1981

Handy Guide to the New Tax Law

American Institute of Certified Public Accountants (AICPA)

key provisions of the 1981 economic recovery tax act

This aid to your tax planning will help you save money

a service of your professional tax planners

Certified Public Accountants

a handy guide to the new tax law

When Filing Your Federal Income Tax Return Beginning With...

1981

- Pay no more than 20 percent tax on long-term capital gains realized after June 9, 1981.
- Pay no capital gains tax on home sale profit realized after July 20, 1981 if you buy a new home within two years.
- Deduct up to $1,500 for certain adoption fees.
- Pay no tax on home sale profit up to $125,000 realized after July 20, 1981 if you are 55 or over.
- Take faster depreciation of business assets acquired since January 1, 1981.

1982

- If married, deduct five percent (up to $1,500) from earnings of lower paid spouse.
- Contribute up to $2,000 to an Individual Retirement Account (IRA) and deduct from income; another $250 for a non-working spouse; up to $2,000 for a working spouse.
- Contribute up to 15 percent of earnings ($15,000 maximum) to a Keogh pension account if self-employed and deduct from income.
- Pay tax on all dividend income over $100 ($200 on joint return).
- Pay tax on all but exempt interest income.
- Take a larger tax credit for child care expenses.
- Deduct up to 25 percent of charitable contributions ($25 maximum) if you file a short form.
- Pay no more than 50 percent tax on any income.
- Give gifts up to $10,000 per recipient tax-free.
- Pay higher penalties on late tax payments or false withholding information.

1983

- If married, deduct 10 percent (up to $3,000) from earnings of lower paid spouse.