

# 2012 Workbook

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Corrections were made to this workbook through January of 2013. No subsequent modifications were made.

### INFLATION ADJUSTED ITEMS AND OTHER USEFUL INFORMATION

	2011	2012
<b>Standard Deductions</b>		
Joint or Qualifying Widow(er)	\$ 11,600	\$ 11,900
Single	5,800	5,950
Head of Household	8,500	8,700
Married Filing Separately	5,800	5,950
Additional for Elderly/Blind — MFJ, MFS, QW	1,150	1,150
Additional for Elderly/Blind — Single, HoH	1,450	1,450
Taxpayer Claimed as Dependent	950	950
<b>Personal and Dependent Exemption Deduction</b>	<b>3,700</b>	<b>3,800</b>
<b>Long-Term Care Premium Limitations</b>		
Age 40 or less	340	350
Age more than 40 but not more than 50	640	660
Age more than 50 but not more than 60	1,270	1,310
Age more than 60 but not more than 70	3,390	3,500
Age more than 70	4,240	4,370
<b>Child's Unearned Income Without Kiddie Tax</b>	<b>1,900</b>	<b>1,900</b>
<b>Beginning/Ending of Personal Exemption Phaseout Range — Based on AGI</b>		
Joint or Qualifying Widow(er)	N/A	N/A
Single	N/A	N/A
Head of Household	N/A	N/A
Married Filing Separately	N/A	N/A
<b>IRC §179 Deduction Limit</b>	<b>500,000</b>	<b>139,000</b>
<b>IRC §179 Asset Limitation</b>	<b>2,000,000</b>	<b>560,000</b>

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	2011	2012
<b>Beginning/Ending of Itemized Deduction Phaseout Range — Based on AGI</b>		
Joint, Single, Head of Household	N/A	N/A
Married Filing Separately	N/A	N/A
<b>FICA/SE Tax Information</b>		
OASDI Tax Maximum Earnings	106,800	110,100
FICA (OASDI and HI) Tax Rate (Employee)	5.65%	5.65%
SE Tax Rate	13.30%	13.30%
<b>Self-Employed Health Insurance Deduction</b>	100%	100%
<b>Estimated Tax Payments (AGI ≤ \$150,000)</b>		
Prior Year Tax % or	100%	100%
Current Year Tax %	90%	90%
<b>Earnings Ceiling for Social Security</b>		
Under full retirement age	14,160	14,640
The year full retirement age is reached	37,680	38,880
The month full retirement age is reached, and above	Unlimited	Unlimited
<b>Earnings Required to Earn One Quarter of Social Security Coverage</b>	1,120	1,130
<b>Gift Tax Applicable Exclusion Amount</b>	5,000,000	5,120,000
<b>Estate Tax Applicable Exclusion Amount</b>	5,000,000	5,120,000
<b>Maximum Gift</b>	13,000	13,000
<b>Capital Gain Rates (Maximum for Noncorporate Taxpayers)</b>		
Adjusted Net Capital Gain (Assets held more than 12 months)	15%	15%
For those in 15% bracket	0%	0%
For those in >15% bracket	15%	15%
For Recapture Gain on Real Estate	25%	25%
For Most Collectibles	28%	28%
<b>Adoption Credit</b>		
Special Needs Child	13,360	12,650
Other Children	13,360	12,650
Phaseout Amount	185,210 / 225,210	189,710 / 229,710

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	2011	2012
<b>Lifetime Learning Credits</b>		
Phaseout — Single, HoH, QW	51,000– 61,000	52,000– 62,000
Phaseout — MFJ	102,000–122,000	104,000–124,000
<b>Hope/American Opportunity Credit</b>		
Phaseout — Single, HoH, QW	80,000– 90,000	80,000– 90,000
Phaseout — MFJ	160,000–180,000	160,000–180,000
<b>Earned Income Tax Credit</b>		
One child		
Minimum earned income for maximum EITC	9,100	9,320
Maximum Amount of Credit	3,094	3,169
Phaseout Amount (single and head of household)	16,690 / 36,052	17,090 / 36,920
Phaseout Amount (married filing jointly)	21,770 / 41,132	22,300 / 42,130
Two Children		
Minimum earned income for maximum EITC	12,780	13,090
Maximum Amount of Credit	5,112	5,236
Phaseout Amount (single and head of household)	16,690 / 40,964	17,090 / 41,952
Phaseout Amount (married filing jointly)	21,770 / 46,044	22,300 / 47,162
Three or More Children		
Minimum earned income for maximum EITC	12,780	13,090
Maximum Amount of Credit	5,751	5,891
Phaseout Amount (single and ehad of household)	16,690 / 43,998	17,090 / 45,060
Phaseout Amount (married filing jointly)	21,770 / 49,078	22,300 / 50,270
No children		
Minimum earned income for maximum EITC	6,070	6,210
Maximum Amount of Credit	464	475
Phaseout Amount (single and head of household)	7,590 / 13,660	7,770 / 13,980
Phaseout Amount (married filing jointly)	12,670 / 18,740	12,980 / 19,190
<b>Child Tax Credit</b>	1,000	1,000

**Daycare Provider  
Standard Meal Allowance for 2012 Returns  
July 1, 2012 through June 30, 2013**

	48 States	Alaska	Hawaii
Breakfast	\$1.27	\$2.03	\$1.48
Lunch/Dinner	2.38	3.86	2.79
Snack	.71	1.15	.83

**Daycare Provider  
Standard Meal Allowance for 2012 Returns  
July 1, 2011 through June 30, 2012**

	48 States	Alaska	Hawaii
Breakfast	\$1.24	\$1.97	\$1.44
Lunch/Dinner	2.32	3.76	2.71
Snack	.69	1.12	.81

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## Child Tax Credit AGI Phaseout — 2012

Filing Status	Beginning Phaseout
MFJ	\$110,000
Single, HoH, QW	75,000
MFS	55,000

## M&IE (Meals-and-Incidental-Expense-Only) Rates for Transportation Workers for Travel Away from Home

Locality	Oct. 1, 2010–Sep. 30, 2011	Oct. 1, 2011–Sep. 30, 2012
CONUS (continental U.S.)	\$59	\$59
OCONUS (outside the continental U.S.)	65	65

## High and Low Per Diem Reimbursements

	Oct. 1, 2010–Sep. 30, 2011	Oct. 1, 2011–Sep. 30, 2012
High cost areas	\$233 (\$65 for M&IE)	\$242 (\$65 for M&IE)
Basic/low cost areas	\$160 (\$52 for M&IE)	\$163 (\$52 for M&IE)

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## DEPRECIATION LIMITS FOR LUXURY VEHICLES<sup>1</sup>

Tax Year	Used Passenger Vehicles	New Passenger Vehicles	Used Trucks and Vans	New Trucks and Vans	Used Electric Vehicles	New Electric Vehicles
Placed in service in 2012						
1	\$3,160	\$ 3,160 <sup>a</sup>	\$3,360	\$ 3,360 <sup>a</sup>		
2	5,100	5,100	5,300	5,300	b	b
3	3,050	3,050	3,150	3,150		
4 or more	1,875	1,875	1,875	1,875		
Placed in service in 2011						
1	\$3,060	\$3,060 <sup>a</sup>	\$3,260	\$3,260 <sup>a</sup>		
2	4,900	4,900	5,200	5,200	b	b
3	2,950	2,950	3,150	3,150		
4	1,775	1,775	1,875	1,875		
Placed in service in 2010						
1	\$3,060	\$3,060 <sup>a</sup>	\$3,160	\$3,160 <sup>a</sup>		
2	4,900	4,900	5,100	5,100	b	b
3	2,950	2,950	3,050	3,050		
4	1,775	1,775	1,875	1,875		
Placed in service in 2009						
1	\$2,960	\$ 2,960 <sup>a</sup>	\$ 3,060	\$ 3,060 <sup>a</sup>		
2	4,800	4,800	4,900	4,900	b	b
3	2,850	2,850	2,950	2,950		
4	1,775	1,775	1,775	1,775		
Placed in service in 2008						
1	\$2,960	\$ 2,960 <sup>a</sup>	\$ 3,160	\$ 3,160 <sup>a</sup>		
2	4,800	4,800	5,100	5,100	b	b
3	2,850	2,850	3,050	3,050		
4 or more	1,775	1,775	1,875	1,875		
Placed in service in 2007						
1	\$3,060	\$ 3,060	\$ 3,260	\$ 3,260		
2	4,900	4,900	5,200	5,200	b	b
3	2,850	2,850	3,050	3,050		
4 or more	1,775	1,775	1,875	1,875		
Placed in service in 2006						
1	\$2,960	\$ 2,960	\$3,260	\$ 3,260	\$ 8,980	\$ 8,980
2	4,800	4,800	5,200	5,200	14,400	14,400
3	2,850	2,850	3,150	3,150	8,650	8,650
4 or more	1,775	1,775	1,875	1,875	5,225	5,225

<sup>a</sup> For 2008–2012, bonus depreciation is available for new vehicles placed in service. The maximum first-year depreciation for new passenger vehicles is \$10,960 for 2008 and 2009, \$11,060 for 2010 and 2011, and \$11,160 for 2012. The maximum first-year depreciation for new trucks and vans is \$11,160 for 2008, \$11,060 for 2009, \$11,160 for 2010, \$11,260 for 2011, and \$11,360 for 2012.

<sup>b</sup> New and used electric vehicles placed in service after December 31, 2006 do not have special depreciation limits; use the appropriate column to the left.

<sup>1</sup> Rev. Procs. 2006-18, 2007-11, 2009-24, 2010-18, 2011-21, and 2012-23.

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## SAVER'S CREDIT PHASEOUT — 2012

Credit Rate	AGI Phaseout		
	MFJ	HoH	Single, MFS, QW
50%	\$ 0–34,500	\$ 0–25,875	\$ 0–17,250
20%	34,501–37,500	25,876–28,125	17,251–18,750
10%	37,501–57,500	28,126–43,125	18,751–28,750
0%	Over \$57,500	Over \$43,125	Over \$28,750

## QUALIFIED RETIREMENT PLAN LIMITATIONS

	2011	2012
<b>Contributions/Deferrals</b>		
Maximum deductible employee annual retirement contribution ( <b>401(k), 403(b), 457, SARSEP, Thrift Savings Plans</b> )	\$ 16,500	\$ 17,000
Catch-up contributions (age 50 or over)	5,500	5,500
Maximum annual deferral under <b>SIMPLE</b>	11,500	11,500
Catch-up deferral (age 50 or over)	2,500	2,500
Maximum <b>traditional and Roth IRA</b> annual contributions (the annual limit is lesser of 100% of taxable compensation or listed amount)	5,000	5,000
Catch-up contributions (age 50 or over)	1,000	1,000
Maximum employer contribution to <b>SEP IRA</b> (the annual limit is lesser of 25% of compensation or listed amount)	49,000	50,000
<b>Income limitations</b>		
Maximum annual benefit for a <b>defined benefit plan</b> (based on annual compensation, the annual limits may be less) <sup>a</sup>	195,000	200,000
Maximum annual contribution to <b>all defined contribution plans</b> (the annual limit is lesser of 100% of compensation or listed amount)	49,000	50,000
Earnings threshold for <b>highly-compensated employees</b>	110,000	115,000
Earnings threshold for <b>key employee in top-heavy plan</b>	160,000	165,000

<sup>a</sup> Treas. Reg. §1.415(b)-1 and IRC §415(b)

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## UNIFORM LIFETIME TABLE/SINGLE LIFE EXPECTANCY TABLE

This chart combines the *Uniform Lifetime Table* and the *Single Life Expectancy Table* found in IRS Pub. 590, *Individual Retirement Arrangements*.

Age	Single Life	Uniform Life	Age	Single Life	Uniform Life	Age	Single Life	Uniform Life	Age	Single Life	Uniform Life
10	72.8	86.2	34	49.4	62.3	58	27.0	38.7	82	9.1	17.1
11	71.8	85.2	35	48.5	61.4	59	26.1	37.8	83	8.6	16.3
12	70.8	84.2	36	47.5	60.4	60	25.2	36.8	84	8.1	15.5
13	69.9	83.2	37	46.5	59.4	61	24.4	35.8	85	7.6	14.8
14	68.9	82.2	38	45.6	58.4	62	23.5	34.9	86	7.1	14.1
15	67.9	81.2	39	44.6	57.4	63	22.7	33.9	87	6.7	13.4
16	66.9	80.2	40	43.6	56.4	64	21.8	33.0	88	6.3	12.7
17	66.0	79.2	41	42.7	55.4	65	21.0	32.0	89	5.9	12.0
18	65.0	78.2	42	41.7	54.4	66	20.2	31.1	90	5.5	11.4
19	64.0	77.3	43	40.7	53.4	67	19.4	30.2	91	5.2	10.8
20	63.0	76.3	44	39.8	52.4	68	18.6	29.2	92	4.9	10.2
21	62.1	75.3	45	38.8	51.5	69	17.8	28.3	93	4.6	9.6
22	61.1	74.3	46	37.9	50.5	70	17.0	27.4	94	4.3	9.1
23	60.1	73.3	47	37.0	49.5	71	16.3	26.5	95	4.1	8.6
24	59.1	72.3	48	36.0	48.5	72	15.5	25.6	96	3.8	8.1
25	58.2	71.3	49	35.1	47.5	73	14.8	24.7	97	3.6	7.6
26	57.2	70.3	50	34.2	46.5	74	14.1	23.8	98	3.4	7.1
27	56.2	69.3	51	33.3	45.5	75	13.4	22.9	99	3.1	6.7
28	55.3	68.3	52	32.3	44.6	76	12.7	22.0	100	2.9	6.3
29	54.3	67.3	53	31.4	43.6	77	12.1	21.2	101	2.7	5.9
30	53.3	66.3	54	30.5	42.6	78	11.4	20.3	102	2.5	5.5
31	52.4	65.3	55	29.6	41.6	79	10.8	19.5	103	2.3	5.2
32	51.4	64.3	56	28.7	40.7	80	10.2	18.7	104	2.1	4.9
33	50.4	63.3	57	27.9	39.7	81	9.7	17.9	105	1.9	4.5

**Column 1:** Age refers to either the owner while living or the beneficiary after owner's death.

**Column 2:** Single Life is used for a beneficiary.

**Column 3:** Uniform Life is used by owner before death.

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## OTHER RATES FOR VEHICLES

	2010	Jan. 1–Jun. 30 2011	Jul. 1–Dec. 31 2011	2012
<b>Auto Standard Mileage Allowance</b>				
Business	\$0.50	\$0.51	\$0.555	\$0.555
Charity work	0.14	0.14	0.14	0.14
Medical/moving	0.165	0.19	0.235	0.23
<b>Qualified Transportation Fringe (expressed as monthly limits)</b>				
Vehicle/transit pass limit	\$ 230	\$ 230	\$ 230	\$ 125
Qualified parking limit	230	230	230	240
Qualified bicycle limit	20	20	20	20

## TAX RATES FOR 2012

### Tax Rate Schedule Single Taxpayers For Tax Years Beginning in 2012

If Taxable Income Is			
Over	But Not Over	The Tax Is	Of the Amount Over
\$ 0	\$ 8,700	10.0%	\$ 0
8,700	35,350	870.00 + 15.0%	8,700
35,350	85,650	4,867.50 + 25.0%	35,350
85,650	178,650	17,442.50 + 28.0%	85,650
178,650	388,350	43,482.50 + 33.0%	178,650
388,350		112,683.50 + 35.0%	388,350

### Tax Rate Schedule Married Individuals Filing Joint Returns and Surviving Spouses For Tax Years Beginning in 2012

If Taxable Income Is			
Over	But Not Over	The Tax Is	Of the Amount Over
\$ 0	\$ 17,400	10.0%	\$ 0
17,400	70,700	1,740.00 + 15.0%	17,400
70,700	142,700	9,735.00 + 25.0%	70,700
142,700	217,450	27,735.00 + 28.0%	142,700
217,450	388,350	48,665.00 + 33.0%	217,450
388,350		105,062.00 + 35.0%	388,350



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## Tax Rate Schedule Married Individuals Filing Separate Returns For Tax Years Beginning in 2012

If Taxable Income Is			
Over	But Not Over	The Tax Is	Of the Amount Over
\$ 0	\$ 8,700	10.0%	\$ 0
8,700	35,350	870.00 + 15.0%	8,700
35,350	71,350	4,867.50 + 25.0%	35,350
71,350	108,725	13,867.50 + 28.0%	71,350
108,725	194,175	24,332.50 + 33.0%	108,725
194,175		52,531.00 + 35.0%	194,175

## Tax Rate Schedule Head of Household For Tax Years Beginning in 2012

If Taxable Income Is			
Over	But Not Over	The Tax Is	Of the Amount Over
\$ 0	\$ 12,400	10.0%	\$ 0
12,400	47,350	1,240.00 + 15.0%	12,400
47,350	122,300	6,482.50 + 25.0%	47,350
122,300	198,050	25,220.00 + 28.0%	122,300
198,050	388,350	46,430.00 + 33.0%	198,050
388,350		109,229.00 + 35.0%	388,350

## Tax Rate Schedule Trusts and Estates For Tax Years Beginning in 2012

If Taxable Income Is			
Over	But Not Over	The Tax Is	Of the Amount Over
\$ 0	\$2,400	15.0%	\$ 0
2,400	5,600	360.00 + 25.0%	2,400
5,600	8,500	1,160.00 + 28.0%	5,600
8,500	11,650	1,972.00 + 33.0%	8,500
11,650		3,011.50 + 35.0%	11,650

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## Tax Rate Schedule Corporate For Tax Years Beginning in 2012

If Taxable Income Is		The Tax Is		Of the Amount
Over	But Not Over			Over
\$ 0	\$ 50,000	15.0%		\$ 0
50,000	75,000	7,500.00 +	25.0%	50,000
75,000	100,000	13,750.00 +	34.0%	75,000
100,000	335,000	22,250.00 +	39.0%	100,000
335,000	10,000,000	113,900.00 +	34.0%	335,000
10,000,000	15,000,000	3,400,000.00 +	35.0%	10,000,000
15,000,000	18,333,333	5,150,000.00 +	38.0%	15,000,000
18,333,333		6,416,667.00 +	35.0%	18,333,333

### FEDERAL LAND BANK INTEREST RATES FOR VALUING FARMLAND UNDER SPECIAL USE VALUATION RULES OF IRC §2032A<sup>2</sup>

On Jan. 1, 2012, CoBank merged with U.S. AgBank, which reduced the number of Farm Credit Bank districts to four. The 2012 interest rates and the states assigned to each farm credit bank follow.

Farm Credit Bank District in Which Property is Located	2012 Interest Rates
AgFirst, FCB	6.19%
AgriBank, FCB	5.61%
CoBank, ACB	5.15%
Texas, FCB	5.50%

  

Farm Credit System Bank	Location of Property
AgFirst, FCB	Delaware, District of Columbia, Florida, Georgia, Maryland, North Carolina, Pennsylvania, South Carolina, Virginia, West Virginia
AgriBank, FCB	Arkansas, Illinois, Indiana, Iowa, Kentucky, Michigan, Minnesota, Missouri, Nebraska, North Dakota, Ohio, South Dakota, Tennessee, Wisconsin, Wyoming
CoBank, ACB	Alaska, Arizona, California, Colorado, Connecticut, Hawaii, Idaho, Kansas, Maine, Massachusetts, Montana, Nevada, New Hampshire, New Jersey, New York, Oklahoma, Oregon, Rhode Island, Utah, Vermont, Washington
Texas, FCB	Alabama, Louisiana, Mississippi, New Mexico, Texas

<sup>2</sup> Rev. Rul. 2009-21, 2009-30 IRB 162; Rev. Rul. 2011-17, 2011-33 IRB 160, Rev. Rul. 2012-26, 2012-39 IRB 358.

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Interest rates for the previous three years and the states assigned to each farm credit bank during those years are as follows.

Farm Credit Bank District in Which Property is Located	Interest Rates		
	2009	2010	2011
AgFirst, FCB	7.63%	7.48%	6.97%
AgriBank, FCB	6.50%	6.41%	6.12%
CoBank, ACB	6.17%	6.07%	5.78%
Texas, FCB	6.59%	6.45%	6.04%
U.S. AgBank, FCB	6.23%	6.15%	5.88%

  

Farm Credit System Bank	Location of Property
AgFirst, FCB	Delaware, District of Columbia, Florida, Georgia, Maryland, North Carolina, Pennsylvania, South Carolina, Virginia, West Virginia
AgriBank, FCB	Arkansas, Illinois, Indiana, Iowa, Kentucky, Michigan, Minnesota, Missouri, Nebraska, North Dakota, Ohio, South Dakota, Tennessee, Wisconsin, Wyoming
CoBank, ACB	Alaska, Connecticut, Idaho, Maine, Massachusetts, Montana, New Hampshire, New Jersey, New York, Oregon, Rhode Island, Vermont, Washington
Texas, FCB	Alabama, Louisiana, Mississippi, Texas
U.S. AgBank, FCB	Arizona, California, Colorado, Hawaii, Kansas, New Mexico, Nevada, Oklahoma, Utah

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## INTEREST RATES FOR NONCORPORATE OVERPAYMENTS AND UNDERPAYMENTS OF TAX 2002–2012

Calendar Quarter Beginning	Rate on Overpayments	Rate on Underpayments
10/1/2012	3%	3%
7/1/2012	3%	3%
4/1/2012	3%	3%
1/1/2012	3%	3%
10/1/2011	3%	3%
7/1/2011	4%	4%
4/1/2011	4%	4%
1/1/2011	3%	3%
10/1/2010	4%	4%
7/1/2010	4%	4%
4/1/2010	4%	4%
1/1/2010	4%	4%
10/1/2009	4%	4%
7/1/2009	4%	4%
4/1/2009	4%	4%
1/1/2009	5%	5%
10/1/2008	6%	6%
7/1/2008	5%	5%
4/1/2008	6%	6%
1/1/2008	7%	7%
10/1/2007	8%	8%
7/1/2007	8%	8%
4/1/2007	8%	8%
1/1/2007	8%	8%
10/1/2006	8%	8%
7/1/2006	8%	8%
4/1/2006	7%	7%
1/1/2006	7%	7%
10/1/2005	7%	7%
7/1/2005	6%	6%
4/1/2005	6%	6%
1/1/2005	5%	5%
10/1/2004	5%	5%
7/1/2004	4%	4%
4/4/2004	5%	5%
1/1/2004	4%	4%
10/1/2003	4%	4%
7/1/2003	5%	5%
4/1/2003	5%	5%
1/1/2003	5%	5%
10/1/2002	6%	6%
7/1/2002	6%	6%
4/1/2002	6%	6%
1/1/2002	6%	6%

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## INTEREST RATES ON CORPORATE OVERPAYMENTS AND UNDERPAYMENTS OF TAX 2008–2012

Calendar Quarter Beginning	Rate on Overpayments	Rate on Underpayments
Oct. 1, 2012	2%	3%
Jul. 1, 2012	2%	3%
Apr. 1, 2012	2%	3%
Jan. 1, 2012	2%	3%
Oct. 1, 2011	2%	3%
Jul. 1, 2011	3%	4%
Apr. 1, 2011	3%	4%
Jan. 1, 2011	2%	3%
Oct. 1, 2010	3%	4%
Jul. 1, 2010	3%	4%
Apr. 1, 2010	3%	4%
Jan. 1, 2010	3%	4%
Oct. 1, 2009	3%	4%
Jul. 1, 2009	3%	4%
Apr. 1, 2009	3%	4%
Jan. 1, 2009	4%	5%
Oct. 1, 2008	5%	6%
Jul. 1, 2008	4%	5%
Apr. 1, 2008	5%	6%
Jan. 1, 2008	6%	7%

## INTEREST RATES ON LARGE CORPORATE OVERPAYMENTS AND UNDERPAYMENTS OF TAX 2008–2012

Calendar Quarter Beginning	Rate on Overpayments	Rate on Underpayments
Oct. 1, 2012	0.5%	5%
Jul. 1, 2012	0.5%	5%
Apr. 1, 2012	0.5%	5%
Jan. 1, 2012	0.5%	5%
Oct. 1, 2011	0.5%	5%
Jul. 1, 2011	1.5%	6%
Apr. 1, 2011	1.5%	6%
Jan. 1, 2011	0.5%	5%
Oct. 1, 2010	1.5%	6%
Jul. 1, 2010	1.5%	6%
Apr. 1, 2010	1.5%	6%
Jan. 1, 2010	1.5%	6%
Oct. 1, 2009	1.5%	6%
Jul. 1, 2009	1.5%	6%
Apr. 1, 2009	1.5%	6%
Jan. 1, 2009	2.5%	7%
Oct. 1, 2008	3.5%	8%
Jul. 1, 2008	2.5%	7%
Apr. 1, 2008	3.5%	8%
Jan. 1, 2008	4.5%	9%

# 2012 Workbook

## APPLICABLE FEDERAL RATES FOR OCTOBER 2010 THROUGH OCTOBER 2012

For the newest AFR tables, go to [www.irs.gov/app/picklist/list/federalRates.html](http://www.irs.gov/app/picklist/list/federalRates.html).

### October 2010

	Period For Compounding			
	Annual	Semiannual	Quarterly	Monthly
Short-term AFR	0.41%	0.41%	0.41%	0.41%
Mid-term AFR	1.73%	1.72%	1.72%	1.71%
Long-term AFR	3.32%	3.29%	3.28%	3.27%

### November 2010

	Period For Compounding			
	Annual	Semiannual	Quarterly	Monthly
Short-term AFR	0.35%	0.35%	0.35%	0.35%
Mid-term AFR	1.59%	1.58%	1.58%	1.57%
Long-term AFR	3.35%	3.32%	3.31%	3.30%

### December 2010

	Period For Compounding			
	Annual	Semiannual	Quarterly	Monthly
Short-term AFR	0.32%	0.32%	0.32%	0.32%
Mid-term AFR	1.53%	1.52%	1.52%	1.52%
Long-term AFR	3.53%	3.50%	3.48%	3.47%

### January 2011

	Period For Compounding			
	Annual	Semiannual	Quarterly	Monthly
Short-term AFR	0.43%	0.43%	0.43%	0.43%
Mid-term AFR	1.95%	1.94%	1.94%	1.93%
Long-term AFR	3.88%	3.84%	3.82%	3.81%

### February 2011

	Period For Compounding			
	Annual	Semiannual	Quarterly	Monthly
Short-term AFR	0.51%	0.51%	0.51%	0.51%
Mid-term AFR	2.33%	2.32%	2.31%	2.31%
Long-term AFR	4.15%	4.11%	4.09%	4.08%

# 2012 Workbook

## March 2011

	Period For Compounding			
	Annual	Semiannual	Quarterly	Monthly
Short-term AFR	0.54%	0.54%	0.54%	0.54%
Mid-term AFR	2.44%	2.43%	2.42%	2.42%
Long-term AFR	4.30%	4.25%	4.23%	4.21%

## April 2011

	Period For Compounding			
	Annual	Semiannual	Quarterly	Monthly
Short-term AFR	0.55%	0.55%	0.55%	0.55%
Mid-term AFR	2.49%	2.47%	2.46%	2.46%
Long-term AFR	4.25%	4.21%	4.19%	4.17%

## May 2011

	Period For Compounding			
	Annual	Semiannual	Quarterly	Monthly
Short-term AFR	0.56%	0.56%	0.56%	0.56%
Mid-term AFR	2.44%	2.43%	2.42%	2.42%
Long-term AFR	4.19%	4.15%	4.13%	4.11%

## June 2011

	Period For Compounding			
	Annual	Semiannual	Quarterly	Monthly
Short-term AFR	0.46%	0.46%	0.46%	0.46%
Mid-term AFR	2.27%	2.26%	2.25%	2.25%
Long-term AFR	4.05%	4.01%	3.99%	3.98%

## July 2011

	Period For Compounding			
	Annual	Semiannual	Quarterly	Monthly
Short-term AFR	0.37%	0.37%	0.37%	0.37%
Mid-term AFR	2.00%	1.99%	1.99%	1.98%
Long-term AFR	3.86%	3.82%	3.80%	3.79%

# 2012 Workbook

## August 2011

	Period For Compounding			
	Annual	Semiannual	Quarterly	Monthly
Short-term AFR	0.32%	0.32%	0.32%	0.32%
Mid-term AFR	1.90%	1.89%	1.89%	1.88%
Long-term AFR	3.86%	3.82%	3.80%	3.79%

## September 2011

	Period For Compounding			
	Annual	Semiannual	Quarterly	Monthly
Short-term AFR	0.26%	0.26%	0.26%	0.26%
Mid-term AFR	1.63%	1.62%	1.62%	1.61%
Long-term AFR	3.57%	3.54%	3.52%	3.51%

## October 2011

	Period For Compounding			
	Annual	Semiannual	Quarterly	Monthly
Short-term AFR	0.16%	0.16%	0.16%	0.16%
Mid-term AFR	1.19%	1.19%	1.19%	1.19%
Long-term AFR	2.95%	2.93%	2.92%	2.91%

## November 2011

	Period For Compounding			
	Annual	Semiannual	Quarterly	Monthly
Short-term AFR	0.19%	0.19%	0.19%	0.19%
Mid-term AFR	1.20%	1.20%	1.20%	1.20%
Long-term AFR	2.67%	2.65%	2.64%	2.64%

## December 2011

	Period For Compounding			
	Annual	Semiannual	Quarterly	Monthly
Short-term AFR	0.20%	0.20%	0.20%	0.20%
Mid-term AFR	1.27%	1.27%	1.27%	1.27%
Long-term AFR	2.80%	2.78%	2.77%	2.76%



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## January 2012

	Period For Compounding			
	Annual	Semiannual	Quarterly	Monthly
Short-term AFR	0.19%	0.19%	0.19%	0.19%
Mid-term AFR	1.17%	1.17%	1.17%	1.17%
Long-term AFR	2.63%	2.61%	2.60%	2.60%

## February 2012

	Period For Compounding			
	Annual	Semiannual	Quarterly	Monthly
Short-term AFR	0.19%	0.19%	0.19%	0.19%
Mid-term AFR	1.12%	1.12%	1.12%	1.12%
Long-term AFR	2.58%	2.56%	2.55%	2.55%

## March 2012

	Period For Compounding			
	Annual	Semiannual	Quarterly	Monthly
Short-term AFR	0.19%	0.19%	0.19%	0.19%
Mid-term AFR	1.08%	1.08%	1.08%	1.08%
Long-term AFR	2.65%	2.63%	2.62%	2.62%

## April 2012

	Period For Compounding			
	Annual	Semiannual	Quarterly	Monthly
Short-term AFR	0.25%	0.25%	0.25%	0.25%
Mid-term AFR	1.15%	1.15%	1.15%	1.15%
Long-term AFR	2.72%	2.70%	2.69%	2.68%

## May 2012

	Period For Compounding			
	Annual	Semiannual	Quarterly	Monthly
Short-term AFR	0.28%	0.28%	0.28%	0.28%
Mid-term AFR	1.30%	1.30%	1.30%	1.30%
Long-term AFR	2.89%	2.87%	2.86%	2.85%

# 2012 Workbook

## June 2012

	Period For Compounding			
	Annual	Semiannual	Quarterly	Monthly
Short-term AFR	0.23%	0.23%	0.23%	0.23%
Mid-term AFR	1.07%	1.07%	1.07%	1.07%
Long-term AFR	2.64%	2.62%	2.61%	2.61%

## July 2012

	Period For Compounding			
	Annual	Semiannual	Quarterly	Monthly
Short-term AFR	0.24%	0.24%	0.24%	0.24%
Mid-term AFR	0.92%	0.92%	0.92%	0.92%
Long-term AFR	2.30%	2.29%	2.28%	2.28%

## August 2012

	Period For Compounding			
	Annual	Semiannual	Quarterly	Monthly
Short-term AFR	0.25%	0.25%	0.25%	0.25%
Mid-term AFR	0.88%	0.88%	0.88%	0.88%
Long-term AFR	2.23%	2.22%	2.21%	2.21%

## September 2012

	Period For Compounding			
	Annual	Semiannual	Quarterly	Monthly
Short-term AFR	0.21%	0.21%	0.21%	0.21%
Mid-term AFR	0.84%	0.84%	0.84%	0.84%
Long-term AFR	2.18%	2.17%	2.16%	2.16%

## October 2012

	Period For Compounding			
	Annual	Semiannual	Quarterly	Monthly
Short-term AFR	0.23%	0.23%	0.23%	0.23%
Mid-term AFR	0.93%	0.93%	0.93%	0.93%
Long-term AFR	2.36%	2.35%	2.34%	2.34%

## IRS AUDIT TECHNIQUE GUIDES

### **Aerospace Industry**

The IRS prepared a comprehensive audit technique guide (ATG) to assist examiners in evaluating research credit in the aerospace industry. The guide focuses on the particular unique aspects of the industry and provides examiners tools and tests to utilize in evaluating and auditing research credit.

### **Air Transportation**

This ATG provides an overview of excise tax paid for transportation of persons or property by air.

### **Architects and Landscape Architects**

The Architects and Landscape Architects ATG provides an overview of the activities of these two professional groups and the services typically offered by each. Issues common to both groups, which may be the subject of an audit, are discussed. Detailed audit examination techniques are outlined to provide the auditor with guidance along with relevant statutory and case law for auditor reference.

### **Art Galleries**

The Art Galleries ATG is designed to provide guidance to taxpayers as well as revenue agents and tax compliance officers conducting examinations of Art Galleries.

### **Attorneys**

The Attorneys Audit Techniques Guide is intended to provide guidance to the examiner who is auditing a taxpayer who is an attorney or an attorney firm and to provide tax related guidance to taxpayers and other professionals in this industry.

### **Business Consultants**

The Business Consultants ATG now includes an income section that addresses the shifting or the assignment of income issue and the substance versus form issue an examiner may encounter when conducting an examination.

### **Capitalization versus Repairs**

The ATG provides techniques for reviewing and examining capitalization versus repairs issues.

### **Cash Intensive Businesses**

Businesses that have substantial cash transactions are included in the consolidated cash intensive businesses ATG. Some of these businesses include bail bonds, beauty shops, car washes, check cashing establishments, coin-operated amusements, laundromats, scrap metal, and some convenience stores. Guidance is also provided on examination of income, interview techniques, and evaluation of evidence.

### **Child Care Provider**

The child care provider ATG is intended to provide guidance to the examiner who is auditing a taxpayer in this industry and to provide tax-related guidance to taxpayers and other professionals in this industry.

### **Coal Excise Tax**

Provides excise tax agents with specific tools to examine issues relating to domestically produced coal.

### **Commercial Banking**

Overview of the industry; discusses potential issues and terminology unique to banking.

# 2012 Workbook

## **Conservation Easement**

This ATG provides guidance on charitable contributions of conservation easements.

## **Construction Industry**

Overview of the industry including a glossary. Discusses types of contracts; types of contractors; methods of accounting; and joint ventures. This updated guide includes the filing locations for Rev. Proc. 92-29 elections (Chapter 7); includes contractor square footage costs (Chapter 11); and common errors in look-back interest filings (Chapter 5).

## **Continuation of Employee Healthcare Coverage**

This ATG provides guidance to IRS employees and taxpayers concerning the Consolidated Omnibus Budget Reconciliation Act of 1985.

## **Cost Segregation**

The IRS prepared a comprehensive audit techniques guide to assist examiners in evaluating cost segregation studies submitted by taxpayers in support of depreciation deductions. The guide is also beneficial for taxpayers and practitioners in preparing these studies.

## **Credit for Increasing Research Activities (i.e. Research Tax Credit) IRC §41**

This ATG sets forth the Research Credit Technical Advisors' suggested guidelines for auditing research credit issues.

## **Excise Tax on Indoor Tanning Services**

The Excise Tax on Indoor Tanning Services ATG provides an overview of the indoor tanning tax and examination direction. The intended audiences are taxpayers, tax professionals, and IRS examiners.

## **Executive Compensation — Fringe Benefits**

Corporate executives often receive extraordinary fringe benefits that are not provided to other corporate employees. Any property or service that an executive receives in lieu of or in addition to regular taxable wages is a fringe benefit that may be subject to taxation.

## **Factoring of Receivables**

This ATG focuses on a strategy in which multinational corporations use factoring of accounts receivable among related parties to avoid U.S. taxation by shifting income offshore and reducing U.S. income by deducting expenses related to the same income.

## **Farmers**

The agriculture industry ATG focuses on developing highly-trained examiners for the agricultural market segment. The guide contains examination techniques, common and unique industry issues, business practices, industry terminology and other information to assist examiners in performing examinations.

## **Fishing**

The Fishing ATG provides a description of both shore-based and offshore fishing operations and some geographical industry features. This ATG provides the auditor with guidance on how to determine income from the catch. Audit guidance is also provided on details such as the type of vessel, licenses issued, length of season, contracts and third party relationships. Common methods of underreporting income and employment issues within this industry are also provided.

## Foreign Insurance Excise Tax

This ATG was designed to assist the examiner in conducting audits in which excise tax of foreign insurance transactions may be due.

## Golden Parachutes

The IRS has prepared a comprehensive ATG to assist examiners in evaluating parachute examinations. The parachute examination can occur during the examination of either the corporation's or the individual's return.

## Hardwood Timber Industry

Provides general and technical information useful to examiners in classifying, preplanning and examining returns relating to this industry.

## IC-DISC Audit Guide

The IC-DISC ATG is intended to provide guidance to examiners who are auditing a Form 1120 IC-DISC and/or its related shareholder(s).

## Inland Waterways

This ATG is intended to provide assistance to the examiner who is auditing a taxpayer for which the use of the inland waterways is an issue.

## IRC 162(m) Salary Deduction Limitation

Every publicly-held corporation maintains its executive compensation records differently. Likewise, every publicly-held corporation maintains different methods for compensating its executives. The examining agent must first learn the identity of the individual(s) within the corporation who are most familiar with how the executive compensation records are maintained.

## IRC §183: Activities Not Engaged in For Profit

This ATG was developed to provide guidance to revenue agents and tax compliance officers in pursuing the application of IRC §183, Activities Not Engaged in for Profit (sometimes referred to as the "hobby loss rule").

## Lawsuit Awards and Settlements

This ATG focuses on taxability of law suit awards and settlements.

## Low-Income Housing Credit — Guide for Completing Form 8823

IRC 42, The Low-Income Housing Credit (LIHC) Program, is co-administered by the IRS and state housing credit agencies. As part of their administrative responsibilities, the agencies monitor the housing project for compliance with IRC 42 requirements and report any observed noncompliance to the IRS using Form 8823, *Low-Income Housing Credit Agencies Report of Noncompliance or Building Disposition*. This ATG provides state agencies with guidelines for evaluating taxpayer compliance and reporting noncompliance to the IRS.

## Ministers

The ministers ATG is intended to provide guidance to the examiner who is auditing a taxpayer who is a minister and to provide tax-related guidance to taxpayers and other professionals in this industry.

## New Markets Tax Credit

The New Markets Tax Credit (NMTC) Program, enacted by Congress as part of the Community Renewal Tax Relief Act of 2000, is incorporated as §45D of the Internal Revenue Code. This section permits individual and corporate taxpayers to receive a credit against federal income taxes for making Qualified Equity Investments (QEIs) in qualified community development entities (CDEs).

# 2012 Workbook

## **New Vehicle Dealership**

This ATG will give you the key to a quick and competent closure of any new vehicle dealership examination which hinges on narrowing the scope of the examination to items that may prove productive.

## **Nonqualified Deferred Compensation**

The IRS has prepared a comprehensive ATG to assist examiners in evaluating nonqualified deferred compensation. A nonqualified deferred compensation (NQDC) plan is any elective or nonelective plan, agreement, method, or arrangement between an employer and an employee (or service recipient and service provider) to pay the employee compensation some time in the future.

## **Obligations Not in Registered Form**

## **Obligations Not in Registered Form D**

## **Oil and Gas Industry**

Provides information on basic operations and common terminology. Includes reference to royalty owners and an introduction to financial products.

## **Ozone Depleting Chemicals (ODC) Excise Tax**

This ATG is used for industries involved with ozone depleting chemicals (ODC).

## **Partnerships**

The ATG focuses on issues that fall within IRC §§701 through 761 (Subchapter K). Subchapter K deals primarily with the formation, operation, and termination of partnerships. Many issues arise during the initial or final year of the partnership.

## **Passive Activity Losses**

Provides examiners with specific guidance on potential audit issues, issue identification and lead sheets and other job aids.

## **Placer Mining**

Provides guidelines for the examination of taxpayers in this industry. Focuses on small mining operations represented as sole proprietorships on Schedule C, but can be adapted for partnership and corporate returns.

## **The Port Project**

Provides examiners assistance in auditing industries related to coastal and inland waterways.

## **Reforestation Industry**

Overview of the industry; discusses issues that may be encountered such as employment taxes, poor accounting records, etc.

## **Rehabilitation Tax Credit**

Provides examiners with audit aids (i.e. issue checksheet, pro forma Information Document Request, and standardized audit reports, etc.) which assist in identifying and addressing common rehab tax credit issues.

## **Research Credit Claims: Credit for Increasing Research Activities §41**

This guide provides guidance on the handling and evaluation of research credit claims.

# 2012 Workbook

## Retail Industry

### Sections 48A and 48B - Advanced Coal and Gasification Project Credits

Section 46 provides that the amount of investment credit for purposes of §38 for any taxable year is the sum of the credits listed in §46. Section 1307(a) of the Energy Tax Incentives Act of 2005, Pub. L. 109-58, 119 Stat. 594 (August 8, 2005), amended §46 to add two new credits to that list: The qualifying advanced coal project credit, (section 48A) and the qualifying gasification project credit, (section 48B).

### Split Dollar Life Insurance

Split-dollar life insurance arrangements can be a key feature of executive compensation packages. Over the years, the IRS has provided limited guidance regarding the taxation of these arrangements. Beginning in 2001, transitional guidance on the valuation of split-dollar life insurance arrangements was provided in the form of notices and proposed regulations in anticipation of final regulations.

### Stock-Based Compensation

The IRS has prepared a comprehensive ATG to assist examiners in evaluating stock-based compensation. Stock-based compensation generally consists of either the transferring of stock or the issuance of stock options to an employee or independent contractor.

### Structured Settlement Factoring

### Timber Casualty Loss

The purpose of this ATG is to provide guidance on conducting income tax examinations with a Timber Casualty Loss.

### Veterinary Medicine

Overview of industry includes discussion of types of business entities (especially personal service corporation); cash vs. accrual method of accounting; and inventory vs. supplies.

### Wine Industry ATG

The Wine Industry Audit Technique Guide is designed to assist examiners in their compliance reviews of both winery and vineyard operations.

# 2012 Workbook