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We provide a prompt, professional, personal one-on-one tax preparation from the comfort of your home. We are competitively priced and offer a lot of additional information from our web site – [www.taxlogic.com](http://www.taxlogic.com)

We are trying to keep you informed of some of the changes from the Economic Growth & Relief Reconciliation Act of 2001, which is also called the Bush Tax Cut.

## Regular Income Tax Rate Reduction

Effective July 1, 2001, the first major tax cut in 20 years cut income rates across the board. It reduced the lowest rate from 15% to 10% and the highest rate from 39.6% to 35%. The rates will continue to drop gradually for the next 10 years.

Calendar Year	28% rate reduced to:	31% rate reduced to:	36% rate reduced to:	39.6% rate reduced to:
2001-2003	27%	30%	35%	38.6%

The refund check you received earlier this year is an early payment of the reduced tax rate.

## Student Loan Interest Increased

Beginning in 2002, the 60-month limitation on qualifying interest is repealed and voluntary payments of interest are deductible. In addition, the income levels at which the phase-out of the deduction starts is increased. The maximum amount you can deduct for student loan interest increased to \$2,500 in 2001. The deduction was limited to \$2,000 in 2000.

## Standard Mileage Rate

If you use your car in your business you can figure your deduction for business use based on either your actual costs or the standard mileage rate. For 2001, the standard mileage rate for the cost of operating your car, including a van, pickup, or panel truck, is increased to 34 ½ cents a mile for all business miles. Charity mileage remains at the 2000 rate, which is 14 cents per mile. Medical mileage and moving miles went from 10 cents to 12 cents per mile

Remember the best way to save money next tax season is to start planning now. We would be happy to assist you at our site, [www.taxlogic.com](http://www.taxlogic.com).

We would be happy to give you more information on the tax cut and help you to understand the financial issues that affect you at our site [www.taxlogic.com](http://www.taxlogic.com).