

Standard Deductions- 2020

Married Filing Joint & Qualifying Widower	\$24,800
Single & Married Filing Separately	\$12,400
Head of Household	\$18,650
Additional age 65 or older, or blind, per person	
MFJ, QW or MFS	\$1,300
Single of HOH	\$1,650

Additional .9% Medicare Tax

- The Additional Medicare Tax applies to an individual's Medicare wages, Railroad Retirement Tax Act compensation and self-employment income that exceed the following amounts:
- **\$250,000 for MFJ**
- **\$125,000 for MFS**
- **\$200,000 for single, HOH, or QW**

Mileage Rates

- Business - \$0.575
- Medical/Moving - \$0.17
- Charity - \$0.14

Health Savings Plan- 2020

Self: Deductible from \$1,400 to \$6,900; Maximum contribution \$3,550 + \$1,000 if 55+

Family: Deductible from \$2,800 to \$13,800; Maximum contribution \$7,100 + \$1,000 if 55+

Medical Deduction

Medical expenses must exceed 10% for all tax payers.

3.8% Surtax on Net Investment Income

Net Investment Income Tax is a Surtax that applies to the LESSER of the net investment income or the excess of MAGI (modified adjusted gross income) over the threshold. The thresholds are as follows:

- \$250,000 for MFJ or QW
- \$125,000 for MFS
- \$200,000 for Single or HOH

Net investment includes:

- Interest and Dividends
- Capital Gains
- Rental Income
- Royalty Income
- Non-Qualified Annuities
- Businesses that are passive activities to the taxpayer

What you need to know for your upcoming 2020 tax year

Tax Brackets 2020

Bracket	Single Filers	Married Filing Jointly or Qualifying Widower	Married Filing Separately	Head of Household	
10%	Up to \$9,875	Up to \$19,750	Up to \$9,875	Up to \$14,100	
12%	\$9,876-\$40,125	\$19,751-\$80,250	\$9,876-\$40,125	\$14,101-\$53,700	
22%	\$40,126-\$85,525	\$80,251-\$171,050	\$40,126-\$85,525	\$53,701-\$85,500	
24%	\$85,526-\$163,300	\$171,051-\$326,600	\$85,526-\$163,300	\$85,501-\$163,300	
32%	\$163,301-\$207,350	\$326,601-\$414,700	\$163,301-\$207,350	\$163,301-\$207,350	
35%	\$207,351-\$518,400	\$414,701-\$622,050	\$207,351-\$311,025	\$207,351-\$518,400	
37%	\$518,401 or more	\$622,051 or more	\$311,026 or more	\$518,401 or more	

Personal and Dependent Exemptions – 2020

In 2020, each personal and dependent exemption has been eliminated from your federal return.

How Long to Keep Tax Records

You must keep your tax records as long as they may be needed for the administration of any provision of the Internal Revenue Code. Generally, this means you must keep records that support items shown on your return until the period of limitations for that return runs out. For most people this means you should generally keep your tax records for 7 years.

In addition to tax purposes, you may need to keep records for insurance purposes or for getting a loan.

Please remember to bring your driver's license & social security card!

What you need to know for your upcoming 2020 tax year

Education Credits

American opportunity Credit

- Available for only the first four yrs of postsecondary education.
- Maximum credit is \$2500.
- The credit is phased out at modified AGI between \$80,000 & \$90,000 (\$160,000 & \$180,000 MFJ)

Lifetime Learning Credit

- Available for a student enrolled in one or more courses at an eligible institution.
- Maximum credit is 20% of the first \$10,000 of qualified expenses, up to \$2,000.
- The credit is phased out at modified AGI between \$59,000 & \$68,000 (\$118,000 & \$136,000 MFJ)

Retirement Savings Accounts- 2020

Contributions are limited to the lesser of the following amounts, or 100% of a participant's compensation for the year.

Type of Account	Under Age 50	Age 50 & Older
Traditional & Roth IRA's	\$6,000	\$7,000
SEP IRA's (employee)	25% of wages up to \$57,000	25% of wages up to \$57,000
SEP IRA's (self employed)	20% of net SE income after one half of SE tax deduction, up to \$57,000	20% of net SE income after one half of SE tax deduction, up to \$57,000
Simple IRA	\$13,500	\$16,500
401(k)	\$19,500	\$25,500
403(b)	\$19,500	\$25,500

Roth IRA phase-out ranges- Adjusted Gross Income (AGI)

- Married filing jointly & qualifying widower- \$196,000 - \$206,000
- Single filers & heads of household- \$124,000 - \$139,000

Any tax return received after April 1st will be on automatic extension.

What you need to know for your upcoming 2020 tax year

Traditional IRA phase-out ranges to claim IRA deduction

- Single filers & heads of household-
\$65,000 - \$75,000
- Married filing jointly with the taxpayer making the contribution covered by a workplace retirement plan-
\$104,000 - \$124,000
- Married filing jointly with the taxpayer making the contribution not covered by a workplace retirement plan, yet the spouse is covered by one-
\$196,000 - \$206,000

The Affordable Care Act

Affordable Care Act, otherwise known as Obamacare, is no longer a requirement due to the Trump Tax Plan repeal of the Obamacare Tax.

Estate Tax and Gifts Tax

- The basic estate tax exclusion for 2020 is \$11,580,000.
The annual gift tax exclusion per recipient remains at \$15,000 for 2020.

Foreign Bank Accounts

- The FBAR must be electronically e-filed if the taxpayer has an interest in foreign accounts totaling more than \$10,000 any one day of the year.

Michigan

- Tax Rate 4.25%
- Personal Exemption is \$4,750
- Special Exemption for Disabled is \$2,800
- EITC can be taken for federal and state.
- Property Tax Credit is available up to \$1,500

Household income limit is \$60,000. If your income is below \$60,000 use the medical portion of your auto insurance for the MI-CR form.

In addition to these exemptions Michigan will be adding a 2020 Stillborn Exemption of \$4,750.

Any tax return received after April 1st will be on automatic extension.