

## HEALTH SAVINGS ACCOUNTS

Limit	Individual	Family
HSA contribution	\$3,550	\$ 7,100
HSA catch-up contribution	\$1,000	\$ 1,000
Minimum high-deductible health plan (HDHP) deductible	\$1,400	\$ 2,800
Maximum HDHP out-of-pocket costs	\$6,900	\$13,800

## FLEXIBLE SPENDING ACCOUNT CONTRIBUTIONS

Health care FSA	\$2,750
Dependent care FSA	\$5,000

## RETIREMENT BENEFIT LIMITS

Benefit	Limit
Contributions to 401(k), 403(b), 457(b)(2), 457(c)(1) and SARSEP plans	\$ 19,500
Contributions to defined contribution plans	\$ 57,000
Contributions to SIMPLEs	\$ 13,500
Contributions to IRAs	\$ 6,000
Catch-up contributions to 401(k), 403(b), 457(b)(2), 457(c)(1) and SARSEP plans	\$ 6,500
Catch-up contributions to SIMPLEs	\$ 3,000
Catch-up contributions to IRAs	\$ 1,000
Compensation for benefit purposes for qualified plans and SEPs	\$285,000
Highly compensated employee threshold	\$130,000
Annual benefit for defined benefit plans	\$230,000

## LONG-TERM-CARE INSURANCE

Age	Premium deduction limit
40 and under	\$ 430
41 to 50	\$ 810
51 to 60	\$1,630
61 to 70	\$4,350
Over 70	\$5,430

## EARNINGS THRESHOLDS FOR PHASEOUT OF SOCIAL SECURITY BENEFITS

Retirement age status	Earnings limit
Before Full Retirement Age (FRA)	\$18,240 per year
Pre-FRA in year you reach FRA	\$4,050 per month
FRA and after	None

## GIFT AND ESTATE TAX EXEMPTIONS AND RATES

Exemption	Top rate
\$11,580,000	40%

A surviving spouse may be able to use the deceased spouse's unused estate tax exemption. The annual gift tax exclusion is \$15,000 per recipient (\$30,000 if spouses elect "split-gift" treatment).

## CORPORATE INCOME TAX RATES

C corporations and professional services corporations are taxed at a flat 21% rate.

## SECTION 199A DEDUCTION FOR OWNERS OF PASS-THROUGH ENTITIES<sup>1</sup>

20% of qualified business income.

When an owner's taxable income exceeds \$163,300 (\$326,600 for joint filers), the following limits are phased in over a \$50,000 range (\$100,000 range for joint filers):

- Deduction isn't available for income from specified service businesses.
- Deduction can't exceed the greater of the owner's share of:
  - 50% of the amount of W-2 wages paid to employees by the qualified business during the tax year, or
  - The sum of 25% of W-2 wages plus 2.5% of the cost of qualified property.

<sup>1</sup> Including sole proprietors.

## SECTION 179 EXPENSING AND BONUS DEPRECIATION

Sec. 179 expensing limit	\$1,040,000
Sec. 179 phaseout threshold	\$2,590,000
Bonus depreciation limit	100%

## DEPRECIATION CLASSES AND METHODS

Class	Method	Examples
36-month	Straight-line	Software
3-year	200% DB <sup>1</sup>	Dies, molds, small tools
5-year	200% DB <sup>1</sup>	Vehicles, computers, office equipment
7-year	200% DB <sup>1</sup>	Manufacturing equipment, office furniture
7-year	150% DB <sup>1</sup>	Farm equipment
27.5-year	Straight-line	Rental residential buildings
39-year	Straight-line	Nonresidential buildings

<sup>1</sup> Declining-balance.

## MACRS DEPRECIATION RATES (with half-year convention)

Year	Asset class		
	3-year	5-year	7-year
1	33.33%	20.00%	14.29%
2	44.45%	32.00%	24.49%
3	14.81%	19.20%	17.49%
4	7.41%	11.52%	12.49%
5	—	11.52%	8.93%
6	—	5.76%	8.92%
7	—	—	8.93%
8	—	—	4.46%

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# Tax Reference Guide

## 2020

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## INDIVIDUAL INCOME TAX RATES<sup>1</sup>

### Single

If taxable income is ...	... tax is ...	... of amount over
\$ 0 – \$ 9,875	10%	\$ 0
\$ 9,876 – \$ 40,125	\$ 987.50 + 12%	\$ 9,875
\$ 40,126 – \$ 85,525	\$ 4,617.50 + 22%	\$ 40,125
\$ 85,526 – \$163,300	\$ 14,605.50 + 24%	\$ 85,525
\$163,301 – \$207,350	\$ 33,271.50 + 32%	\$163,300
\$207,351 – \$518,400	\$ 47,367.50 + 35%	\$207,350
Over \$518,400	\$156,235.00 + 37%	\$518,400

### Head of household

If taxable income is ...	... tax is ...	... of amount over
\$ 0 – \$ 14,100	10%	\$ 0
\$ 14,101 – \$ 53,700	\$ 1,410.00 + 12%	\$ 14,100
\$ 53,701 – \$ 85,500	\$ 6,162.00 + 22%	\$ 53,700
\$ 85,501 – \$163,300	\$ 13,158.00 + 24%	\$ 85,500
\$163,301 – \$207,350	\$ 31,830.00 + 32%	\$163,300
\$207,351 – \$518,400	\$ 45,926.00 + 35%	\$207,350
Over \$518,400	\$154,793.50 + 37%	\$518,400

### Married filing jointly

If taxable income is ...	... tax is ...	... of amount over
\$ 0 – \$ 19,750	10%	\$ 0
\$ 19,751 – \$ 80,250	\$ 1,975.00 + 12%	\$ 19,750
\$ 80,251 – \$171,050	\$ 9,235.00 + 22%	\$ 80,250
\$171,051 – \$326,600	\$ 29,211.00 + 24%	\$171,050
\$326,601 – \$414,700	\$ 66,543.00 + 32%	\$326,600
\$414,701 – \$622,050	\$ 94,735.00 + 35%	\$414,700
Over \$622,050	\$167,307.50 + 37%	\$622,050

### Married filing separately

If taxable income is ...	... tax is ...	... of amount over
\$ 0 – \$ 9,875	10%	\$ 0
\$ 9,876 – \$ 40,125	\$ 987.50 + 12%	\$ 9,875
\$ 40,126 – \$ 85,525	\$ 4,617.50 + 22%	\$ 40,125
\$ 85,526 – \$163,300	\$ 14,605.50 + 24%	\$ 85,525
\$163,301 – \$207,350	\$ 33,271.50 + 32%	\$163,300
\$207,351 – \$311,025	\$ 47,367.50 + 35%	\$207,350
Over \$311,025	\$ 83,653.75 + 37%	\$311,025

<sup>1</sup> These rates generally apply to earned income, business income, interest and nonqualified dividends. Long-term capital gains rates apply to qualified dividends.

## FICA RATES AND ADDITIONAL MEDICARE TAX

The rate for the employee portion of Social Security tax is 6.2%, and the maximum earned income it applies to is \$137,700, while the Medicare rate is 1.45% and applies to all earned income.

Self-employed individuals pay both the employee and employer portions, but get a deduction for the employer portion.

Cash wages totaling \$2,200 or more to household employees are also subject to FICA taxes.

An additional 0.9% Medicare tax applies to FICA wages and self-employment income exceeding \$200,000 (singles and heads of households), \$250,000 (joint filers) or \$125,000 (separate filers).

Employers must withhold the additional Medicare tax beginning in the pay period when wages exceed \$200,000 for the calendar year, without regard to an employee's filing status.

## CAPITAL GAINS TAX RATES

Type of gain	Maximum rate <sup>1</sup>
Short-term gain (assets held 12 months or less)	37%
Long-term gain (generally assets held more than 12 months)	15% or 20% <sup>2</sup>
Long-term gain on collectibles	28%
Long-term gain attributable to certain depreciation recapture	25%
Gain on qualified small business stock held more than 5 years	14% <sup>3</sup>
Most long-term gain that would be taxed at 12% or less based on the taxpayer's ordinary-income rate	0%

<sup>1</sup> The 3.8% net investment income tax applies to net investment income to the extent that modified adjusted gross income (MAGI) exceeds \$200,000 (singles and heads of households), \$250,000 (joint filers) or \$125,000 (separate filers).

<sup>2</sup> The 20% rate applies only to those with taxable income exceeding \$441,450 (singles), \$469,050 (heads of households), \$496,600 (joint filers), \$248,300 (separate filers) or \$13,150 (estates and trusts).

<sup>3</sup> Effective rate based on 50% exclusion from a 28% rate. If stock was acquired after February 17, 2009, and before September 28, 2010, the rate is 7% (75% exclusion from a 28% rate). If stock was acquired on or after September 28, 2010, the rate is 0%.

## ALTERNATIVE MINIMUM TAX

### Single, head of household or married filing jointly

If taxable income is ...	... tax is ...	... of amount over
\$ 0 – \$197,900	26%	\$ 0
Over \$197,900	\$51,454 + 28%	\$197,900

### Married filing separately

If taxable income is ...	... tax is ...	... of amount over
\$ 0 – \$ 98,950	26%	\$ 0
Over \$ 98,950	\$25,727 + 28%	\$98,950

### Exemptions

Filing status	Exemption amount
Single or head of household	\$ 72,900
Married filing jointly	\$113,400
Married filing separately	\$ 56,700

### Exemption phaseouts based on AMT income

Filing status	Income range of phaseout
Single or head of household	\$ 518,400 – \$ 810,000
Married filing jointly	\$1,036,800 – \$1,490,400
Married filing separately	\$ 518,400 – \$ 745,200

## ESTATE AND TRUST INCOME TAX RATES

If taxable income is ...	... tax is ...	... of amount over
\$ 0 – \$ 2,600	10%	\$ 0
\$2,601 – \$ 9,450	\$ 260.00 + 24%	\$ 2,600
\$9,451 – \$12,950	\$1,904.00 + 35%	\$ 9,450
Over \$12,950	\$3,129.00 + 37%	\$12,950

## "KIDDIE" TAX

This tax generally applies to unearned income beyond \$2,200 of children under age 19 and of full-time students under age 24. Such income is generally taxed according to the parents' marginal tax bracket.

## STANDARD DEDUCTIONS

Filing status	Deduction
Single	\$ 12,400
Head of household	\$ 18,650
Married filing jointly or surviving spouse	\$ 24,800
Married filing separately	\$ 12,400

## ITEMIZED DEDUCTION LIMITS<sup>1</sup>

### State and local tax

Up to \$10,000 on a combined basis for property tax and either income tax or sales tax (\$5,000 for separate filers).

### Home mortgage interest

Acquisition debt of up to \$750,000. (This limit is generally for indebtedness incurred after Dec. 15, 2017; a \$1 million limit still applies to indebtedness incurred on or before that date.)

### Miscellaneous itemized deductions subject to the 2% floor

No longer deductible. (Examples include investment expenses, certain professional fees and unreimbursed employee business expenses.)

### Casualty and theft losses

No longer deductible except for losses due to an event officially declared a disaster by the President.

### Medical expenses

Unreimbursed medical expenses in excess of 7.5% of adjusted gross income are deductible.

<sup>1</sup> Additional rules and limits may affect these deductions.

## STANDARD MILEAGE RATES

Use of vehicle	Deduction per mile
Business	57.5 cents
Medical or moving	17 cents
Charitable	14 cents

## CHILD AND EDUCATION BREAKS<sup>1</sup>

Tax break	Maximum	MAGI <sup>2</sup> phaseout range	
Credit		Single/Head of household <sup>3</sup>	Married filing jointly
Child	\$2,000	\$200,000–\$240,000	\$400,000–\$440,000
Adoption	\$14,300	\$214,520–\$254,520	\$214,520–\$254,520
Dependent care <sup>4</sup>	\$600	\$ 15,000–\$ 43,000	\$ 15,000–\$ 43,000
American Opportunity	\$2,500	\$ 80,000–\$ 90,000	\$160,000–\$180,000
Lifetime Learning	\$2,000	\$ 59,000–\$ 69,000	\$118,000–\$138,000
<b>Other</b>			
Student loan interest deduction	\$2,500	\$ 70,000–\$ 85,000	\$140,000–\$170,000
ESA contribution	\$2,000	\$ 95,000–\$110,000	\$190,000–\$220,000

<sup>1</sup> Assumes one child or student. Amounts may vary for more than one child or student. Other rules and limits might reduce the break.

<sup>2</sup> Modified adjusted gross income.

<sup>3</sup> These ranges also apply to married taxpayers filing separately, except that separate filers aren't eligible for the American Opportunity or Lifetime Learning credit or the student loan interest deduction.

<sup>4</sup> The phaseout is based on AGI rather than MAGI. The credit doesn't phase out altogether, but the minimum credit percentage of 20% applies to AGIs above \$43,000.