTAX  
1-800-272-9829  
[www.officialpayments.com](http://www.officialpayments.com)

Phone Charge Inc.  
Call - 1-888-ALLTAXX  
1-888-255-8299  
[www.About1888ALLTAXX.com](http://www.About1888ALLTAXX.com)

## II) 2001 TAX FIGURES

### **Standard Deductions for 2001**

Married Filing Jointly	7600.00
Single	4550.00
Head of Household	6650.00
Married Filing Separately	3800.00

### **Personal Exemptions for 2001**

\$2900.00 per person

### 2001 Phase-Out Amounts / Adjusted Gross Income Ranges

<u>Filing Status</u>	<u>Lifetime Learning &amp; 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	\$53,000-63,000	\$150,000-160,000	(over)\$ 110,000
Single	33,000-43,000	95,000-110,000	(over) 75,000
Head of Household	33,000-43,000	95,000-110,000	(over) 75,000
Married Separately	0-10,000	0- 10,000	(over) 55,000

### III) 2001 KEY CHANGES

Listed below are the maximum benefits you can receive from the new tax credits. These credits or deductions are phased out as noted above.

New Child Tax Credit	\$600.00
Hope Scholarship Credit	\$1500.00
Lifetime Learning Credit	\$1000.00
Student Loan Interest	\$2500.00

### IV) WHAT'S AHEAD IN 2002

#### Dependency Exemption

In 2002 the dependency exemption will increase to \$3,000.

#### Estate Tax Exemption

The Estate tax unified credit will increase to \$1,000,000 for 2002.

#### Standard Mileage Rate

IRS has announced that the standard mileage rate for business use has increased to 36.5 cents in 2002, up from 34.5 cents in 2001.

#### Kiddie Tax

The first \$750 of a child's (under 14) investment income will be tax free in 2002. The next \$750 will be taxed at the child's tax rate and amounts in excess of \$1,500 will be taxed at the parent's rate.

#### Social Security Tax

Social Security tax will be assessed on the first \$84,900 of wages in 2002 up from \$80,400 in 2001.

### PLEASE NOTE:

**THERE WERE MANY NEW TAX LAW CHANGES AFTER THE PASSING OF THE ECONOMIC GROWTH AND TAX RECONCILIATION ACT OF 2001. FOR A SUMMARY OF THOSE CHANGES GO TO THE FALL 2001 NEWSLETTER.**

REMEMBER, THE TOPICS COVERED IN THIS NEWSLETTER ARE AN ABRIDGED VERSION TO THE ACTUAL TAX LAWS AND CODES COVERED BY THE IRS AND NEW YORK STATE. THEREFORE SOME INFORMATION MAY BE SUBJECT TO CHANGE ON A CASE-BY-CASE BASIS. IF YOU HAVE ANY QUESTIONS REGARDING THE ABOVE INFORMATION PLEASE EMAIL US AT [KSPNBRG@NYCAP.RR.COM](mailto:KSPNBRG@NYCAP.RR.COM).