





# Tax Facts and Figures

## Business Expenses

|   |   |
|---|---|
| <b>2020 Standard Mileage Rate Per Mile</b>    | <b>2020 Standard Deduction for Meals—<br/>High Low Method (Per Day)</b>                                     |
| Business.....57.5¢                            | High cost localities.....\$71   |
| Medical and moving*.....17.0¢                 | All other localities.....\$60   |
| Charitable.....14.0¢                          | Transportation workers.....\$66   |
| Depreciation.....27.0¢                        |   |
| <b>Section 179 Expense Limits</b>             | <b>Qualified Transportation Benefits<br/>(exclusion from income allowed, but<br/>no employer deduction)</b> |
| Regular 179 limits.....\$1,040,000            | Commuter benefits (per month)....\$270  |
| SUV limits.....\$25,900                       | Parking benefits (per month).....\$270  |
| Investment phaseout<br>begins.....\$2,590,000 |   |

\*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

|   |   |
|---|---|
| <b>401(k)/403(b) Deferral Limits</b>                                | <b>Roth IRA Phaseout Range</b>          |
| Under age 50.....\$19,500   | MFJ.....\$196,000–\$206,000             |
| Age 50 and over.....\$26,000  | Single, HOH.....\$124,000–\$139,000     |
| <b>IRA Contribution Limits</b>                                      | MFS.....\$0–\$10,000                    |
| Under age 50.....\$6,000  | <b>SIMPLE Deferral Limits</b>           |
| Age 50 and over.....\$7,000   | Under age 50.....\$13,500               |
| <b>IRA Deduction Phaseout Range if<br/>Covered by Employer Plan</b> | Age 50 and over.....\$16,500            |
| MFJ.....\$104,000–\$124,000   | <b>Qualified Retirement Plans</b>       |
| Single, HOH.....\$65,000–\$75,000                                   | Profit sharing/SEP                      |
| MFS.....\$0–\$10,000  | limits.....25%/57,000                   |
| Spouse not<br>covered.....\$196,000–\$206,000                       | Defined benefit plan limits...\$230,000 |
|   | Compensation limits.....\$285,000       |

## Education Tax Benefits

|   |  |
|---|--|
| <b>American Opportunity Credit</b>            | <b>Education Savings Account (ESA)</b>             |
| MFJ phaseout....\$160,000–\$180,000           | MFJ phaseout.....\$190,000–\$220,000               |
| Single, HOH<br>phaseout.....\$80,000–\$90,000 | All others.....\$95,000–\$110,000                  |
| Maximum credit: \$2,500 per student           | Annual contribution limit: \$2,000 per beneficiary |
| Up to 40% (\$1,000) may be refundable         | <b>Student Loan Interest Deduction</b>             |
| <b>Lifetime Learning Credit</b>               | MFJ phaseout.....\$140,000–\$170,000               |
| MFJ phaseout....\$118,000–\$138,000           | Single, HOH phaseout.....\$70,000–\$85,000         |
| Single, HOH<br>phaseout.....\$59,000–\$69,000 | Maximum deduction: \$2,500 per return              |
| Maximum credit: \$2,000 per return            | <b>U.S. Savings Bonds Interest Exclusion</b>       |
|   | 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.

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## 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   |
| <b>Taxable Income</b>  |                    |                     |
| Single.....\$0 to \$40,000   | 0%                 |                     |
| MFJ/QW.....\$0 to \$80,000   |                    |                     |
| MFS.....\$0 to \$40,000  |                    |                     |
| HOH.....\$0 to \$53,600  |                    |                     |
| Estates and trusts.....\$0 to \$2,650  |                    |                     |
| <b>Taxable Income</b>  |                    |                     |
| Single.....\$40,001 to \$441,450   | 15%                |                     |
| MFJ/QW.....\$80,001 to \$496,600   |                    |                     |
| MFS.....\$40,001 to \$248,300  |                    |                     |
| HOH.....\$53,601 to \$469,050  |                    |                     |
| Estates and Trusts.....\$2,651 to \$13,150   |                    |                     |
| <b>Taxable Income</b>  |                    |                     |
| Single.....\$441,451 and over  | 20%                |                     |
| MFJ/QW.....\$496,601 and over  |                    |                     |
| MFS.....\$248,301 and over   |                    |                     |
| HOH.....\$469,051 and over   |                    |                     |
| Estates and Trusts.....\$13,151 and over   |                    |                     |
| 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.