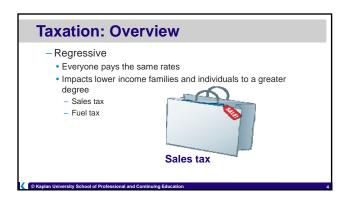
Taxation: Overview

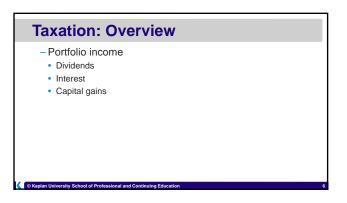
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Classifications of income Earned income Salary or wages Self-employment income Alimony Commissions Passive income Limited partnership interests Rents



Taxation: Overview

- Taxation of income
 - -Tax rate
 - Ordinary income
 - Progressive rate dependent upon net taxable amount earned



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Taxation: Overview

- Taxation of portfolio income
 - -Qualified dividends currently taxed at a lower rate
 - Non-qualifying dividends taxed at filer's ordinary tax rate
 - Some dividends will qualify for tax credit for foreign tax paid
 - Dividends from American Depositary Receipts (ADR)
 - Dividend income reported on Form 1099Div
 - Corporate taxes on dividends received
 - 70% exclusion

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Taxation: Overview

- Taxation of interest
- Interest on corporate debt
- Taxed as ordinary income
- Interest on US Government direct debt
- Taxed as ordinary income at federal level
- Non-taxable at state level
- Interest received from mortgage backed government agencies
- Taxed as ordinary income at federal and state levels
- Interest received from municipal debt
- Generally non taxable at federal level
- May be non-taxable in state of issuance

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