

TAX UPDATES

INDIVIDUALS

Standard Deductions	<u>2020</u>	<u>2021</u>
Married Filing Jointly	24,800	25,100
Single	12,400	12,550
Head of Household	18,650	18,800
Married Filing Separately	12,400	12,550
Additional – blind or elderly		
Single & HOH	1,650	1,700
Married	1,300	1,350
Claimed as dependent of another	1,100 or 350 + earned income (the greater)	1,100 or 350 + earned income (the greater)

2020 Child Tax Credit of \$2,000 per Child under Age 17

Phased out when AGI reaches \$400,000 MFJ filers, \$200,000 single filers. Up to \$1,400 can be refundable.

Kiddie Tax applies to unearned income in excess of \$2,200 for 2020. Applies to children under 19 as well as full-time students under age 24 (unless the students provide more than half of their own support from earned income). Unearned income above the \$2,200 threshold will be taxed at the parent's marginal income tax rate.

Estimated Tax Payments

To avoid possible underpayment penalties, you are generally required to pay in through withholding or estimated tax payments the lesser of:

1. 100% of prior year tax liability or
2. 90% of current year tax liability

2020 tax payers with 2019 AGI greater than \$150,000 (\$75,000 for married filing separate) must pay the lesser of:

1. 110% of prior year tax liability, or
2. 90% of current year tax liability

2020 estimated tax payments for individuals are due by:

April 15, 2020	September 15, 2020
June 15, 2020	January 15, 2021

2020 Alternative Minimum Tax (AMT)

Tax Rate	26% to \$197,900
	28% over \$197,900

AMT Exemption Amount (Phased out for upper bracket taxpayers)

	2020	Phase Out
Single/HOH	\$72,900	\$518,400
Married Filing Jointly	\$113,400	\$1,036,800
Married Filing Separately	\$56,700	\$ 518,400

2020 Long-Term Capital Gains – Assets Held 12 Months or More

Tax Bracket/Rate	Taxable Income	
	Single	Married Filing Joint
0%	\$0 - \$40,000	\$0- \$80,000
15%	\$40,000 - \$441,450	\$80,000 - \$496,600
20%	\$441,450 +	\$496,600 +

2020 Short-Term Capital Gains – Assets Held less than 12 Months

Taxed at the same rates as the regular tax listed on the following page.

2020 Qualified Dividends

Taxed at the same rates as the Long-Term Capital Gains listed above.

Additional Medicare Tax - .9%

Additional tax on wages and self-employment income in excess of a specific Modified AGI:
Modified AGI thresholds:

\$250,000	MFJ
\$200,000	Single/HoH

Surtax on Net Investment Income – 3.8%

Interest, dividends, capital gains, annuities, royalties, rents and pass-through income from a passive business such as an S-Corp or Partnership.

Tax on the lower of

1. net investment income for the year; or
2. modified AGI over a certain threshold amount. (Same as for Additional Medicare Tax)

Taxable Social Security Benefits

Social security received is taxable if AGI, plus tax-exempt interest, plus half of social security received exceeds these base amounts.

The taxable amount is the lesser of:

1. % of the excess over the base amounts
2. % of benefit received

	<u>(50%)</u>	<u>(85%)</u>
Married Filing Jointly	\$32,001-\$44,000	\$44,001+
Single/Head of Household	\$25,001-\$34,000	\$34,001+
Married Filing Separately	\$0	\$0

**2020 Individual Income Tax Rates
(Projected)
REGULAR TAX**

**2021 Individual Income Tax Rates
REGULAR TAX**

MARRIED TAXPAYERS- JOINT

Base Taxable Income	Tax On Base	% on Excess over Base	Base Taxable Income	Tax on Base	% on Excess over Base
\$ 0	\$ 0	10.00%	\$ 0	\$ 0	10.00%
\$ 19,751	\$ 1,975	12.00%	\$ 19,901	\$ 1,990	12.00%
\$ 80,251	\$ 9,235	22.00%	\$ 81,051	\$ 9,328	22.00%
\$171,051	\$ 29,211	24.00%	\$172,751	\$ 29,502	24.00%
\$326,601	\$ 66,543	32.00%	\$329,851	\$ 67,206	32.00%
\$414,701	\$ 94,735	35.00%	\$418,851	\$ 95,686	35.00%
\$622,051	\$167,308	37.00%	\$628,300	\$168,994	37.00%

MARRIED TAXPAYERS-JOINT

SINGLE

Base Taxable Income	Tax On Base	% on Excess Over Base	Base Taxable Income	Tax On Base	% on Excess over Base
\$ 0	\$ 0	10.00%	\$ 0	\$ 0	10.00%
\$ 9,876	\$ 988	12.00%	\$ 9,951	\$ 995	12.00%
\$ 40,126	\$ 4,618	22.00%	\$ 40,526	\$ 4,664	22.00%
\$ 85,526	\$ 14,606	24.00%	\$ 86,376	\$ 14,751	24.00%
\$163,301	\$ 33,272	32.00%	\$ 164,926	\$ 33,603	32.00%
\$207,351	\$ 47,368	35.00%	\$ 209,426	\$ 47,843	35.00%
\$518,400	\$156,235	37.00%	\$ 523,600	\$157,804	37.00%

SINGLE

Education Credits and Deductions

American Opportunity Tax Credit (replaces Hope Credit)

Each of first four years, max of \$2,500 for 2020. 100% of first \$2,000, 25% of next \$2,000 on qualified tuition and course materials. 40% of the credit is refundable.

Phase-out begins: Joint returns \$160,000 AGI; Single return \$80,000 AGI

Lifetime Learning

\$2,000 max per year, 20% of up to \$10,000 qualified tuition for 2020.

Phase-out begins: Joint return \$118,000 AGI; Single return \$59,000 AGI

Student Loan Interest Deduction

Up to \$2,500, deduction phase-out begins if AGI over \$140,000-\$170,000 married, \$70,000-\$85,000 single

Standard Mileage Deduction

<u>Use</u>	<u>2020</u>
Business	\$.575 per mile
Charitable	\$.14 per mile
Medical/Moving	\$.17 per mile

Social Security Information

	<u>2020</u>	<u>2021</u>
Social Security Base	\$137,700	\$142,800
Medicare Base	Unlimited	Unlimited
Social Security Tax Rate (Employee)	6.20%	6.20%
Social Security Tax Rate (Self-Employed)	12.40%	12.40%
Medicare Tax Rate (Employee)	1.45%	1.45%
Medicare Tax Rate (Self-Employed)	2.90%	2.90%
Maximum Social Security Tax (Employee)	\$8,538	\$ 8,854
Maximum Social Security Tax (Self-Employed)	\$17,075	\$ 17,707
Earnings needed to earn one social security credit	\$1,410	\$ 1,470

Medicare Part B Premium:	<u>2020</u>
Per Month	\$144.60
Per Year	\$1,735

Maximum Annual Earned Income Limited:	\$18,240
Under full retirement age (lose \$1 for \$2)	
In the year you reach full retirement age (FRA)	\$48,600
(lose \$1 for \$3)	
Full retirement age or older	Unlimited