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C O U N S E L L O R S A T L A W

This Will Impact Your Wallet - Tax Changes Proposed in Obama 2012 Budget

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President Obama's fiscal year 2013 budget has the potential to trim the deficit by Four Trillion (\$4,000,000,000,000.00) Dollars through a combination of spending cuts and tax increases. These proposals will effect all taxpayers, but have particular impact to top earnings, business owners, and those with asset in excess of \$5 million.

President Obama unveiled his fiscal year 2013 budget on February 13, 2012 amidst a cloud of uncertainty relating to Bush era tax cuts and the more immediate the fate of the payroll tax cuts (which news channels advise are to be extended later today). President Obama's fiscal year 2013 budget proposals incorporate initiatives from his "Blueprint for America" as described in his 2012 State of the Union address. While some of the President's proposals were immediately rejected by the GOP, others could move along quite quickly. The expected extension of the Employee Side Payroll Tax Cut could serve as a vehicle to move some of the proposals, such as an extension to the 100% bonus depreciation.

What you will find striking in the summary outlining the budget proposal is the effect directly on individuals and businesses. The most significant issue are:

- Reinstatement of the top individual income tax rates at the 36% and 36.9% tax brackets
- Reinstatement of the personal exemption phase out/limitation of itemized deductions for taxpayers earning more than \$200,000 a year for individuals or joint returns with incomes over \$250,000
- Return of a \$ 1million lifetime gift tax exemption
- Capping the federal estate tax and generation skipping tax exemptions at \$3.5 million per person (with portability between spouses)

[Click here for a complete summary.](#)

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