

Alternative minimum tax (AMT)

- ✓ Parallel system, rates **26% / 28%**; pay the **higher** of regular tax or AMT
- ✓ Preference items:
 - Private-activity bond interest
 - Accelerated depreciation
 - ISO exercise spread
 - Excess intangible drilling
- ✓ **Form 6251** (prior-year credit: **Form 8801**)

Estimated tax (pay-as-you-go)

- ✓ Due quarterly: **Apr 15 / Jun 15 / Sep 15 / Jan 15**
- ✓ Each installment $\geq$ **25%** of the lesser of 100% of prior-year tax or 90% of current-year tax (or use the annualized income method)
- ✓ **Safe harbor: 110%** of prior-year tax if prior-year AGI $>$ **\$150,000** (\$75,000 MFS)
- ✓ Underpayment penalty = **federal short-term rate + 3 points**; no penalty if tax owed after withholding is $<$ **\$1,000**
- ✓ Farmers and fishermen may pay in one installment

Self-employment and payroll taxes

- ✓ **SE tax: 15.3%** (12.4% SS up to **\$176,100** for 2025 + 2.9% Medicare, no cap); $\frac{1}{2}$ of SE tax deductible; not owed if net SE $<$ **\$400**
- ✓ **FUTA: 6.0%** (0.6% after the 5.4% state credit) on the first **\$7,000** of wages per employee (**employer** pays); applies at **\$1,500+** wages in any quarter (household employee: **\$1,000+** per quarter)
- ✓ **Excess SS withholding**: multiple employers $\rightarrow$ claim the excess on the return (a single over-withholding employer must reimburse; else **Form 843**)

Penalties, relief and amended returns

- ✓ **Premature distribution: 10%** penalty before age **59½** (plus tax); exceptions on **Form 5329**
- ✓ **Injured spouse (Form 8379)**: reclaim the share of a refund offset for a spouse's debt
- ✓ **Innocent spouse (Form 8857)**: relief from a spouse's errors; request within **2 years** of the IRS starting collection
- ✓ **Amended return / refund claim**: within **3 years** of filing or **2 years** after the tax was paid, whichever is later

Divorce and community property

- ✓ Filing status is set by marital status on **Dec 31**
- ✓ **Child support**: never deductible, never income. **Post-2018 alimony**: not deductible, not taxable
- ✓ **Form 8332** lets a non-custodial parent claim the child
- ✓ **QDRO** transfers employer-plan assets tax-free in a divorce (an IRA moves under the decree)
- ✓ **Community property**: 9 states; assets and debts acquired during the marriage are split equally

Home sales and exchanges

- ✓ **Sale of home (§121)**: exclude gain up to **\$250,000** single / **\$500,000** MFJ if owned and used **2 of the last 5 years**; usable once every 2 years; losses on a residence not deductible
- ✓ **§1031 like-kind exchange**: identify within **45 days**, complete within **180 days** (or the return due date, if earlier); boot triggers gain

Education and retirement savings

- ✓ **Coverdell ESA**: nondeductible in, tax-free qualified out; use by age **30**
- ✓ **§529**: tax-free qualified withdrawals; annual **\$19,000** gift exclusion; **5-year front-load (\$95,000)**; beneficiary changeable
- ✓ **Rollovers**: **60-day** window to preserve tax deferral
- ✓ **Inherited IRA**: no new contributions; most non-spouse beneficiaries must empty it by the end of the **10th year** after death

Gifts and estate planning

- ✓ **Gifts (IRC §102)**: not deductible by the donor, not income to the recipient
- ✓ Annual exclusion **\$19,000** (2025); lifetime **\$13.99M**; report on **Form 709**
- ✓ **Charitable remainder trust** defers (not avoids) capital gains on donated appreciated assets
- ✓ Estate-planning fees generally **not** deductible (post-2017)