

## 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)**

	<b>2020</b>	<b>Phase Out</b>
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**

**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%

**SINGLE**

**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%

**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