

2007 California Tax Rates and Exemptions

The rate of inflation in California, for the period from June 1, 2006 through June 30, 2007, was 3.1%. The 2007 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 \$188
- Single, married filing separate and HOH \$94
- Dependent \$294
- Blind \$94
- Age 65 or older \$94

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	\$155,416
Married filing separate . . .	\$6	\$1,250	\$155,416
Head of household	\$6	\$2,500	\$233,129
Married filing joint	\$12	\$2,500	\$310,837
Surviving spouse	\$12	\$2,500	\$310,837

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 \$78. That is, $(\$187,000 - \$155,416) \div \$2,500 = 13$ (always round up); $13 \times \$6 = \78 . His exemption credit for 2007 is \$232, calculated as follows:

Joe's personal exemption credit is:	\$ 94
Less phaseout amount:	(\$ 78)
Personal exemption credit allowed is:	\$ 16
Joe's dependent credit exemption is:	\$294
Less phaseout amount:	(\$ 78)
Total dependent credit allowed is	\$216
Total exemption credits allowed is:	\$232

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 \$155,416
- Head of household \$233,129
- Married filing joint and surviving spouse \$310,837

Standard deductions

The standard deduction amounts for:

- Single and married filing separate \$3,516
- Married filing joint, head of household and surviving spouse \$7,032
- The minimum standard deduction for dependents \$800

Miscellaneous credits

- Qualified senior head of household credit is 2% of California taxable income, with a maximum California AGI of \$60,791, and a maximum credit of \$1,146
- Joint custody head of household credit and dependent parent credit are each 30% of net tax, with a maximum credit of \$374

Renter's credit

This nonrefundable, noncarryover credit for renters is available for:

- Single and married filing separate with a California AGI of \$33,272 or less \$60 credit
- Married filing joint, head of household and surviving spouse with a California AGI of \$66,544 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 . . . \$76,207
- Single and head of household \$57,156
- Married filing separate, estates and trusts \$38,102

AMT exemption phaseout

- Married filing joint and surviving spouse . . \$285,776
- Single and head of household \$214,333
- Married filing separate, estates and trusts . . \$142,887

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%



2007 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	\$6,827	\$0.00	Plus	1.00%	\$0
\$6,827	\$16,185	\$68.27	Plus	2.00%	\$6,827
\$16,185	\$25,544	\$255.43	Plus	4.00%	\$16,185
\$25,544	\$35,460	\$629.79	Plus	6.00%	\$25,544
\$35,460	\$44,814	\$1,224.75	Plus	8.00%	\$35,460
\$44,814	And over	\$1,973.07	Plus	9.30%	\$44,814

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	\$13,654	\$0.00	Plus	1.00%	\$0
\$13,654	\$32,370	\$136.54	Plus	2.00%	\$13,654
\$32,370	\$51,088	\$510.86	Plus	4.00%	\$32,370
\$51,088	\$70,920	\$1,259.58	Plus	6.00%	\$51,088
\$70,920	\$89,628	\$2,449.50	Plus	8.00%	\$70,920
\$89,628	And over	\$3,946.14	Plus	9.30%	\$89,628

Schedule 3

Unmarried Head of Household

If the taxable income is...

Over	But not over	Tax is...			Of amount over...
\$0	\$13,662	\$0.00	Plus	1.00%	\$0
\$13,662	\$32,370	\$136.62	Plus	2.00%	\$13,662
\$32,370	\$41,728	\$510.78	Plus	4.00%	\$32,370
\$41,728	\$51,643	\$885.10	Plus	6.00%	\$41,728
\$51,643	\$61,000	\$1,480.00	Plus	8.00%	\$51,643
\$61,000	And over	\$2,228.56	Plus	9.30%	\$61,000

Individual Filing Requirements

Filing Status	Age as of December 31, 2007 ¹	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	14,138	23,938	31,288	11,310	21,110	28,460
	65 or older	18,838	26,188	32,068	16,010	23,360	29,240
Married filing joint or separate	Under 65 (both spouses)	28,276	38,076	45,426	22,620	32,420	39,770
	65 or older (one spouse)	32,976	40,326	46,206	27,320	34,670	40,550
	65 or older (both spouses)	37,676	45,026	50,906	32,020	39,370	45,250
Surviving Spouse	Under 65		23,938	31,288		21,110	28,460
	65 or older		26,188	32,068		23,360	29,240
Dependent of another per- son – Any filing status	Under 65	More than your standard deduction					
	65 or older	More than your standard deduction					

¹ If you turn 65 on January 1, 2008, you are considered to be age 65 at the end of 2007.