

## BUSINESS

### 2020 and 2021 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 2020 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 2020 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 \$1,040,000, (\$2,590,000 qualifying property) for 2020 and is \$1,050,000, (\$2,620,000 qualifying property) for 2021. There is a \$25,900 limitation on sport utility vehicles for 2020 and \$26,200 for 2021.

### 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 2020, the limitations begin to apply if taxable income exceeds \$163,300 or, if MFJ, \$326,600 (\$163,300 for married couples filing separate returns). For 2021, the limitations begin to apply if taxable income exceeds \$164,900, of, if MFJ, \$329,800 (\$164,925 for married couples filing separately).

## ESTATE

### 2021 ESTATE AND TRUST INCOME TAX RATES

Taxable Income					
Over	But Not Over	Pay	+	% on Excess	Of Amount Over
-	\$2,650	-		10%	-
\$2,650	\$9,550	\$265		24%	\$2,650
\$9,550	\$13,050	\$1,921		35%	\$9,550
\$13,050		\$3,146		37%	\$13,050

### 2020 ESTATE AND TRUST INCOME TAX RATES

Taxable Income					
Over	But Not Over	Pay	+	% on Excess	Of Amount Over
-	\$2,600	-		10%	-
\$2,600	\$9,450	\$260		24%	\$2,600
\$9,450	\$12,950	\$1,904		35%	\$9,450
\$12,950		\$3,129		37%	\$12,950

### Unified Credit Exemption Equivalent

2021 \$11,700,000

2020 \$11,580,000

Annual Gift Tax Exclusion for 2020 and 2021 is \$15,000.

## GENERAL

### Standard Mileage Deduction

Use	2021	2020
Business	\$0.56	\$0.575
Charitable	\$0.14	\$0.14
Medical/Moving	\$0.16	\$0.17

### Per Diem Rates

High Cost Area:	Lodging	Meals	Total/Max
1/1/2020 – 9/30/2020	\$226	\$71	\$297
10/1/2020 – 9/30/2021	\$221	\$71	\$292

Low Cost Area:	Lodging	Meals	Total/Max
1/1/2020 – 9/30/2020	\$140	\$60	\$200
10/1/2020 – 9/30/2021	\$138	\$60	\$198

### Health Savings Account (HSA)

	2021	2020
Family	\$7,200	\$7,100
Self	\$3,600	\$3,550

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

For an updated version of this guide and information on the tax provisions contained in the Consolidated Appropriations Act, 2021, please visit:

[eidebailly.com/Tax](http://eidebailly.com/Tax)



## 2020-2021 POCKET TAX GUIDE



EideBailly®

CPAs & BUSINESS ADVISORS

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

## INDIVIDUALS

### 2021 INDIVIDUAL INCOME TAX RATES

#### Regular Tax - Married Filing Joint

Taxable Income					
Over	But Not Over	Pay	+	% on Excess	Of Amount Over
-	\$19,900	-		10%	-
\$19,900	\$81,050	\$1,990		12%	\$19,900
\$81,050	\$172,750	\$9,328		22%	\$81,050
\$172,750	\$329,850	\$29,502		24%	\$172,750
\$329,850	\$418,850	\$67,206		32%	\$329,850
\$418,850	\$628,300	\$95,686		35%	\$418,850
\$628,300		\$168,994		37%	\$628,300

#### Regular Tax - Single

Taxable Income					
Over	But Not Over	Pay	+	% on Excess	Of Amount Over
-	\$9,950	-		10%	-
\$9,950	\$40,525	\$995		12%	\$9,950
\$40,525	\$86,375	\$4,664		22%	\$40,525
\$86,375	\$164,925	\$14,751		24%	\$86,375
\$164,925	\$209,425	\$33,603		32%	\$164,925
\$209,425	\$523,600	\$47,843		35%	\$209,425
\$523,600		\$157,804		37%	\$523,600

### 2020 INDIVIDUAL INCOME TAX RATES

#### Regular Tax - Married Filing Joint

Taxable Income					
Over	But Not Over	Pay	+	% on Excess	Of Amount Over
-	\$19,750	-		10%	-
\$19,750	\$80,250	\$1,975		12%	\$19,750
\$80,250	\$171,050	\$9,235		22%	\$80,250
\$171,050	\$326,600	\$29,211		24%	\$171,050
\$326,600	\$414,700	\$66,543		32%	\$326,600
\$414,700	\$622,050	\$94,735		35%	\$414,700
\$622,050		\$167,308		37%	\$622,050

#### Regular Tax - Single

Taxable Income					
Over	But Not Over	Pay	+	% on Excess	Of Amount Over
-	\$9,875	-		10%	-
\$9,875	\$40,125	\$988		12%	\$9,875
\$40,125	\$85,525	\$4,618		22%	\$40,125
\$85,525	\$163,300	\$14,606		24%	\$85,525
\$163,300	\$207,350	\$33,272		32%	\$163,300
\$207,350	\$518,400	\$47,368		35%	\$207,350
\$518,400		\$156,235		37%	\$518,400

### 2021 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 40,400	0%	\$0 to 80,800
15%	\$40,401 to 445,850	15%	\$ 80,801 to 501,600
20%	\$ 445,851 or more	20%	\$ 501,601 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 2020 and 2021, a tax of 3.8% applies on the lesser of Net Investment Income or MAGI, over \$250,000 (MFJ) or \$200,000 (single).

<b>Standard Deduction</b>	2021	2020
Married Filing Joint	\$25,100	\$24,800
Single	\$12,550	\$12,400
Head of Household	\$18,800	\$18,650
Married Filing Separately	\$12,550	\$12,400

<b>Additional Blind or Elderly</b>	2021	2020
Single & HOH	\$1,700	\$1,650
Married	\$1,350	\$1,300

<b>Claimed as dependent of another:</b> (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% of AGI are not deductible for 2020 and 2021, including unreimbursed employee business expense, investment expenses and hobby loss expenses. In addition, casualty and theft losses, unless in a federal designated area, are not deductible.

### Child Tax Credit

**2020 and 2021 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 2020 and 2021. 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 2020 and 2021 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 was taxed according to the brackets applicable for trusts and estates. For 2020 and beyond, this income is taxed at the parent’s marginal tax rate.

#### Estimated Tax Payments

To avoid possible underpayment penalties, individuals are generally required to pay 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)

	<b>2021</b>	<b>2020</b>
Employee Elective Contribution Limit	\$13,500	\$13,500
50 or older catch-up	\$3,000	\$3,000
Employer Matching Contribution	3% limit	3% limit
Employer non-elective contribution	2%	2%

<b>Individual Limits Various Plans</b>	<b>2021</b>	<b>2020</b>
Annual Compensation Limits	\$290,000	\$285,000
401(k) Contributions	\$19,500	\$19,500
Profit Sharing Plan-Corp.*	\$58,000	\$57,000
Money Purchase Plan-Corp.*	\$58,000	\$57,000
Profit Sharing Plan-SE**	\$58,000	\$57,000
Money Purchase Plan-SE**	\$58,000	\$57,000
SEP	\$58,000	\$57,000

\* \$6,500 catch-up contribution allowed for individuals age 50 and older in 2020 and 2021.

\*\*Limited to 100% of compensation.

#### Plan Deduction Limitations (2020 and 2021)

	<b>Profit Sharing</b>	<b>Money Purchase</b>
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 2020 and 2021. Also applies to non-working spouse. For age 50 and over, limit is \$7,000.

**Active participant in another plan:**

<b>Married AGI</b>	<b>2020</b>	<b>Deduction</b>
\$0-105,000	\$0-104,000	\$6,000 limit for both years* Phase-out**
\$105,000-125,000	\$104,000-124,000	Phase-out for non-active spouse/participant
\$198,000-208,000	\$196,000-206,000	

#### Single AGI

<b>2021</b>	<b>2020</b>	<b>Deduction</b>
\$0-66,000	\$0-65,000	\$6,000 limit for both years* Phase-out
\$66,000-76,000	\$65,000-75,000	

\*\$1,000 catch-up contribution for individuals age 50 and older for 2020 and 2021.

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

#### Roth IRA Eligibility

	<b>AGI 2021</b>	<b>AGI 2020</b>
Single/Head of Household	\$125,000-140,000	\$124,000-139,000
Married Filing Joint	\$198,000-208,000	\$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)

		<b>Single</b>	<b>MFJ</b>
<b>Tax Rate 2021</b>	26% up to:	\$99,950	\$199,900
	28% over:	\$99,950	\$199,900

<b>Tax Rate 2020</b>	26% up to:	\$98,950	\$197,900
	28% over:	\$98,950	\$197,900

<b>Exemption</b>	<b>2021</b>	<b>Phase-out</b>	<b>2020</b>	<b>Phase-out</b>
Single/Head	\$73,600	\$523,600	\$72,900	\$518,400
Married/Joint	\$114,600	\$1,047,200	\$113,400	\$1,036,800

### SOCIAL SECURITY INFORMATION

	<b>2021</b>	<b>2020</b>
Social Security Base	\$142,800	\$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	\$8,853.60	\$8,537.40

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

**Medicare Part B Premium:**

Per Month*	\$148.50*	\$144.60*
Per Year	1,782.00*	1,735.20*
Annual Earnings		
4 Quarters Coverage	\$5,880.00	\$5,640.00

\*Larger premium for taxpayers with AGI above certain levels starting at \$174,001 for joint filers & \$87,001 for singles for 2020. (\$176,001 and \$88,001, respectively, for 2021.)

**Maximum Annual Earned Income Limit:**

Ages 62-64 (lose \$1 for \$2)	\$18,960	\$18,240
In year you reach full retirement age (lose \$1 for \$3)	\$4,210/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:

- % of the excess over the base amount
- % of benefit received

**Income Levels\***

	<b>50%</b>	<b>85%</b>
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 2020 and 2021. 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 2020 and 2021.

**Lifetime Learning**—\$2,000 max per year, 20% of up to \$10,000 qualified tuition for 2020 and 2021. 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. 2021 phase-out for Lifetime the Learning Credit is the same as the American Opportunity Tax Credit.

**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. This deduction is repealed for tax years beginning after December 31, 2020.

**Student Loan Interest Deduction**—Deduction up to \$2,500 for 2020 and 2021. Deduction MAGI phase-out for the student loan interest deduction is \$70,000-85,000 for single/head of household and \$140,000-170,000 for married filing joint for 2020 and 2021.