



## Income Tax Changes At-A-Glance

### **Standard Deduction and Personal Exemption**

The standard deduction and personal exemption will both rise slightly in 2003. The new personal exemption will be \$3,050, up from \$3,000 in 2002. The standard deduction will change as follows:

<b>Filing Status</b>	<b>2003</b>	<b>2002</b>
Married filing jointly	\$7,950	\$7,850
Single	\$4,750	\$4,700
Head of household	\$7,000	\$6,900
Married filing separately	\$3,975	\$3,925

### **Kiddie Tax**

The amount of investment income a child under 14 may earn before it becomes taxable at the parents' tax rate remains unchanged at \$750. When this is combined with the \$750 standard deduction for kids claimed as dependents on their parents' tax return, \$1,500 remains the limit on investment income that children under 14 may earn without it being taxable to their parents.

### **Gift Tax**

The annual gift tax exemption is indexed in \$1,000 increments and did not give rise to an increase for 2003. The amount a client may give to another individual without triggering the gift tax remains at \$11,000 (\$22,000 for couples) for 2003.

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