

Federal Income Tax Quick Reference

In alphabetical order

	<u>Year 2020</u>	<u>Year 2021</u>
Alimony		
For divorce decrees entered into after December 31, 2018, alimony will not be taxable income for the recipient and alimony will not be deduction for the payer.		
Divorce decrees entered into prior to January 1, 2019 are grandfathered. Thus, alimony remitted to an ex-spouse is taxable and deductible by the payer.		
Automobile Standard Mileage		
Business	57.5 cents	T/B/D
Charity	14 cents	14 cents
Medical	17 cents	18 cents
Moving [Military personnel ONLY]	17 cents	18 cents
Business Meals		
<i>[GOP Tax Bill (TCJA) see below] >>>>></i>		Click here
Checks to Pay Federal Taxes:		
Checks and money orders to pay federal tax should be drawn payable to United States Treasury .		
[NOTE: Do <u>not</u> use IRS , Internal Revenue Service, Dept of Treasury as payee]		
Child Tax Credit [Subject to Phase Out – MAGI]	\$2,000	\$2,000
Entertainment		
<i>[GOP Tax Bill (TCJA) see below] >>>>></i>		Click here
Estate Tax Exclusion	\$11,580,000	\$11,700,000
Gift Tax Annual Exclusion	\$15,000	\$15,000
“GOP Tax Bill” – Legal Title: Tax Cuts and Jobs Act		
[TCJA] [Individual Income Tax Returns] :		
Eliminates -		
<i>Exemptions – Taxpayer, Spouse and all Dependents</i>		
<i>Miscellaneous Deductions:</i>		
Employee Business Expenses Union Dues		
Job Search Costs Income Tax Preparation Fees		
Investment Advisor Fees Safe Deposit Box Costs		
Fees incurred re: Income and Asset Protection		

Alimony – Taxable Income and Tax Deductible for Divorce Decrees entered into after December 31, 2018

Limits -

Deduction of Real Estate Taxes and SALT Taxes [State and Local Taxes]	\$10,000	\$10,000
Mortgage Interest [Homes purchased after 12/15/2017] to Interest on Principle of	\$750,000	\$750,000

This is a reduction from previous limit of \$1.0 million Homes purchased prior to 12/16/2017 grandfathered

- Home Equity Debt is limited to the lesser of
- \$100,000 (\$50,000 if married fair fining separately)
 - Home’s fair market value reduced by the amount of the home acquisition debt and grandfathered debt.

Business Net Interest Expense [Schedule C] to 30% of Adjusted Taxable Income

Increases -

Standard Deductions:

Married Filing Joint [MFJ]	\$24,800	\$25,100
Single and Married Filing Separately [MFS]	\$12,400	\$12,550
Head of Household [HH]	\$18,650	\$18,800

[NOTE]: The increase in the standard deduction may eliminate some or all of the tax benefits from Itemized Deductions]

Additional Deduction for Elderly and Blind:

Single	\$1,650	\$1,700
Married	\$1,300	\$1,350

Child Tax Credit [Subject to Phase Out – MAGI] \$2,000 \$2,000

Dependent Tax Credit [Subject to Phase Out – MAGI] \$500 \$500

Entertainment and Business Meals/Meals This topics requires detailed discussion

For this discussion >>>>>>>>

[Click here](#)

Health Savings Accounts [HSA]

Annual Contribution Limits:

Individual	\$3,550	\$3,600
Family	\$7,100	\$7,200
Additional Contribution [age 55 and over]	\$1,000	\$1,000

Home [see Residence below]

IRA Deductions [Traditional and Roth] >>>>>> [Click here](#)

Interest assessed by IRS [see Penalties and Interest below]

Itemized Deductions >>>>>> [Click here](#)

Kidde Tax	Earned Income plus Unearned Income up to the threshold is taxed at the child's tax rate - Unearned income above the threshold is taxed at the parents' tax rate	\$2,200	T/B/D
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Long Term Care Insurance Premium Deduction
[subject to medical limitations 7.5% of Adjusted Gross Income (AGI)]

Age 40 and under	\$320	\$450
Age 41 – 50	\$810	\$850
Age 51 – 60	\$1,630	\$1,690
Age 61 – 70	\$4,350	\$4,520
Age Over 70	\$5,430	\$5,640

Meals [GOP Tax Bill (TCJA) see above] >>>>>>

Medical Deduction Limitation [7.5% of AGI]

Moving Expenses [Military Personal ONLY]

Penalties and Interest:

Interest is assessed on income and other taxes paid after the due date of the tax return without extension.

Penalties:

- Under payment of estimated Income taxes *
- Late filing tax return
- Late Payment of taxes
- Negligent ^

* = Penalty is avoid if tax due is under \$1,000 or taxes withheld and/or estimated tax remitted equal the total tax of the prior year [110% of total tax of prior year if AGI exceeds \$150,000 (\$75,000 if MFS)]

^ = This penalty is assessed if income reported on Forms W-2, 1099-MISC, 1099-DIV, 1099-B, 1099-INT, 1099-R and Schedule K-1 is not reported on the income tax return [penalty is 20% of tax on the unreported income]

Penalty Tax [Qualified Retirement Plans] >>>>>>>> [Click here](#)

Personal Exemption [Under GOP Tax Bill (TCJA) – Not a Deduction]

Qualified Retirement Plans Maximum Contributions [Click here](#)

Residence – Gain on Sale of:

For filing status Married Filing Joint \$500,000 of the gain on sale of the principle residence is not taxable provided the taxpayers lived in the house two of the past five years. For the filing status Single, Married Filing Separately and Head of

Household the excludable amount is \$250,000.

The gain on the sale of a second home is fully taxable. **[NOTE:**
A loss on the sale of a principle home and a second home is not deductible].

Standard Deductions [Under GOP Tax Bill (TCJA)]:

Married Filing Joint [MFJ]	\$24,800	\$25,100
Single and Married Filing Separately [MFS]	\$12,400	\$12,550
Head of Household [HOH]	\$18,650	\$18,800
Additional Deduction Age 65 or Older or Blind		
Married	\$1,300	\$1,350
Single [not a surviving spouse]	\$1,650	\$1,700

NOTE: For Tax Year 2020 and following Tax Years a \$300 Charitable Deduction can be claimed in addition to the Standard Deduction

Standard Mileage Rate [see above -- Automobile Standard Mileage]

Statute of Limitation:

Three (3) years from the later: the due date of the tax return without extension or the date the tax return was filed. **[NOTE:**
The statute of limitation does not begin “to run” until a tax return is filed ... No tax return filed – No statute of limitation.

Sur Taxes: included under caption “Tax Brackets”

There are two additional taxes. These sur taxes become effective based on income. First sur tax is 3.8% on lesser of investment income or Excess MAGI over threshold amount of \$250,000 [MFJ], \$125,000 [MFS], \$200,000 [Single and HOH].

The second sur tax is .9% on salaries in excess of \$200,000 [\$250,000 MFJ] [\$125,000 MFS]. For MFJ the sur tax is imposed on the couples’ combined salaries/wages.

Tax Cuts and Jobs Act [TCJA] Official Title of the “GOP Tax Bill”

Tax Brackets Individuals [based on taxable income] **Tax Year 2020**

Tax Rate	Single [S]	Married Filing Joint [MFJ]	Married Filing Separately [MFS]
2020			
10%	\$0 - \$9,875	\$0 – \$19,750	\$0 - \$9,875
12%	\$9,876 - \$40,125	19,751 - \$80,250	\$9,876 - \$40,125
22%	\$40,126 - \$85,525	\$80,251 - \$171,050	\$40,126 - \$85,525
24%	\$85,526 - \$163,300	\$171,051 - \$326,600	\$85,526 - \$163,300
32%	\$163,301 - \$207,350	\$326,601 - \$414,700	\$163,301 - \$207,350
35%	\$207,351 - \$518,400	\$414,701 - \$622,050	\$207,351 - \$311,025

37%	Over \$518,400	Over \$622,050	Over \$311,025
		Head of Household [H/H]	
10%		\$0 - \$14,100	
12%		\$14,101 - \$53,700	
22%		\$53,701 - \$85,500	
24%		\$85,501 - \$163,300	
32%		\$163,301 - \$207,350	
35%		\$207,351 - \$518,400	
37%		Over \$518,400	

Tax Rate on Capital Gains and Qualified Dividends [tax rates] Tax Year 2020

Tax Rate	Single [S]	Married Filing Joint [MFJ]	Married Filing Separately [MFS]
2020			
0%	\$0 - \$40,000	\$0 - \$80,000	\$0 - \$40,000
15%	\$40,001 - \$441,450	\$80,001 - \$496,600	\$40,001 - \$248,300
20%	Over \$441,500	Over \$496,600	Over \$248,300
		Head of Household [H/H]	
0%		\$0 - \$53,600	
15%		\$53,601 - \$469,050	
20%		Over \$469,050	

Tax Brackets Individuals [based on taxable income] Tax Year 2021

Tax Rate	Single [S]	Married Filing Joint [MFJ]	Married Filing Separately [MFS]
2021			
10%	\$0 - \$9,950	\$0 - 19,900	\$0 - \$9,950
12%	\$9,951 - \$40,525	19,901 - \$81,050	\$9,951 - \$40,525
22%	\$40,526 - \$86,375	\$81,051 - \$172,750	\$40,525 - \$86,375
24%	\$86,376 - \$164,925	\$172,751 - \$329,850	\$86,376 - \$164,925
32%	\$164,926 - \$209,425	\$329,851 - \$418,850	\$164,926 - \$209,425
35%	\$209,426 - \$523,600	\$418,851 - \$628,300	\$209,426 - \$314,150
37%	Over \$523,600	Over \$628,300	Over \$314,150
		Head of Household [H/H]	
2021			
10%		\$0 - \$14,200	
12%		\$14,201 - 54,200	
22%		\$54,201 - \$86,350	
24%		\$86,351 - \$164,900	
32%		\$164,901 - \$209,400	
35%		\$209,401 - \$523,600	
37%		Over \$523,600	

Tax Rate on Capital Gains and Qualified Dividends [tax rates] Tax Year 2021

Tax Rate	Single [S]	Married Filing Joint [MFJ]	Married Filing Separately [MFS]
2021			
0%	\$0 – \$40,400	\$0 - \$80,800	\$0 - \$40,400
15%	\$40,401 - \$445,850	\$80,801 - \$501,600	\$40,401 - \$250,800
20%	Over \$445,850	Over \$501,600	Over \$250,800

	Head of Household [H/H]
0%	\$0 - \$54,100
15%	\$54,101 - \$473,750
20%	Over \$473,750

	<u>Year 2020</u>	<u>Year 2021</u>
Tax Rates Corporations [based on taxable income] Flat Rate:		
“C” Corporations	21%	21%
Qualified Personal Service Corporations [<i>Now Flat Rate</i>]	21%	21%

	<u>Tax Rate</u>	<u>Year 2020</u>	<u>Year 2021</u>
Tax Rates Estates and Trusts [based on taxable income]:			
	10%	\$0 - \$2,600	\$0 - \$2,650
	24%	\$2,601 - \$9,950	\$2,651 - \$9,550
	35%	\$9,951 - \$12,950	\$9,551 - \$13,050
	37%	Over \$12,950	Over \$13,050