
TAX YEAR
2020

# Tax Facts and Figures

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## 2020 Federal Tax Rate Schedules

**Single Taxable Income**

| | | | | | | | | |
|---|---|---|---|---|---|---|---|---|
| $ 0 | to | 9,875 | × | 10.0% | minus | $ 0.00 | = | Tax |
| 9,876 | to | 40,125 | × | 12.0% | minus | 197.50 | = | Tax |
| 40,126 | to | 85,525 | × | 22.0% | minus | 4,210.00 | = | Tax |
| 85,526 | to | 163,300 | × | 24.0% | minus | 5,920.50 | = | Tax |
| 163,301 | to | 207,350 | × | 32.0% | minus | 18,984.50 | = | Tax |
| 207,351 | to | 518,400 | × | 35.0% | minus | 25,205.00 | = | Tax |
| 518,401 | and over | | × | 37.0% | minus | 35,573.00 | = | Tax |

**MFJ or QW Taxable Income**

| | | | | | | | | |
|---|---|---|---|---|---|---|---|---|
| $ 0 | to | 19,750 | × | 10.0% | minus | $ 0.00 | = | Tax |
| 19,751 | to | 80,250 | × | 12.0% | minus | 395.00 | = | Tax |
| 80,251 | to | 171,050 | × | 22.0% | minus | 8,420.00 | = | Tax |
| 171,051 | to | 326,600 | × | 24.0% | minus | 11,841.00 | = | Tax |
| 326,601 | to | 414,700 | × | 32.0% | minus | 37,969.00 | = | Tax |
| 414,701 | to | 622,050 | × | 35.0% | minus | 50,410.00 | = | Tax |
| 622,051 | and over | | × | 37.0% | minus | 62,851.00 | = | Tax |

**MFS Taxable Income**

| | | | | | | | | |
|---|---|---|---|---|---|---|---|---|
| $ 0 | to | 9,875 | × | 10.0% | minus | $ 0.00 | = | Tax |
| 9,876 | to | 40,125 | × | 12.0% | minus | 197.50 | = | Tax |
| 40,126 | to | 85,525 | × | 22.0% | minus | 4,210.00 | = | Tax |
| 85,526 | to | 163,300 | × | 24.0% | minus | 5,920.50 | = | Tax |
| 163,301 | to | 207,350 | × | 32.0% | minus | 18,984.50 | = | Tax |
| 207,351 | to | 311,025 | × | 35.0% | minus | 25,205.00 | = | Tax |
| 311,026 | and over | | × | 37.0% | minus | 31,425.50 | = | Tax |

**HOH Taxable Income**

| | | | | | | | | |
|---|---|---|---|---|---|---|---|---|
| $ 0 | to | 14,100 | × | 10.0% | minus | $ 0.00 | = | Tax |
| 14,101 | to | 53,700 | × | 12.0% | minus | 282.00 | = | Tax |
| 53,701 | to | 85,500 | × | 22.0% | minus | 5,652.00 | = | Tax |
| 85,501 | to | 163,300 | × | 24.0% | minus | 7,362.00 | = | Tax |
| 163,301 | to | 207,350 | × | 32.0% | minus | 20,426.00 | = | Tax |
| 207,351 | to | 518,400 | × | 35.0% | minus | 26,646.50 | = | Tax |
| 518,401 | and over | | × | 37.0% | minus | 37,014.50 | = | Tax |

## Additional Medicare Tax

***0.9% additional tax on wage income above threshold***

| Filing status | Single, HOH, QW | MFJ | MFS |
|---|---|---|---|
| Threshold amount | $200,000 | $250,000 | $125,000 |

## 2020 Personal Exemptions

The personal exemption deduction per person is.................................... $0
The qualifying relative income limit is.............................................. $4,300

The phaseout of the personal exemption deduction is suspended for tax years 2018 through 2025.

## 2020 Standard Deduction

The basic standard deduction for 2020 is:
Single or MFS........................................................................ $12,400
MFJ or QW............................................................................ $24,800
HOH...................................................................................... $18,650

**Age 65 and/or blind.** The additional amounts for age 65 or older and/or blind, per person, per event in 2020 are:
MFJ, QW, or MFS ................................................................. $1,300
Single or HOH....................................................................... $1,650

**Dependent.** The standard deduction in 2020 for an individual who may be claimed as a dependent by another taxpayer cannot exceed the greater of $1,100, or earned income plus $350.

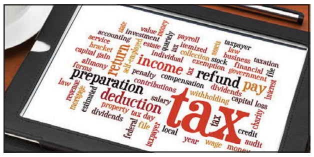
## Child Tax Credit and Credit for Other Dependents

| | |
|---|---|
| **Child Tax Credit** | $2,000 per qualifying child. |
| Maximum refundable portion of Child Tax Credit | $1,400 per qualifying child. |
| Child Tax Credit phaseout begins | MFJ............................................. $400,000<br>Single, HOH, MFS.......................... $200,000 |
| **Credit for Other Dependents** | $500 per dependent (not a qualifying child). |

## Social Security Highlights

| Employee's portion of FICA | 2020 | 2019 | 2018 |
|---|---|---|---|
| Maximum earnings subject to Social Security tax (Medicare no limit) | $137,700 | $132,900 | $128,400 |
| Social Security tax rate | 6.20% | 6.20% | 6.20% |
| Medicare tax rate* | 1.45% | 1.45% | 1.45% |
| Maximum Social Security tax | $8,537.40 | $8,239.80 | $7,960.80 |

*Plus 0.9% on wages above threshold amount, plus 3.8% on unearned income above threshold amount.




# Tax Facts and Figures

## Business Expenses

**2020 Standard Mileage Rate Per Mile**
Business....57.5¢
Medical and moving*....17.0¢
Charitable....14.0¢
Depreciation....27.0¢

**Section 179 Expense Limits**
Regular 179 limits....$1,040,000
SUV limits....$25,900
Investment phaseout begins....$2,590,000

**2020 Standard Deduction for Meals—High Low Method (Per Day)**
High cost localities....$71
All other localities....$60
Transportation workers....$66

**Qualified Transportation Benefits (exclusion from income allowed, but no employer deduction)**
Commuter benefits (per month)....$270
Parking benefits (per month)....$270

*The moving expense deduction is available only to active duty military servicemembers pursuant to a permanent change of station (PCS) order.

## 2020 Retirement Plan Limits

**401(k)/403(b) Deferral Limits**
Under age 50....$19,500
Age 50 and over....$26,000

**IRA Contribution Limits**
Under age 50....$6,000
Age 50 and over....$7,000

**IRA Deduction Phaseout Range if Covered by Employer Plan**
MFJ....$104,000–$124,000
Single, HOH....$65,000–$75,000
MFS....$0–$10,000
Spouse not covered....$196,000–$206,000

**Roth IRA Phaseout Range**
MFJ....$196,000–$206,000
Single, HOH....$124,000–$139,000
MFS....$0–$10,000

**SIMPLE Deferral Limits**
Under age 50....$13,500
Age 50 and over....$16,500

**Qualified Retirement Plans**
Profit sharing/SEP limits....25%/$57,000
Defined benefit plan limits....$230,000
Compensation limits....$285,000

## Education Tax Benefits

**American Opportunity Credit**
MFJ phaseout....$160,000–$180,000
Single, HOH phaseout....$80,000–$90,000
Maximum credit: $2,500 per student
Up to 40% ($1,000) may be refundable

**Lifetime Learning Credit**
MFJ phaseout....$118,000–$138,000
Single, HOH phaseout....$59,000–$69,000
Maximum credit: $2,000 per return

**Education Savings Account (ESA)**
MFJ phaseout....$190,000–$220,000
All others....$95,000–$110,000
Annual contribution limit: $2,000 per beneficiary

**Student Loan Interest Deduction**
MFJ phaseout....$140,000–$170,000
Single, HOH phaseout....$70,000–$85,000
Maximum deduction: $2,500 per return

**U.S. Savings Bonds Interest Exclusion**
MFJ phaseout....$123,550–$153,550
Single, HOH phaseout....$82,350–$97,350

**Qualified Tuition Plans (529 plans)**
- Distributions for qualifying expenses for college students or apprentices are not taxable.
- Distributions up to $10,000 per student are allowed for tuition expenses for a public, private, or religious elementary or secondary school.
- Cumulative distributions up to $10,000 per beneficiary and sibling for qualified education debt.

This brochure contains general information for taxpayers and should not be relied upon as the only source of authority. Taxpayers should seek professional tax advice for more information.



## 2020 Tax Rates: Capital Gain and Dividend Income

| If income is… | Maximum tax rate % | If asset is held… |
|---|---|---|
| Gain from the sale of collectibles | 28% | More than 1 year |
| Taxable portion of gain on qualified small business stock (section 1202 exclusion) | 28% | More than 5 years |
| Unrecaptured section 1250 gain | 25% | More than 1 year |
| Long-term capital gain | See below | More than 1 year |
| Qualified dividend income | See below | More than 60 days |
| **Taxable Income**<br>Single....$0 to $40,000<br>MFJ/QW....$0 to $80,000<br>MFS....$0 to $40,000<br>HOH....$0 to $53,600<br>Estates and trusts....$0 to $2,650 | 0% | |
| **Taxable Income**<br>Single....$40,001 to $441,450<br>MFJ/QW....$80,001 to $496,600<br>MFS....$40,001 to $248,300<br>HOH....$53,601 to $469,050<br>Estates and Trusts....$2,651 to $13,150 | 15% | |
| **Taxable Income**<br>Single....$441,451 and over<br>MFJ/QW....$496,601 and over<br>MFS....$248,301 and over<br>HOH....$469,051 and over<br>Estates and Trusts....$13,151 and over | 20% | |
| Short-term capital gain | 37% | 1 year or less |
| Ordinary dividend income | 37% | 60 days or less |

## Net Investment Income Tax (NIIT)

***3.8% additional tax on investment income if MAGI above threshold amount***

| Filing status | Single, HOH | MFJ, QW | MFS |
|---|---|---|---|
| Threshold amount | $200,000 | $250,000 | $125,000 |

## Contact Us

There are many events that occur during the year that can affect your tax situation. Preparation of your tax return involves summarizing transactions and events that occurred during the prior year. In most situations, treatment is firmly established at the time the transaction occurs. However, negative tax effects can be avoided by proper planning. Please contact us in advance if you have questions about the tax effects of a transaction or event, including the following:

- Pension or IRA distributions.
- Significant change in income or deductions.
- Job change.
- Marriage.
- Attainment of age 59½ or 72.
- Sale or purchase of a business.
- Sale or purchase of a residence or other real estate.
- Retirement.
- Notice from IRS or other revenue department.
- Divorce or separation.
- Self-employment.
- Charitable contributions of property in excess of $5,000.