

# 2008 California Tax Rates and Exemptions

The rate of inflation in California, for the period from June 1, 2007 through June 30, 2008, was 5%. The 2008 personal income tax brackets are indexed by this amount and are reproduced on page 2 of this supplement.

## Exemption credits

- Married filing joint and surviving spouse . . . . . \$198
- Single, married filing separate and HOH . . . . . \$99
- Dependent . . . . . \$309
- Blind . . . . . \$99
- Age 65 or older . . . . . \$99

## Phaseout of exemption credits

Higher-income taxpayers' exemption credits are reduced as follows:

	Reduce each credit by:	For each:	Federal AGI exceeds:
Single . . . . .	\$6	\$2,500	\$163,187
Married filing separate . . . . .	\$6	\$1,250	\$163,187
Head of household . . . . .	\$6	\$2,500	\$244,785
Married filing joint . . . . .	\$12	\$2,500	\$326,379
Surviving spouse . . . . .	\$12	\$2,500	\$326,379

When applying the phaseout amount, apply the \$6/\$12 amount to each exemption credit, but do not reduce the credit below zero. If a personal exemption credit is less than the phaseout amount, do not apply the excess against a dependent exemption credit.

### Example of Exemption Credit Phaseout

Joe is a single taxpayer with one dependent. His federal AGI is \$187,000. He must phase out each of his exemptions by \$60. That is,  $(\$187,000 - \$163,187) \div \$2,500 = 10$  (always round up);  $10 \times \$6 = \$60$ . His exemption credit for 2008 is \$288, calculated as follows:

Joe's personal exemption credit is: . . . . .	\$ 99
Less phaseout amount: . . . . .	(\$ 60)
Personal exemption credit allowed is: . . . . .	\$ 39
Joe's dependent credit exemption is: . . . . .	\$309
Less phaseout amount: . . . . .	(\$ 60)
Total dependent credit allowed is . . . . .	\$249
Total exemption credits allowed is: . . . . .	\$288

## Reduction in itemized deductions

Itemized deductions must be reduced by the lesser of 6% of the excess of the taxpayer's federal AGI over the threshold amount or 80% of the amount of itemized deductions otherwise allowed for the taxable year.

- Single and married filing separate . . . . . \$163,187
- Head of household . . . . . \$244,785
- Married filing joint and surviving spouse . . . . . \$326,379

## Standard deductions

The standard deduction amounts for:

- Single and married filing separate . . . . . \$3,692
- Married filing joint, head of household and surviving spouse . . . . . \$7,384
- The minimum standard deduction for dependents . . . . . \$850

## Miscellaneous credits

- Qualified senior head of household credit is 2% of California taxable income, with a maximum California AGI of \$63,831, and a maximum credit of . . . . . \$1,203
- Joint custody head of household credit and dependent parent credit are each 30% of net tax, with a maximum credit of . . . . . \$393

## Renter's credit

This nonrefundable, noncarryover credit for renters is available for:

- Single and married filing separate with a California AGI of \$34,936 or less . . . . . \$60 credit
- Married filing joint, head of household and surviving spouse with a California AGI of \$69,872 or less . . . . . \$120 credit

## Individual tax rates

- The maximum rate for individuals is . . . . . 9.3%
- The AMT rate for individuals is . . . . . 7%

## AMT exemption

- Married filing joint and surviving spouse . . . \$80,017
- Single and head of household . . . . . \$60,014
- Married filing separate, estates and trusts . . . . . \$40,007

## AMT exemption phaseout

- Married filing joint and surviving spouse . . \$300,065
- Single and head of household . . . . . \$225,050
- Married filing separate, estates and trusts . . \$150,031

## Corporate tax rates

- Corporations other than banks and financials . . . . . 8.84%
- Banks and financials . . . . . 10.84%
- AMT rate . . . . . 6.65%
- S corporation rate . . . . . 1.5%



Spidell Publishing Inc.

P.O. Box 61044 • Anaheim, CA 92803-6144 • E-mail: [subscriptions@spidell.com](mailto:subscriptions@spidell.com)  
Phone: (714) 776-7850 • Fax: (714) 776-9906 • Web site: [www.caltax.com](http://www.caltax.com)

# 2008 California Tax Rate Schedules

## Schedule 1

### Single, Married Filing Separate and Fiduciaries

If the taxable income is...

Over	But not over	Tax is...				Of amount over...
\$0	\$7,168	\$0.00	Plus	1.00%		\$0
\$7,168	\$16,994	\$71.68	Plus	2.00%		\$7,168
\$16,994	\$26,821	\$268.20	Plus	4.00%		\$16,994
\$26,821	\$37,233	\$661.28	Plus	6.00%		\$26,821
\$37,233	\$47,055	\$1,286.00	Plus	8.00%		\$37,233
\$47,055	And over	\$2,071.76	Plus	9.30%		\$47,055

## Schedule 2

### Married Filing Joint and Surviving Spouses with Dependents

If the taxable income is...

Over	But not over	Tax is...				Of amount over...
\$0	\$14,336	\$0.00	Plus	1.00%		\$0
\$14,336	\$33,988	\$143.36	Plus	2.00%		\$14,336
\$33,988	\$53,642	\$536.40	Plus	4.00%		\$33,988
\$53,642	\$74,466	\$1,322.56	Plus	6.00%		\$53,642
\$74,466	\$94,110	\$2,572.00	Plus	8.00%		\$74,466
\$94,110	And over	\$4,143.52	Plus	9.30%		\$94,110

## Schedule 3

### Unmarried Head of Household

If the taxable income is...

Over	But not over	Tax is...				Of amount over...
\$0	\$14,345	\$0.00	Plus	1.00%		\$0
\$14,345	\$33,989	\$143.45	Plus	2.00%		\$14,345
\$33,989	\$43,814	\$536.33	Plus	4.00%		\$33,989
\$43,814	\$54,225	\$929.33	Plus	6.00%		\$43,814
\$54,225	\$64,050	\$1,553.99	Plus	8.00%		\$54,225
\$64,050	And over	\$2,339.99	Plus	9.30%		\$64,050

### Individual Filing Requirements

Filing Status	Age as of December 31, 2008 <sup>1</sup>	California Gross Income			California Adjusted Gross Income		
		Dependents			Dependents		
		0	1	2 or more	0	1	2 or more
Single or Head of Household	Under 65	14,845	25,145	32,870	11,876	22,176	29,901
	65 or older	19,795	27,520	33,700	16,826	24,551	30,731
Married filing joint or separate	Under 65 (both spouses)	29,690	39,990	47,715	23,752	34,052	41,777
	65 or older (one spouse)	34,640	42,365	48,545	28,702	36,427	42,607
	65 or older (both spouses)	39,590	47,315	53,495	33,652	41,377	47,557
Surviving Spouse	Under 65		25,145	32,870		22,176	29,901
	65 or older		27,520	33,700		24,551	30,731
Dependent of another person - Any filing status	Under 65	More than your standard deduction					
	65 or older	More than your standard deduction					

<sup>1</sup> If you turn 65 on January 1, 2009, you are considered to be age 65 at the end of 2008.