
Six Facts to Help You Understand the Alternative Minimum Tax

by Anthony F. Earle, Esq.*

Issue Number: 2009-08

1. Tax laws provide tax benefits for certain kinds of income and allow special deductions and credits for certain expenses. These benefits can drastically reduce some taxpayers' tax obligations. The Alternative Minimum Tax attempts to ensure that anyone who benefits from these tax advantages pays at least a minimum amount of tax.

2. Congress created the AMT in 1969, targeting a small number of high-income taxpayers who could claim so many deductions they owed little or no income tax.

3. Because the AMT is not indexed for inflation, a growing number of middle-income taxpayers are discovering they are subject to the AMT.

4. You may have to pay the AMT if your taxable income for regular tax purposes plus any adjustments and preference items that apply to you are more than the AMT exemption amount.

5. The AMT exemption amounts are set by law for each filing status.

6. For tax-year 2008, Congress raised the alternative minimum tax exemption to the following levels:

* \$69,950 for a married couple filing a joint return and qualifying widows and widowers

* \$46,200 for singles and heads of household

* \$34,975 for a married person filing separately

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* Mr. Earle is licensed to practice law in all California state trial and appellate courts, the United States Supreme Court, the United States Court of Appeals for the Fourth and Ninth Circuits, federal trial courts in the Northern District of California, and the United States Tax Court. He has also served as a Judge

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Pro Tempore for the Santa Clara Superior Court. In addition to practicing law, Mr. Earle is also a licensed Real Estate Broker.

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