

# 2020 Tax Rates



Underwrite. Over deliver.

2020 INCOME TAX RATE SCHEDULE			
IF TAXABLE INCOME IS:			
Over	But Not Over	The Tax Is	Of The Amount Over
MARRIED FILING JOINTLY			
\$0	\$19,750	\$0 + 10%	\$0
\$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	And Over	\$167,307.50 + 37%	\$622,050
SINGLE			
\$0	\$9,875	\$0 + 10%	\$0
\$9,875	\$40,125	\$987.50 + 12%	\$9,875
\$40,125	\$85,525	\$4,617.50 + 22%	\$40,125
\$85,525	\$163,300	\$14,605.50 + 24%	\$85,525
\$163,300	\$207,350	\$33,271.50 + 32%	\$163,300
\$207,350	\$518,400	\$47,367.50 + 35%	\$207,350
\$518,400	And Over	\$156,235 + 37%	\$518,400
ESTATES AND TRUSTS			
\$0	\$2,600	\$0 + 10%	\$0
\$2,600	\$9,450	\$260 + 24%	\$2,600
\$9,450	\$12,950	\$1,904 + 35%	\$9,450
\$12,950	And Over	\$3,129 + 37%	\$12,950

2019 INCOME TAX RATE SCHEDULE			
IF TAXABLE INCOME IS:			
Over	But Not Over	The Tax Is	Of The Amount Over
MARRIED FILING JOINTLY			
\$0	\$19,400	\$0 + 10%	\$0
\$19,400	\$78,950	\$1,940 + 12%	\$19,400
\$78,950	\$168,400	\$9,086 + 22%	\$78,950
\$168,400	\$321,450	\$28,765 + 24%	\$168,400
\$321,450	\$408,200	\$65,497 + 32%	\$321,450
\$408,200	\$612,350	\$93,257 + 35%	\$408,200
\$612,350	And Over	\$164,709.50 + 37%	\$612,350
SINGLE			
\$0	\$9,700	\$0 + 10%	\$0
\$9,700	\$39,475	\$970 + 12%	\$9,700
\$39,475	\$84,200	\$4,543 + 22%	\$39,475
\$84,200	\$160,725	\$14,382.50 + 24%	\$84,200
\$160,725	\$204,100	\$32,748.50 + 32%	\$160,725
\$204,100	\$510,300	\$46,628.50 + 35%	\$204,100
\$510,300	And Over	\$153,798.50 + 37%	\$510,300
ESTATES AND TRUSTS			
\$0	\$2,600	\$0 + 10%	\$0
\$2,600	\$9,300	\$260 + 24%	\$2,600
\$9,300	\$12,750	\$1,868 + 35%	\$9,300
\$12,750	And Over	\$3,075.50 + 37%	\$12,750

STANDARD DEDUCTIONS	2020	2019
Married Filing Jointly	\$24,800	\$24,400
Head of Household	\$18,650	\$18,350
Single/Married Filing Separately	\$12,400	\$12,200
Additional (Age 65/older, or blind)		
Married Filing Jointly	\$1,300	\$1,300
Single, not surviving spouse	\$1,650	\$1,650

KIDDIE (UNDER AGE 18 WITH UNEARNED INCOME)	2020	2019
First (No Tax)	\$1,100	\$1,100
Next (Child's Rate)	\$1,100	\$1,100
Amounts Over (Estate and Trust Rates)	\$2,200	\$2,200

CHILD TAX CREDIT
\$2,000 per child under age 17 (and \$500 for dependents who aren't a qualifying child; i.e. college aged or parents claimed as dependents): phases-out \$50 for each \$1,000 of modified AGI over \$400,000 (Married Filing Jointly), \$200,000 (for all other taxpayers)

CORPORATE TAXES 2019 AND 2020
21% of Taxable Income

QUALIFIED BUSINESS INCOME THRESHOLD 2020	
Married Filing Jointly	\$326,600
Single	\$163,300

EDUCATION INCENTIVES 2020	
AMERICAN OPPORTUNITY TAX CREDIT (FORMERLY HOPE CREDIT)	
100% of first \$2,000 qualified expenses	\$2,000
25% of next \$2,000 qualified expenses	\$500
PHASE-OUTS FOR AMERICAN OPPORTUNITY TAX CREDIT	
Married Filing Jointly	\$160,000 – \$180,000
Others	\$80,000 – \$90,000
LIFETIME LEARNING CREDIT	
20% of Expenses	up to \$2,000
PHASE-OUTS FOR LIFETIME LEARNING CREDITS	
Married Filing Jointly	\$118,000 – \$138,000
Others	\$59,000 – \$69,000

CAPITAL GAINS AND QUALIFIED DIVIDENDS TAXES	
RATES ON QUALIFIED DIVIDENDS AND GAINS FOR ASSETS HELD AT LEAST 12 MONTHS	
MARRIED FILING JOINTLY	2020
Taxable income under \$80,000	0%
Taxable income between \$80,000 – \$496,600	15%
Taxable income over \$496,600	20%
SINGLE	2020
Taxable income under \$40,000	0%
Taxable income between \$40,000 – \$441,450	15%
Taxable income over \$441,450	20%

ESTATE TAX	
2019 – \$11,400,000 exemption; 40% tax rate	
2020 – \$11,580,000 exemption; 40% tax rate	

GENERATION-SKIPPING TRANSFER TAX	GIFT TAXES
2019 – \$11,400,000 exemption; 40% tax rate	2019 – Annual Gift Tax Exclusion; \$15,000
2020 – \$11,580,000 exemption; 40% tax rate	2020 – Annual Gift Tax Exclusion; \$15,000
	2019 – \$11,400,000 exemption; 40% tax rate
	2020 – \$11,580,000 exemption; 40% tax rate

IRAs	2020	2019
<b>TRADITIONAL OR ROTH IRA CONTRIBUTION</b>	<b>\$6,000</b>	<b>\$6,000</b>
IRA Catch-Up - Age 50 or Older	\$1,000	\$1,000
<b>PHASE-OUT RANGE FOR DEDUCTIBLE CONTRIBUTIONS TO TRADITIONAL IRAs</b>		
Married Filing Jointly	\$104,000 – \$124,000	\$103,000 – \$123,000
Single/Head of Household	\$65,000 – \$75,000	\$64,000 – \$74,000
Married Filing Separately	\$0 – \$10,000	\$0 – \$10,000
<b>PHASE-OUT RANGE FOR NON-COVERED PARTICIPANT WHO HAS A COVERED-PARTICIPANT SPOUSE</b>		
	\$196,000 – \$206,000	\$193,000 – \$203,000
<b>PHASE-OUT RANGE FOR CONTRIBUTIONS TO ROTH IRAs</b>		
Married Filing Jointly	\$196,000 – \$206,000	\$193,000 – \$203,000
Single/Head of Household	\$124,000 – \$139,000	\$122,000 – \$137,000
Married Filing Separately	\$0 – \$10,000	\$0 – \$10,000

QUALIFIED RETIREMENT PLANS (MAXIMUM LIMITS) 2020	
<b>SEP PLAN PARTICIPANT MAXIMUM PERCENTAGE OF COMPENSATION</b>	25%
SEP Participant Maximum Dollar Allocation Limit	\$57,000
SEP Minimum Compensation	\$600
<b>SIMPLE IRA AND SIMPLE 401(k) PLANS – EMPLOYEE CONTRIBUTION</b>	<b>\$13,500</b>
SIMPLE IRA Catch-Up – Age 50 or Older	\$3,000
<b>401(k) PLAN/457 PLAN/EXISTING SAR-SEP PLAN – ELECTIVE EMPLOYEE DEFERRAL</b>	<b>\$19,500</b>
401(k) Plan, 457 Plan Catch-Up – Age 50 or Older	\$6,500
<b>403(b) TSA – ELECTIVE EMPLOYEE DEFERRAL</b>	<b>\$19,500</b>
403(b) TSA Catch-Up – Age 50 or Older	\$6,500
403(b) TSA Catch-Up – 15 or More Years of Service With Current Employer	\$3,000
<b>DEFINED CONTRIBUTION PLAN PER PARTICIPANT – MAXIMUM DOLLAR ALLOCATION LIMIT</b>	<b>\$57,000</b>
<b>DEFINED CONTRIBUTION MAXIMUM EMPLOYER PERCENTAGE DEDUCTION LIMIT (OF ELIGIBLE PAYROLL)</b>	<b>25%</b>
<b>DEFINED BENEFIT PLAN MAXIMUM BENEFIT</b>	<b>\$230,000</b>
<b>COVERED COMPENSATION LIMIT</b>	<b>\$285,000</b>
<b>HIGHLY COMPENSATED EMPLOYEE</b>	<b>\$130,000</b>

SOCIAL SECURITY 2020		
<b>MAXIMUM COMPENSATION SUBJECT TO FICA TAXES</b>		
OASDI (Social Security) Maximum	\$137,700	
HI (Medicare) Maximum	No Limit	
<ul style="list-style-type: none"> <li>• OASDI Tax Rate: 12.4% self-employed, 6.2% employee and employer</li> <li>• HI Tax Rate: 2.9% self-employed, 1.45% employee and employer</li> </ul>		
<b>BASE AMOUNT OF MODIFIED AGI CAUSING SS BENEFITS TO BE TAXABLE</b>		
<b>2019 and 2020</b>		
	<b>(50% Taxable)</b>	<b>(85% Taxable)</b>
Single	\$25,000 – \$34,000	\$34,000+
Married Filing Jointly	\$32,000 – \$44,000	\$44,000+

STATE ESTATE TAX	
<b>MINNESOTA ESTATE TAX</b>	
<b>Amount of Minnesota Taxable Estate</b>	<b>Rate of Tax</b>
Under \$3,000,000	None
\$3,000,000 – \$7,100,000	13%
\$7,100,001 – \$8,100,000	\$923,000 + 13.6% of amount over \$7,100,000
\$8,100,001 – \$9,100,000	\$1,059,000 + 14.4% of amount over \$8,100,000
\$9,100,001 – \$10,100,000	\$1,203,000 + 15.2% of amount over \$9,100,000
Over \$10,100,000	\$1,355,000 + 16% of amount over \$10,100,000
<b>NORTH DAKOTA ESTATE TAX</b>	
No Estate or Gift Tax	
<b>WISCONSIN ESTATE TAX</b>	
No Estate or Gift Tax	

REQUIRED MINIMUM DISTRIBUTIONS <sup>1,2</sup>			
AGE	FACTOR	AGE	FACTOR
70	27.4	86	14.1
71	26.5	87	13.4
72	25.6	88	12.7
73	24.7	89	12.0
74	23.8	90	11.4
75	22.9	91	10.8
76	22.0	92	10.2
77	21.2	93	9.6
78	20.3	94	9.1
79	19.5	95	8.6
80	18.7	96	8.1
81	17.9	97	7.6
82	17.1	98	7.1
83	16.3	99	6.7
84	15.5	100	6.3
85	14.8	101	5.9

<sup>1</sup> A different table (Joint Life and Last Survivor) may be used if the sole beneficiary is the owner's spouse who is more than 10 years younger than the owner.

<sup>2</sup> This table is used for calculating required minimum distributions during the owner's lifetime.

The information presented is accurate to the best of our knowledge, and current as of January 2020. This reference guide applies to federal tax rates and not to state tax rates. Hallett Financial Group does not offer legal or tax advice. Investors should consult their attorney or tax advisor regarding their individual situations before making any tax-related decisions. This information is subject to legislative change, and is not intended to be nor can it be used by any taxpayer for the purposes of avoiding tax penalties.

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