

Key points of fiscal cliff deal

The US House of Representatives approved a Senate bill late on Tuesday night to avert \$600bn in automatic tax increases and spending cuts known as the "fiscal cliff." Here are the key details:

By Reuters: 02 Jan 2013

- Postpones the first installment of automatic spending cuts for two months while Congress works on a plan to replace them.
- Raises \$620bn in revenue over 10 years through a series of tax increases on wealthier Americans.
- Permanently extends tax cuts enacted in 2001 under former Republican President George W. Bush for income below \$400,000 per individual, or \$450,000 per family. Income above that level would be taxed at 39.6pc, up from the current top rate of 35pc.
- Above that income threshold, capital gains and dividends tax rates would return to 20pc, from 15pc.
- Caps personal exemptions and itemized deductions for income above \$250,000, or \$300,000 per household.
- Raises estate tax rate to 40pc for estates of more than \$10m per couple, up from the current level of 35pc.
- Includes a permanent fix for the alternative minimum tax.
- Extends unemployment insurance benefits for one year for two million people.
- Extends child tax credit, earned income tax credit, and tuition tax credit for five years.
- Extends research and experimentation tax credit, and the wind production tax credit through the end of 2013. Extends 50pc bonus depreciation for one year.
- Avoids a cut in payments to doctors treating patients on Medicare - the "doc fix."
