



ASHEVILLE  
**Tax Service**

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**TAX RELIEF EXTENSION ACT HR8-PASSED ON 01-01-2013**

(This is not intended to be all inclusive but rather a summary only)

- \*Two month delay in automatic spending cuts
- \*2% Social Security Tax decrease for employees is gone effective 01-01-2013.
- \*Unemployment Benefits-Extended for many taxpayers for 2013.
- \*Tax increases for single >\$400K and MFJ >\$450K (Note: 2% have incomes over \$250K. .6% over \$500,000)
- \*Kept 10%, 15%, 25%, 28%, 33%, 35% rates. Added Clinton era 39.6% rate over above thresholds.
- \*Alternative Minimum Tax (AMT) Permanently extended with inflation adjustments
- \*Capital Gains-Kept current rates except for those over the above threshold amounts.

**Extends:**

- Marriage relief penalty
- Enhanced child tax credit
- Expanded dependent care credit
- Adoption Credit reverts back to being a non-refundable credit with a carryforward
- EIC
- Permanently extends \$2,000 Coverdell Education Savings Account
- Enhanced student loan interest deduction
- American Opportunity Tax Credit extended for 5 years.
- \$4000 Tuition and Fees Deduction
- \$250 Educator Expense Deduction
- Itemized Deduction for Sales Tax
- Nonbusiness Energy Property Tax Credit
- 15 year depreciation on leasehold improvements
- Real property for conservation purposes
- Section 179 expense deduction extensions
- Mortgage debt forgiveness extended through 2013
- Mortgage insurance premiums extended through 2013
- IRA deductions to charity extended through 2013

Estate and Gift Tax-Changes and extensions were made

**NC Tax Law Changes**

- NC now starts from AGI instead of Federal Taxable income
- Business income deduction is new (\$50,000 and/or \$100,000)
- Long term care premiums extended through 2013
- EIC through 2013
- Adoption Credit through 2013