

BUSINESS

2019 Corporate Tax Rate is 21% for All Income Levels.

Capital Gains Tax Rate: Same as regular tax rate.
Personal Service Corporations: Same as regular tax rate.

DEPRECIATION

LUXURY VEHICLES UNDER 6,000 POUNDS

Maximum depreciation for vehicles purchased in 2019 where the additional first-year deduction does not apply:

	Light Trucks, Vans and Autos
Year placed in service	\$10,100
2nd tax year	\$16,100
3rd tax year	\$9,700
Each succeeding year	\$5,760

Maximum depreciation for vehicles purchased in 2019 where the additional first-year deduction does apply:

	Light Trucks, Vans and Autos
Year placed in service	\$18,100
2nd tax year	\$16,100
3rd tax year	\$9,700
Each succeeding year	\$5,760

Amounts are based upon 100% business use.

Section 179

Section 179 dollar limitation is \$1,020,000, (\$2,550,000 qualifying property) for 2019 and is \$1,040,000, (\$2,590,000 qualifying property) for 2020. There is a \$25,500 limitation on sport utility vehicles for 2019 and \$25,900 for 2020. The cost of property pursuant to Section 179(d)(3), is the boot paid plus the trade-in value of the trade on any property not part of a Section 1031 exchange.

Special (Bonus) Depreciation

The allowance is 100% for qualified new and used property placed in service between September 28, 2017, and December 31, 2022. Bonus depreciation phases down 20% per year starting in 2023.

20% Qualified Business Income (QBI) Deduction

Through 2025, certain sole proprietors and owners of pass-through businesses are allowed a special deduction equal to 20% of QBI, subject to limitations. For 2019, the limitations begin to apply if taxable income exceeds \$160,700 or, if MFJ, \$321,400 (\$160,725 for married couples filing separate returns).

ESTATE

2019 ESTATE AND TRUST INCOME TAX RATES

Base Taxable Income	Tax on Base	Add % on Excess over Base
\$0	\$0	10%
\$2,600	\$260.00	24%
\$9,300	\$1,868.00	35%
\$12,750	\$3,075.50	37%

2020 ESTATE AND TRUST INCOME TAX RATES

Base Taxable Income	Tax on Base	Add % on Excess over Base
\$0	\$0	10%
\$2,600	\$260.00	24%
\$9,450	\$1,940.00	35%
\$12,950	\$3,129.00	37%

Unified Credit Exemption Equivalent

2019 \$11,400,000

2020 \$11,580,000

Annual Gift Tax Exclusion for 2019 and 2020 is \$15,000.

GENERAL

Standard Mileage Deduction

Use	2019	2020
Business	\$0.58	\$0.575
Charitable	\$0.14	\$0.14
Medical/Moving	\$0.20	\$0.17

2019-2020 Per Diem Rates

High Cost Area:	Lodging	Meals	Total/Max
1/1/2019 – 9/30/2019	\$216	\$71	\$287
10/1/2019 – 9/30/2020	\$226	\$71	\$297

Low Cost Area:	Lodging	Meals	Total/Max
1/1/2019 – 9/30/2019	\$135	\$60	\$195
10/1/2019 – 9/30/2020	\$140	\$60	\$200

Health Savings Account (HSA)

	2019	2020
Family	\$7,000	\$7,100
Self	\$3,500	\$3,550

*Catch up amount for 55 and older is \$1,000

Legislation signed into law on December 20, 2019 included a number of tax-related provisions, including major retirement changes as provided in the SECURE Act, the extension of a majority of expired or expiring credits and deductions, and the repeal of a handful of changes from previous legislation including three health care related taxes, the requirement for nonprofits to include employee parking into taxable income, and kiddie tax changes. Review our Federal Spending Bill Likely to Bring Much-Needed Tax Benefits insight to learn more.

For the most updated version of this guide please view our website at:

eidebailly.com/Tax

2019-2020

POCKET TAX GUIDE



CPAs & BUSINESS ADVISORS

Rev. 1.2020

Independent member of HLB – the global advisory and accounting network.



INDIVIDUALS

2019 INDIVIDUAL INCOME TAX RATES

Regular Tax - Married Filing Joint

Base Taxable Income	Tax on Base	Add % on Excess over Base
\$0	\$0	10.00%
\$19,400	\$1,940.00	12.00%
\$78,950	\$9,086.00	22.00%
\$168,400	\$28,765.00	24.00%
\$321,450	\$65,497.00	32.00%
\$408,200	\$93,257.00	35.00%
\$612,350	\$164,709.50	37.00%

Regular Tax - Single

Base Taxable Income	Tax on Base	Add % on Excess over Base
\$0	\$0	10.00%
\$9,700	\$970.00	12.00%
\$39,475	\$4,543.00	22.00%
\$84,200	\$14,382.50	24.00%
\$160,725	\$32,748.50	32.00%
\$204,100	\$46,628.50	35.00%
\$510,300	\$153,798.50	37.00%

2020 INDIVIDUAL INCOME TAX RATES

Regular Tax - Married Filing Joint

Base Taxable Income	Tax on Base	Add % on Excess over Base
\$0	\$0	10.00%
\$19,750	\$1,975.00	12.00%
\$80,250	\$9,235.00	22.00%
\$171,050	\$29,211.00	24.00%
\$326,600	\$66,543.00	32.00%
\$414,700	\$94,735.00	35.00%
\$622,055	\$167,307.50	37.00%

Regular Tax - Single

Base Taxable Income	Tax on Base	Add % on Excess over Base
\$0	\$0	10.00%
\$9,875	\$987.50	12.00%
\$40,125	\$4,617.50	22.00%
\$85,525	\$14,605.50	24.00%
\$163,300	\$33,271.50	32.00%
\$207,350	\$47,367.50	35.00%
\$518,400	\$156,235.00	37.00%

2019 Long Term Capital Gain Rates (Including Qualified Dividends)

Single		Married Filing Joint	
Tax Rate	If taxable Income is:	Tax Rate	If taxable Income is:
0%	\$0 to 39,375	0%	\$0 to 78,750
15%	\$39,376 to 434,550	15%	\$ 78,751 to 488,850
20%	\$ 434,551 or more	20%	\$ 488,851 or more

2020 Long Term Capital Gain Rates (Including Qualified Dividends)

Single		Married Filing Joint	
Tax Rate	If taxable Income is:	Tax Rate	If taxable Income is:
0%	\$0 to 40,000	0%	\$0 to 80,000
15%	\$40,001 to 441,450	15%	\$ 80,001 to 496,600
20%	\$ 441,451 or more	20%	\$ 496,601 or more

Note: 25% maximum tax rate applies on unrecaptured section 1250 gains and the 3.8% tax on net investment income remains in place.

NET INVESTMENT INCOME TAX

For tax years 2019 and 2020, a tax of 3.8% applies on the lesser of Net Investment Income or MAGI, over \$250,000 (MFJ) or \$200,000 (single).

Standard Deduction	2019	2020
Married Filing Joint	\$24,400	\$24,800
Single	\$12,200	\$12,400
Head of Household	\$18,350	\$18,650
Married Filing Separately	\$12,200	\$12,400

Additional Blind or Elderly	2019	2020
Single & HOH	\$1,650	\$1,650
Married	\$1,300	\$1,300

Claimed as dependent of another:

(if has earned income, the standard deduction is the greater of this amount or \$350 plus the earned income up to the standard deduction amount.)

	\$1,100	\$1,100
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ITEMIZED DEDUCTIONS DISALLOWED

Certain miscellaneous deductions subject to 2% AGI are not deductible for 2019 and 2020, including unreimbursed employee business expense, investment expenses and hobby loss expenses. In addition, casualty and theft losses, unless in a federal designed area, are not deductible.

Child Tax Credit

2019 and 2020 child tax credit is \$2,000 per child under age 17 as of the end of the year. Phase out of the credit begins at MAGI of \$400,000 for joint filers and \$200,000 for all other filers. Up to \$1,400 of this is subject to refund in 2019 and 2020. An additional credit of \$500 is available for each qualifying child for whom the credit is not otherwise available and each qualifying relative.

Kiddie Tax

Kiddie Tax applies to unearned income in excess of \$2,200 for 2019 and 2020 of a child who has not reached the age of 19 as of the end of the year or who was a full-time student under the age of 24. For a child over age 17, the tax only applies to those whose earned income does not exceed half of their support. For 2018-2019 taxable income attributable to net unearned income is taxed according to the brackets applicable for trusts and estates. For 2020, this income is taxed at the parent's marginal tax rate. Taxpayers can elect to apply the change to 2018 and 2019.

Estimated Tax Payments

To avoid possible underpayment penalties, individuals are generally required to pay in through withholding or estimated tax payments the lesser of: 100% of prior year tax liability or 90% of current year tax liability.

However taxpayers with AGI greater than \$150,000 (\$75,000 for married filing separate) in the prior year must pay the lesser of: 110% of prior year tax liability or 90% of current year tax liability.

Savings Incentive Match Plan for Employees (SIMPLE)

	2019	2020
Employee Elective Contribution Limit	\$13,000	\$13,500
50 or older catch-up	\$3,000	\$3,000
Employer Matching Contribution	3% limit	3% limit
Employer non-elective contribution	2%	2%

Individual Limits Various Plans	2019	2020
Annual Compensation Limits	\$280,000	\$285,000
401(k) Contributions	\$19,000	\$19,500
Profit Sharing Plan-Corp.*	\$56,000	\$57,000
Money Purchase Plan-Corp.*	\$56,000	\$57,000
Profit Sharing Plan-SE**	\$56,000	\$57,000
Money Purchase Plan-SE**	\$56,000	\$57,000
SEP	\$56,000	\$57,000

* \$6,000 catch-up contribution allowed for individuals age 50 and older in 2019 and \$6,500 for 2020.

**Limited to 100% of compensation.

Plan Deduction Limitations (2019 and 2020)

	Profit Sharing	Money Purchase
Corporate	25%	25%
Self-employed (SE)	20%	20%
SEP-Corporate	25%	N/A
SEP-SE	20%	N/A

Individual Retirement Accounts

Not a participant in another plan:

Under age 50, \$6,000 contribution limit for both 2019 and 2020. Also applies to non-working spouse. For age 50 and over, limit is \$7,000.

Active participant in another plan:

Married AGI	2019	2020	Deduction
\$0-103,000	\$0-103,000	\$0-104,000	\$6,000 limit for both years*
\$103,000-123,000	\$104,000-124,000	\$104,000-124,000	Phase-out**
\$193,000-203,000	\$196,000-203,000	\$196,000-206,000	Phase-out for non-active spouse/participant

Single AGI

2019	2020	Deduction
\$0-64,000	\$0-65,000	\$6,000 limit for both years*
\$64,000-74,000	\$65,000-75,000	Phase-out

*\$1,000 catch-up contribution for individuals age 50 and older for 2019 and 2020.

**Phase-out only for spouse who is active participant.

Roth IRA Eligibility

	AGI 2019	AGI 2020
Single/Head of Household	\$122,000-137,000	\$124,000-139,000
Married Filing Joint	\$193,000-203,000	\$196,000-206,000
Married Filing Separately	\$0-10,000	\$0-10,000
Rollover of regular IRA to ROTH IRA	No Limit	No Limit

Alternative Minimum Tax (AMT)

	Single	MFJ
Tax Rate 2019	26% up to: 28% over:	\$97,400 \$97,400
Tax Rate 2020	26% up to: 28% over:	\$98,950 \$98,950

Exemption	2019	Phase-out	2020	Phase-out
Single/Head	\$71,700	\$510,300	\$72,900	\$518,400
Married/Joint	\$111,700	\$1,020,600	\$113,400	\$1,036,800

SOCIAL SECURITY INFORMATION

	2019	2020
Social Security Base	\$132,900	\$137,700
Medicare Base	unlimited	unlimited
Social Security Tax Rate	6.20%	6.20%
Medicare Tax Rate*	1.45%	1.45%
Max Social Security Tax	\$8,239.80	\$8,537.40

*Additional 0.9% Medicare tax in excess \$200,000 (\$250,000 married)

Medicare Part B Premium:

Per Month*	\$135.50*	\$144.60*
Per Year	1,626.00*	1,735.20*
Annual Earnings		
4 Quarters Coverage	\$5,440.00	\$5,640.00

*Larger premium for taxpayers with AGI above certain levels starting at \$170,001 for joint filers & \$85,001 for singles for 2019. (\$174,001 and \$87,001, respectively, for 2020.)

Maximum Annual Earned Income Limit:

Ages 62-64 (lose \$1 for \$2)	\$17,640	\$18,240
In year you reach full retirement age (lose \$1 for \$3)	\$3,910/month	\$4,050/month
Full retirement age & older	unlimited	unlimited

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 amount
2. % of benefit received

Income Levels*

	50%	85%
Married filing joint	\$32,001 - 44,000	\$44,001+
Single/HOH	\$25,001 - 34,000	\$34,001+
Married filing separately & living w/spouse	\$0	\$0

*Percent of Social Security that is taxable.

EDUCATION CREDITS AND DEDUCTIONS

American Opportunity Tax Credit —Max of \$2,500 for 2019 and 2020. Based on 100% of the first \$2,000 and 25% of the next \$2,000 on qualified tuition and course materials. Phase-out for the American Opportunity Tax Credit is \$80,000-90,000 for single filer and \$160,000-180,000 for married filing joint in 2019 and 2020.

Lifetime Learning—\$2,000 max per year, 20% of up to \$10,000 qualified tuition for 2019 and 2020. 2019 phase-out for Lifetime the Learning Credit is \$58,000-68,000 for single/HOH filer and \$116,000-136,000 for married filing joint. 2020 phase-out for Lifetime the Learning Credit is \$59,000-69,000 for single/HOH filer and \$118,000-138,000 for married filing joint.

Qualified Higher Education Tuition Deduction—A maximum \$4,000 above the line deduction for qualified tuition if AGI is less than \$65,000 for single/HOH and \$130,000 married filing joint. Deduction is \$2,000 if AGI is between \$65,000 - \$80,000 for single/HOH and \$130,000 - \$160,000 for married filing joint.

Student Loan Interest Deduction—Deduction up to \$2,500 for 2019 and 2020.

Deduction phase-out for student loan interest deduction is \$70,000-85,000 for single/head of household and \$140,000-170,000 for married filing joint for 2019 and 2020.