



Contact: Joe Kovacs

Director of Marketing

Phone: 301-951-9090

Cell: 202-255-3364

jkovacs@grfcpa.com

4550 Montgomery Avenue

Suite 650 North

Bethesda, MD 20814

www.grfcpa.com

For Immediate Release

On-line Federal Tax Watch Alert Helps Americans Understand Provisions of Tax Increase Prevention and Reconciliation Act

BETHESDA, MD, June 1, 2006. After months of negotiations, on May 22, Congress finally passed and President Bush signed into law the Tax Increase Prevention and Reconciliation Act of 2005 (TIPRA). This legislation makes \$70 billion in tax cuts permanent for many businesses and individual taxpayers. The law also contains some tax increases, compliance provisions and accelerations.

Gelman, Rosenberg & Freedman, CPAs has posted an on-line Federal Tax Watch Alert on its web site (and distributed a two-page newsletter to its clients) to highlight some of the new tax law's key provisions. "We're happy to offer this information to our community," says GRF President David Graling. "TIPRA, which has been pending for some time, impacts the tax liabilities of many Americans. We'd like to see what we can do to help everyone understand the implications of the new law and how it affects them."

The summary discusses:

- An increase in the alternative minimum tax exemption for single and married tax payers for 2006. Future legislation may clarify the impact of AMT provisions for 2007 and future years.
- Special lower tax rates for qualified dividends and capital gains, scheduled to expire after 2008, have been extended through 2010.
- A child's net unearned income in excess of \$1,700 will be taxed at a parent's higher tax rate. The 'kiddie tax', which had applied to children under 14 will now apply to children over 18.

On-line Federal Tax Watch Alert Helps Americans Understand Provisions of TIPRA June 1, 2006

- The current income test dictating the eligibility of individuals to make contributions to a Roth IRA will end after 2009.
- The current and phaseout threshold for businesses that purchase tangible personal property and other assets, set to expire after 2007, has been extended through 2009.
- The wage limitation for the production deduction, originally limited to 50 percent of an entire business' wages now will apply to 50 percent of the wages deducted in determining the qualified production activity income.
- Beginning in 2011, all federal, state and local governmental agencies must withhold 3 percent of payments made for services or property.
- Other items, as described in the Federal Tax Watch Alert.

The Federal Tax Watch Alert is only a summary of the key provisions of TIPRA. To better understand the details of the law, and how it can affect a particular individual or business, we recommend you contact a tax professional. To review the Federal Tax Watch Alert, access <http://news.cpamerica.org/gelman2/ftwsi-2006>.

Bethesda, MD-based Gelman, Rosenberg & Freedman, CPAs (www.grfcpa.com) has been part of the Washington, DC metropolitan community for 25 years. The firm provides accounting, auditing and consulting services to an extensive client base of nonprofit organizations, for-profit corporations including government contractors, research and development firms, retail businesses, professional service firms, partnerships, trusts, and individual clients. GRF is a full-service large local accounting firm with national and international affiliations.

#####