

Preliminary Agreement On Extension of Tax Law:

With only a few weeks left in the year, lawmakers and the President have reached a preliminary agreement on extending the current tax laws which were enacted in 2001 and 2003. The provisions agreed to in principal will extend the current tax rates, make some changes to the estate tax laws and provide a number of new incentives for both individual and business taxpayers. Here are a few of the key items being considered:

Two-year extension of all Bush tax cuts

Dividend and capital gains tax would remain at 15 percent.

A 13-month extension of unemployment benefits

A two percentage point cut in the payroll tax for one year

A one-year cut in Social Security taxes

An estate tax at 35 percent with a \$5 million exemption

There has also been discussion of allowing for additional or accelerated depreciation for assets purchased by businesses. This change is aimed at stimulating the economy and putting more tax money in the pockets of small businesses in order to help with hiring.

These preliminary agreements are all pending passage and could change during the negotiations by legislators. We will work to keep you informed as changes happen.



Tax Law Update

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