



**Update on  
Sequestration  
and the  
Budget Deal**

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# The Budget Deal

## American Taxpayers Relief Act (ATRA)

- Sequestration postponed to March 1<sup>st</sup>
- One-year payment patch for Medicare physicians
- Unemployment benefits extended for a year
- Farm bill extended for a year
  
- Payroll tax holiday ended
- Most of 2001/2003/2010 tax cuts extended



# Tax Rates Changes

- Tax credits for low and middle income families extended for 5 years
- Tax rate for income above \$400,000/\$450,000 increases to 39.6%
- Tax rate on capital gains and dividends increases from 15% to 20%
- Estate tax rate increases from 35% to 40% for estates valued over \$5m (\$10m for married couples)



# What's next?

## What's happening in March 2013

- Sequestration and fiscal cliff....again!
- We reach the debt ceiling...again!
- Continuing resolutions keeping the country running expire...again!!!



# Sequestration and Debt Ceiling

- **“We are done raising revenues” - Republicans**
- **Republicans refuse to increase debt ceiling**
- **“We are not a deadbeat nation” – Pres. Obama**