

EFFECTIVE TOP MARGINAL INCOME TAX RATES FOR 2015

	WAGES		SELF EMPLOYMENT INCOME		PASSIVE & PORTFOLIO INCOME/STCG		NONPASSIVE INCOME		QUALIFIED DIVIDENDS/LTCG	
	REGULAR		REGULAR		REGULAR		REGULAR		REGULAR	
	TAX	AMT	TAX	AMT	TAX	AMT	TAX	AMT	TAX	AMT
FEDERAL RATE	39.60%	28.00%	39.60%	28.00%	39.60%	28.00%	39.60%	28.00%	20.00%	20.00%
PEASE EFFECT (PHASE-OUT OF ITEMIZED DEDUCTIONS)	1.19%	N/A	1.19%	N/A	1.19%	N/A	1.19%	N/A	1.19%	N/A
SUBTOTAL	40.79%	28.00%	40.79%	28.00%	40.79%	28.00%	40.79%	28.00%	21.19%	20.00%
MEDICARE TAX	1.45%	1.45%	2.90%	2.90%	N/A	N/A	N/A	N/A	N/A	N/A
EFFECT OF 50% DEDUCTION OF S/E TAX	N/A	N/A	-0.55%	-0.37%	N/A	N/A	N/A	N/A	N/A	N/A
MEDICARE SURTAX	0.90%	0.90%	0.90%	0.90%	3.80%	3.80%	N/A	N/A	3.80%	3.80%
FEDERAL TAX RATE - INCOME	43.14%	30.35%	44.04%	31.43%	44.59%	31.80%	40.79%	28.00%	24.99%	23.80%
FEDERAL TAX RATE - AGI DEDUCTIONS	40.79%	28.00%	40.79%	28.00%	40.79%	28.00%	40.79%	28.00%	40.79%	28.00%
FEDERAL TAX RATE - ALLOWABLE ITEMIZED DEDUCTIONS	39.60%	28.00%	39.60%	28.00%	39.60%	28.00%	39.60%	28.00%	39.60%	28.00%
NYS RATE	8.82%	8.82%	8.82%	8.82%	8.82%	8.82%	8.82%	8.82%	8.82%	8.82%
EFFECT OF 50% DEDUCTION OF S/E TAX	N/A	N/A	-0.12%	-0.12%	N/A	N/A	N/A	N/A	N/A	N/A
EFFECT OF STATE TAX DEDUCTION	-3.49%	N/A	-3.45%	N/A	-3.49%	N/A	-3.49%	N/A	-3.49%	N/A
EFFECTIVE NYS RATE	5.33%	8.82%	5.37%	8.70%	5.33%	8.82%	5.33%	8.82%	5.33%	8.82%
AGGREGATE EFFECTIVE RATE - NYS INCOME	48.47%	39.17%	49.42%	40.13%	49.92%	40.62%	46.12%	36.82%	30.32%	32.62%
NYC RATE	3.88%	3.88%	3.88%	3.88%	3.88%	3.88%	3.88%	3.88%	3.88%	3.88%
EFFECT OF 50% DEDUCTION OF S/E TAX	N/A	N/A	-0.05%	-0.05%	N/A	N/A	N/A	N/A	N/A	N/A
EFFECT OF CITY TAX DEDUCTION	-1.53%	N/A	-1.51%	N/A	-1.53%	N/A	-1.53%	N/A	-1.53%	N/A
EFFECTIVE NYC RATE	2.34%	3.88%	2.31%	3.82%	2.34%	3.88%	2.34%	3.88%	2.34%	3.88%
AGGREGATE EFFECTIVE RATE - NYC RESIDENT	50.81%	43.05%	51.73%	43.95%	52.26%	44.50%	48.46%	40.70%	32.66%	36.50%
NYS RESIDENT EFFECTIVE RATE - ALLOWABLE DONATIONS (AFTER PEASE)	40.93%	30.21%			NY AGI > \$10M		\$525K < NY AGI < \$10M			
NYC RESIDENT EFFECTIVE RATE - ALLOWABLE DONATIONS (AFTER PEASE)	41.52%	31.17%			40.93%	30.21%	42.26%	32.41%		
					41.52%	31.17%	43.43%	34.35%		
NJ RATE	8.97%	8.97%	8.97%	8.97%	8.97%	8.97%	8.97%	8.97%	8.97%	8.97%
EFFECT OF STATE TAX DEDUCTION	-3.55%	N/A	-3.55%	N/A	-3.55%	N/A	-3.55%	N/A	-3.55%	N/A
EFFECTIVE NJ RATE	5.42%	8.97%	5.42%	8.97%	5.42%	8.97%	5.42%	8.97%	5.42%	8.97%
AGGREGATE EFFECTIVE RATE - NJ INCOME	48.56%	39.32%	49.46%	40.40%	50.01%	40.77%	46.21%	36.97%	30.41%	32.77%
CT RATE	6.70%	6.70%	6.70%	6.70%	6.70%	6.70%	6.70%	6.70%	6.70%	6.70%
EFFECT OF 50% DEDUCTION OF S/E TAX	N/A	N/A	-0.09%	-0.09%	N/A	N/A	N/A	N/A	N/A	N/A
EFFECT OF STATE TAX DEDUCTION	-2.65%	N/A	-2.62%	N/A	-2.65%	N/A	-2.65%	N/A	-2.65%	N/A
EFFECTIVE CT RATE	4.05%	6.70%	4.08%	6.61%	4.05%	6.70%	4.05%	6.70%	4.05%	6.70%
AGGREGATE EFFECTIVE RATE - CT INCOME	47.18%	37.05%	48.12%	38.04%	48.63%	38.50%	44.83%	34.70%	29.03%	30.50%
CA RATE	13.30%	13.30%	13.30%	13.30%	13.30%	13.30%	13.30%	13.30%	13.30%	13.30%
EFFECT OF 50% DEDUCTION OF S/E TAX	N/A	N/A	-0.18%	-0.18%	N/A	N/A	N/A	N/A	N/A	N/A
EFFECT OF STATE TAX DEDUCTION	-5.27%	N/A	-5.20%	N/A	-5.27%	N/A	-5.27%	N/A	-5.27%	N/A
EFFECTIVE CA RATE	8.03%	13.30%	8.10%	13.12%	8.03%	13.30%	8.03%	13.30%	8.03%	13.30%
AGGREGATE EFFECTIVE RATE - CA INCOME	51.17%	43.65%	52.15%	44.55%	52.62%	45.10%	48.82%	41.30%	33.02%	37.10%

Red amounts include an effective increase in federal tax relative to 2012, when the top effective federal income tax rates were 35% and 15%.

All rates reflected assume that prior to incremental income or deductions, a taxpayer already has sufficient ordinary income to be subject to the top federal and state marginal income tax rates in each jurisdiction, and sufficient wages or self employment income that is in excess of the \$118,500 maximum compensation limit subject to FICA. For self employed taxpayers subject to New York's Metropolitan Commuter Transportation Mobility tax, the aggregate marginal self employment tax rates above do not factor in that cost which has an aggregate effective rate effect of less than 0.2% after factoring in the federal and state deductions for such tax. For NYC resident self employed taxpayers the aggregate marginal self employment tax rates above do not factor in the effect of the NYC Unincorporated Business Tax which has an effective rate of approximately 2.2%.

Nonpassive income not subject to the Medicare surtax includes, but is not limited to, pension, annuity and IRA income, rental income of a real estate professional, and ordinary income of an active S corporation shareholder.

An allocable portion of state income taxes paid reduces the net investment income subject to the Medicare Investment Income Surtax. This chart does not factor in the effect of any surtax benefit from the payment of state income taxes on additional passive/investment income. Accordingly, the aggregate effective rates reflected in the 3rd and 5th set of columns above are slightly overstated for residents of states with an income tax. The overstatement effect would likely not exceed 0.2-0.4%, and is dependent on applicable state income tax rates and a taxpayer's relative mix of other itemized deductions. Accordingly, one specific marginal effective Medicare Investment Income Surtax rate cannot be precisely determined for each resident of a state that imposes an income tax.