

# TAX POCKET GUIDE 2021



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Certified Public Accountants

## BUSINESS

### Depreciation

36-Month Assets (Straight-Line) Most software
3-Year Assets (200% DB)
Dies, molds, small tools, certain horses, tractor units
5-Year Assets (200% DB)
Autos, computers, office machinery, taxis, buses, trucks, cattle, private aircraft, appliances, carpeting, furniture, farm equipment
7-Year Assets (200% DB)
Most manufacturing equipment, office furniture, printing equipment, oil and gas production equipment
15-Year Assets (150% DB)
Land improvements other than buildings, retail fuel outlets
27.5-Year Assets (Straight-Line)
Rental houses, apartments, low-income housing
39-Year Assets (Straight-Line) Nonresidential buildings

### Personal Property Depreciation

Percent of Original Depreciable Basis under 200% DB Method  
(Not applicable for mid-quarter convention)

Recovery Year	3-Year Class	5-Year Class	7-Year Class
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

### Section 179 Expense

	2021	2020
Maximum expense election	\$ 1,050,000	\$ 1,040,000
Phaseout threshold	\$ 2,620,000	\$ 2,590,000

## CORPORATE INCOME TAX RATES

### 2021 Tax Year

For tax years beginning after 12/31/17, the "C" corporation Federal tax rate is a flat 21%. Owners of business entities, which are not taxed as "C" corporations, are eligible for a 20% Qualified Business Income (QBI) deduction. The deduction for QBI may be limited and/or subject to phase-out, depending on the taxable income of the individual, as well as such factors as the type of business, amount of wages paid by the business, and amount of capital assets owned by the business. For income above \$329,800, the legislation phases in limits on what otherwise would be an effective marginal rate of not more than 29.6%.

Personal Service Corporations - 21% flat tax rate.

Capital Gains Tax Rate for "C" corporations - Same as regular rate.

## STANDARD MILEAGE RATES

Use	2021	2020
Business	56¢ per mile	57.5¢ per mile
Moving	16¢ per mile*	17¢ per mile*
Medical	16¢ per mile	17¢ per mile
Charitable	14¢ per mile	14¢ per mile

\*For members of the U.S. Armed Forces (or their spouse or dependents).

## ESTATE AND GIFT TAXES

### Estate Taxes

	2021	2020
Estate tax exemption	\$11,700,000	\$11,580,000
Unified estate tax credit	\$ 4,625,800	\$ 4,577,800
Top estate tax rate	40%	40%

### Gift Taxes

	2021	2020
Lifetime gift tax exemption	\$11,700,000	\$11,580,000
Annual gift tax exclusion		
Gifts per person	\$ 15,000	\$ 15,000
Joint gifts by spouse	\$ 30,000	\$ 30,000
Top gift tax rate	40%	40%

## 2021 TRUSTS AND ESTATES

If Taxable Income Is Between:	Your Tax Is:	Of Amount Over:
\$ 0 – \$ 2,650	..... 10%	\$ 0
\$ 2,651 – \$ 9,550	\$ 265 + 24%	\$ 2,650
\$ 9,551 – \$ 13,050	\$ 1,921 + 35%	\$ 9,550
\$ 13,051 and above	\$ 3,146 + 37%	\$ 13,050

## LONG-TERM CARE INSURANCE

If you are:	You may deduct this much of your annual premiums	
	2021	2020
Over 70	\$ 5,640	\$ 5,430
61 to 70	\$ 4,520	\$ 4,350
51 to 60	\$ 1,690	\$ 1,630
41 to 50	\$ 850	\$ 810
40 and under	\$ 450	\$ 430

## CAPITAL GAINS - 2021 & 2020

Holding Period	Top Capital Gains Rate	
	2021	2020
12 months or less	37% <sup>1</sup>	37% <sup>1</sup>
More than 12 months	20% <sup>1,2</sup>	20% <sup>1,2</sup>
Depreciation recapture on real estate	25%	25%
Collectibles and certain small business stock	28%	28%

<sup>1</sup> Capital gain rates may be subject to an additional 3.8% Medicare tax.

<sup>2</sup> Rate for taxpayers in the top income tax bracket. (Middle income tax brackets pay 15%.)

## COVERDELL ESAS - 2021 & 2020

	2021	2020
• Contribution limit \$ 2,000 per beneficiary	\$ 2,000 per beneficiary	\$ 2,000 per beneficiary
• AGI phaseouts:*		
Joint filers	\$ 190,000 – \$ 220,000	\$ 190,000 – \$ 220,000
Individual filers	\$ 95,000 – \$ 110,000	\$ 95,000 – \$ 110,000

\*Phaseout applies to the contributor, not the beneficiary.

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## 2021 INDIVIDUAL INCOME TAX RATES\*

### Regular Tax — Married, Filing Jointly or Surviving Spouse

If Taxable Income Is Between:	Your Tax Is:	Of Amount Over:
\$ 0 – \$ 19,900	..... 10%	\$ 0
\$ 19,901 – \$ 81,050	\$ 1,990 + 12%	\$ 19,900
\$ 81,051 – \$ 172,750	\$ 9,328 + 22%	\$ 81,050
\$ 172,751 – \$ 329,850	\$ 29,502 + 24%	\$ 172,750
\$ 329,851 – \$ 418,850	\$ 64,206 + 32%	\$ 329,850
\$ 418,851 – \$ 628,300	\$ 95,686 + 35%	\$ 418,850
\$ 628,301 and above	\$168,993.50 + 37%	\$ 628,300

### Married, Filing Separately

If Taxable Income Is Between:	Your Tax Is:	Of Amount Over:
\$ 0 – \$ 9,950	..... 10%	\$ 0
\$ 9,951 – \$ 40,525	\$ 995 + 12%	\$ 9,950
\$ 40,526 – \$ 86,375	\$ 4,664 + 22%	\$ 40,525
\$ 86,376 – \$ 164,925	\$ 14,751 + 24%	\$ 86,375
\$ 164,926 – \$ 209,425	\$ 33,603 + 32%	\$ 164,925
\$ 209,426 – \$ 314,150	\$ 47,843 + 35%	\$ 209,425
\$ 314,151 and above	\$ 84,496.75 + 37%	\$ 314,150

### Single

If Taxable Income Is Between:	Your Tax Is:	Of Amount Over:
\$ 0 – \$ 9,950	..... 10%	\$ 0
\$ 9,951 – \$ 40,525	\$ 995 + 12%	\$ 9,950
\$ 40,526 – \$ 86,375	\$ 4,664 + 22%	\$ 40,525
\$ 86,376 – \$ 164,925	\$ 14,751 + 24%	\$ 86,375
\$ 164,926 – \$ 209,425	\$ 33,603 + 32%	\$ 164,925
\$ 209,426 – \$ 523,600	\$ 47,843 + 35%	\$ 209,425
\$ 523,601 and above	\$157,804.25 + 37%	\$ 523,600

### Head of Household

If Taxable Income Is Between:	Your Tax Is:	Of Amount Over:
\$ 0 – \$ 14,200	..... 10%	\$ 0
\$ 14,201 – \$ 54,200	\$ 1,420 + 12%	\$ 14,200
\$ 54,201 – \$ 86,350	\$ 6,220 + 22%	\$ 53,700
\$ 86,351 – \$ 164,900	\$ 13,293 + 24%	\$ 85,500
\$ 164,901 – \$ 209,400	\$ 32,145 + 32%	\$ 163,300
\$ 209,401 – \$ 523,600	\$ 46,385 + 35%	\$ 207,350
\$ 523,601 and above	\$156,355 + 37%	\$ 523,600

2021 Qualified Dividend Income 15%\* (0% for lower tax brackets)

\*Individuals in the top tax bracket will pay 23.8% (20% plus a 3.8% Medicare surtax).

Note: Tax amounts have been rounded up to nearest dollar.

## 2020 INDIVIDUAL INCOME TAX RATES\*

### Regular Tax — Married, Filing Jointly or Surviving Spouse

If Taxable Income Is Between:	Your Tax Is:	Of Amount Over:
\$ 0 – \$ 19,750	..... 10%	\$ 0
\$ 19,751 – \$ 80,250	\$ 1,975 + 12%	\$ 19,750
\$ 80,251 – \$ 171,050	\$ 9,235 + 22%	\$ 80,250
\$ 171,051 – \$ 326,600	\$ 29,211 + 24%	\$ 171,050
\$ 326,601 – \$ 414,700	\$ 66,543 + 32%	\$ 326,600
\$ 414,701 – \$ 622,050	\$ 94,735 + 35%	\$ 414,700
\$ 622,051 and above	\$167,308 + 37%	\$ 622,050

### Married, Filing Separately

If Taxable Income Is Between:	Your Tax Is:	Of Amount Over:
\$ 0 – \$ 9,875	..... 10%	\$ 0
\$ 9,876 – \$ 40,125	\$ 988 + 12%	\$ 9,875
\$ 40,126 – \$ 85,525	\$ 4,618 + 22%	\$ 40,125
\$ 85,526 – \$ 163,300	\$ 14,606 + 24%	\$ 85,525
\$ 163,301 – \$ 207,350	\$ 33,272 + 32%	\$ 163,300
\$ 207,351 – \$ 311,025	\$ 47,368 + 35%	\$ 207,350
\$ 311,026 and above	\$ 83,654 + 37%	\$ 311,025

### Single

If Taxable Income Is Between:	Your Tax Is:	Of Amount Over:
\$ 0 – \$ 9,875	..... 10%	\$ 0
\$ 9,876 – \$ 40,125	\$ 988 + 12%	\$ 9,875
\$ 40,126 – \$ 85,525	\$ 4,618 + 22%	\$ 40,125
\$ 85,526 – \$ 163,300	\$ 14,606 + 24%	\$ 85,525
\$ 163,301 – \$ 207,350	\$ 33,218 + 32%	\$ 163,300
\$ 207,351 – \$ 518,400	\$ 47,368 + 35%	\$ 207,350
\$ 518,401 and above	\$156,235 + 37%	\$ 518,400

### Head of Household

If Taxable Income Is Between:	Your Tax Is:	Of Amount Over:
\$ 0 – \$ 14,100	..... 10%	\$ 0
\$ 14,101 – \$ 53,700	\$ 1,410 + 12%	\$ 14,100
\$ 53,701 – \$ 85,500	\$ 6,162 + 22%	\$ 53,700
\$ 85,501 – \$ 163,300	\$ 13,158 + 24%	\$ 85,500
\$ 163,301 – \$ 207,350	\$ 31,830 + 32%	\$ 163,300
\$ 207,351 – \$ 518,400	\$ 45,926 + 35%	\$ 207,350
\$ 518,401 and above	\$154,794 + 37%	\$ 518,400

2020 Qualified Dividend Income 15%\* (0% for lower tax brackets)

\* Individuals in the top tax bracket will pay 23.8% (20% plus a 3.8% Medicare surtax).

Note: Tax amounts have been rounded up to nearest dollar.

## PERSONAL EXEMPTIONS

	2018 - 2020	2017
Deduction for each taxpayer, spouse, and dependent	*	\$ 4,050
There is an AGI phaseout beginning at:		
Married, filing jointly	*	\$ 313,800
Married, filing separately	*	\$ 156,900
Single	*	\$ 261,500
Head of household	*	\$ 287,650

\* There are no personal exemption amounts for years after 2018.

## STANDARD DEDUCTIONS

	2021	2020
Married, filing jointly	\$ 25,100	\$ 24,800
Married, filing separately	\$ 12,550	\$ 12,400
Single	\$ 12,550	\$ 12,400
Head of household	\$ 18,800	\$ 18,650
Additional — blind or elderly		
Single	\$ 1,700	\$ 1,650
Married	\$ 1,350	\$ 1,300

Many itemized deductions were eliminated or restricted starting in 2018.

## RETIREMENT PLANS

### Indexed Contribution & Benefit Limits for Qualified Plans

Type of Plan	2021	2020
Individual Retirement Accounts (IRAs)*	\$ 6,000	\$ 6,000
Section 401(k) plans or SAR-SEPs*	\$ 19,500	\$ 19,500
Section 403(b) plans*	\$ 19,500	\$ 19,500
Section 408(p)(2)(E) SIMPLE contributions*	\$ 13,500	\$ 13,500
Section 457(b)(2) limit*	\$ 19,500	\$ 19,500
Section 415 limit for:		
Defined contribution plans**	\$ 58,000	\$ 57,000
Defined benefit plans	\$ 230,000	\$ 230,000
Highly compensated employees Section 414(q)	\$ 130,000	\$ 130,000
FICA taxable wage base		
Social Security	\$ 142,800	\$ 137,700
Medicare (tax rate 1.45% for employees; 2.90% for self-employed)***	No limit	No limit

\* Age 50 additional contributions

401(k) type plans	\$ 6,500	\$ 6,500
SIMPLEs	\$ 3,000	\$ 3,000
IRAs	\$ 1,000	\$ 1,000

\*\* The Section 415 compensation limit for defined contribution plans is \$290,000.

\*\*\* An additional tax rate of 0.9% on wages in excess of \$200,000 may apply.

### Roth IRAs

AGI limit for maximum contributions:	2021	2020
Joint filers	\$ 198,000	\$ 196,000
Individual filers	\$ 125,000	\$ 124,000

### Traditional IRAs

AGI limits for full deductions:	2021	2020
Joint filers	\$ 125,000	\$ 124,000
Individual filers	\$ 76,000	\$ 75,000

\*Depending on whether you or your spouse are covered by a plan at work.

The income limit on converting traditional IRAs to Roth IRAs was eliminated in 2010.

## SOCIAL SECURITY

Annual Earned Income Limit	2021	2020
Under full retirement age	\$ 18,960	\$ 18,240
Full retirement age	No Limit	No Limit

For people reaching full retirement age in 2021, the limit is \$50,520 for months prior to attainment. Beginning the month in which they turn full retirement age, there is no limit.

## HEALTH SAVINGS ACCOUNTS

Contribution Limits	2021	2020
Individual, self-only	\$ 3,600	\$ 3,550
Family Coverage	\$ 7,200	\$ 7,100
Catch-up for those age 55 and older	\$ 1,000	\$ 1,000

For 2021, the minimum deductible for a high-deductible health plan (HDHP) is \$1,400 for self-only coverage and \$2,800 for family coverage. The maximum out-of-pocket limit is \$7,000 for self-only coverage and \$14,000 for family plans.

## ALTERNATIVE MINIMUM TAX

AMT Exemptions	2021	2020
Married, filing jointly	\$ 114,600	\$ 113,400
Married, filing separately	\$ 57,300	\$ 56,700
Single/Head of household	\$ 73,600	\$ 72,900
Trusts and Estates	\$ 25,700	\$ 25,400