

2009 Recovery Act: Modified Alternative Minimum Tax

As you know, the alternative minimum tax (AMT) is trapping more middle income taxpayers every year. To partially alleviate this tax burden, Congress has enacted annual "patches" to the AMT to increase exemption amounts and provide other relief. *The American Recovery and Reinvestment Tax Act of 2009* (2009 Recovery Act) increases the AMT exemption amounts for 2009 to \$70,950 for married couples filing jointly and surviving spouses, \$46,700 for single taxpayers and heads of households, and \$35,475 for married couples filing separately.

Tax planning strategies can be used to reduce the impact of the AMT. As a general rule, taxpayers subject to the AMT should accelerate income into AMT years and postpone deductions into non-AMT years. We believe that a thorough analysis of your current and projected tax situation could minimize or eliminate your exposure to AMT liability. Please contact our office to make an appointment to discuss this important tax planning opportunity.