



2003 Tax Rate Schedule

Remember that the tax rate schedule is based on a client's taxable income, found on line 39 of Form 1040. This figure, which represents the amount remaining after all deductions have been taken, may be considerably lower than the client's gross income. Tax planning is forward thinking; while you can always look to last year's tax return as a general guide, you'll need to ask clients, "What will be different this year?" By determining the client's expected tax bracket at the beginning of the year, you can accurately estimate the tax impact of various investment strategies.

Remember that the taxable equivalent formula is the tax-free rate divided by the inverse of the client's tax bracket. For example, if muni bonds are yielding 4% and the client is in the 30% tax bracket, he would have to earn more than 5.71% in an equivalent taxable investment ($.04 / .70 = 5.71\%$) to justify the taxable investment. For other strategies, such as loss harvesting, determine the number of tax dollars saved by multiplying the expected deduction by the client's tax rate. (Example: A \$2,000 deduction for a client in the 30% tax bracket is worth \$600 in taxes saved.)

Married Filing Jointly (and Surviving Spouse)			
2003 Taxable Income	Tax Rate	2002 Taxable Income	Tax Rate
\$0 - \$12,000	10%	\$0 - \$12,000	10%
\$12,000 - \$47,450	15%	\$12,000 - \$46,700	15%
\$47,450 - \$114,650	27%	\$46,700 - \$112,850	27%
\$114,650 - \$174,700	30%	\$112,850 - \$171,950	30%
\$174,700 - \$311,950	35%	\$171,950 - \$307,050	35%
Over \$311,950	38.6%	Over \$307,050	38.6%

Single Filers			
2003 Taxable Income	Tax Rate	2002 Taxable Income	Tax Rate
\$0 - \$6,000	10%	\$0 - \$6,000	10%
\$6,000 - \$28,400	15%	\$6,000 - \$27,950	15%
\$28,400 - \$68,800	27%	\$27,950 - \$67,700	27%
\$68,800 - \$143,500	30%	\$67,700 - \$141,250	30%
\$143,500 - \$311,950	35%	\$141,250 - \$307,050	35%
Over \$311,950	38.6%	Over \$307,050	38.6%

Head of Household			
2003 Taxable Income	Tax Rate	2002 Taxable Income	Tax Rate
\$0 - \$10,000	10%	\$0 - \$10,000	10%
\$10,000 - \$38,050	15%	\$10,000 - \$37,450	15%
\$38,050 - \$98,250	27%	\$37,450 - \$96,700	27%
\$98,250 - \$159,100	30%	\$96,700 - \$156,600	30%
\$159,100 - \$311,950	35%	\$156,600 - \$307,050	35%
Over \$311,950	38.6%	Over \$307,050	38.6%

Married Filing Separately			
2003 Taxable Income	Tax Rate	2002 Taxable Income	Tax Rate
\$0 - \$6,000	10%	\$0 - \$6,000	10%
\$6,000 - \$23,725	15%	\$6,000 - \$23,350	15%
\$23,725 - \$57,325	27%	\$23,350 - \$56,425	27%
\$57,325 - \$87,350	30%	\$56,425 - \$85,975	30%
\$87,350 - \$155,975	35%	\$85,975 - \$153,525	35%
Over \$155,975	38.6%	Over \$153,525	38.6%

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