

## DEPRECIATION/AMORTIZATION

- 3 - Year Assets (200% DB) Dies, molds, small tools
- 3 - Year Assets (Straight-line) Computer software (if separately stated from hardware)
- 5 - Year Assets (200% DB) Autos, light-/heavy-duty trucks, computers, typewriters, copiers, medical equipment, construction equipment, wholesale/retail equipment, private aircraft, some manufacturing equipment
- 7 - Year Assets (200% DB) Most manufacturing equipment, office furniture, printing equipment
- 15 - Year Assets (Straight-line) Intangible assets including goodwill, going concern value and covenants not to compete
- 27.5 - Year Assets (Straight-line) Rental houses, apartments, low-income housing
- 39 - Year Assets (Straight-line) Commercial and industrial buildings, office buildings, shopping centers, warehouses, manufacturing facilities

### ANNUAL RECOVERY

Percent of Original Depreciable Basis Under 200% DB Method

Recovery Year	1	2	3	4	5	6	7	8
3 year Class	33.33	44.45	14.81	7.41				
5 year Class	20.00	32.00	19.20	11.52	11.52	5.76		
7 year Class	14.29	24.49	17.49	12.49	8.93	8.92	8.93	4.46

### SECTION 179 EXPENSE DEDUCTION

Small Business taxpayers may elect to expense \$1,040,000 million of certain new or used qualifying depreciable property placed in service in tax year 2020. Deduction is phased-out if the cost of qualifying property placed in service during the year exceeds \$2.59 million.

### SPECIAL (BONUS) DEPRECIATION ALLOWANCE

Bonus depreciation allowance can be claimed for qualified property placed in service:

- 100% for 2018 through 2022
- 80% for 2023
- 60% for 2024

### 2020 STANDARD MILEAGE DEDUCTIONS

- Use - Business.....\$0.575 per mile
- Charitable.....\$0.14 per mile
- Medical.....\$0.17 per mile
- Moving - only for those serving in the military.

## RETIREMENT PLAN LIMITS

### INDIVIDUAL LIMITATIONS

	Under Age 50	Age 50 & Up
IRA	\$6,000 (a)	\$7,000 (a)
Roth IRA	\$6,000 (b)	\$7,000 (b)
401(k)/SARSEP Salary Deferrals	\$19,500	\$26,000
SIMPLE Plans	\$13,500	\$16,500

### PROFIT SHARING PLANS

- Corporate.....100% up to \$57,000 (c)
- SEP – self-employed.....20% up to \$57,000 (d)
- SEP – employee.....25% up to \$57,000
- (a) Phaseout for deducting IRA contributions (qualified plan participants):
  - Joint:.....\$104,000 - \$124,000 AGI
  - Single or HOH:.....\$65,000 - \$75,000 AGI
- (b) Phaseout of Roth contribution eligibility:
  - Joint:.....\$196,000 - \$206,000 AGI
  - Single or HOH:.....\$124,000 - \$139,000 AGI
- (c) Overall plan is limited to 25% of total compensation of all eligible employees (capped at \$285k per employee).
- (d) Of net self-employed income after 1/2 self-employment tax deduction (capped at \$285k per employee).

## SOCIAL SECURITY BENEFITS

Maximum earned income limit:

	Annual	Monthly
Ages 62-65 years	\$18,240	\$1,520
Months before individual reaches age 66	\$48,600	\$4,050
Months after age 66	No Limit	No Limit

## TAXABLE SOCIAL SECURITY

Social Security received is taxable if AGI, plus tax-exempt interest, plus one-half of Social Security received, exceeds these base amounts:

The taxable amount is the lesser of:

- a. Percent of the excess over the base amount, or
- b. 85% of benefit received

Base Amount For	50% Over Base	85% Over Base
Married Filing Jointly	\$32,001 - \$44,000	\$44,001+
Single/Head of Household	\$25,001 - \$34,000	\$34,001+
Married Filing Separately	\$0	\$0

## HANDY TAX GUIDE 2020

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### WE PROVIDE:

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This publication reflects tax laws in effect as of 1/1/20

## INDIVIDUAL INCOME TAX RATES

### 2020 REGULAR TAX

#### MARRIED TAXPAYERS FILING JOINTLY OR SURVIVING SPOUSES

Taxable Income Over	But Not Over	Is Taxed At
\$ 0	\$ 19,750	10%
\$ 19,750	\$ 80,250	12%
\$ 80,250	\$ 171,050	22%
\$ 171,050	\$ 326,600	24%
\$ 326,600	\$ 414,700	32%
\$ 414,700	\$ 622,050	35%
\$ 622,050		37%

#### SINGLE TAXPAYERS

Taxable Income Over	But Not Over	Is Taxed At
\$0	\$9,875	10%
\$9,875	\$40,125	12%
\$40,125	\$85,525	22%
\$85,525	\$163,300	24%
\$163,300	\$207,350	32%
\$207,350	\$518,400	35%
\$518,400		37%

#### HEADS OF HOUSEHOLD

Taxable Income Over	But Not Over	Is Taxed At
\$0	\$14,100	10%
\$14,100	\$53,700	12%
\$53,700	\$85,500	22%
\$85,500	\$163,300	24%
\$163,300	\$207,350	32%
\$207,350	\$518,400	35%
\$518,400		37%

#### ESTATES & TRUSTS

Taxable Income Over	But Not Over	Is Taxed At
\$0	\$2,600	10%
\$2,600	\$9,450	24%
\$9,450	\$12,950	35%
\$12,950		37%

## INDIVIDUAL INCOME TAX RATES

### ALTERNATIVE MINIMUM TAX (AMT)

Tax Rate on AMTI	26% up to	\$197,900
	28% over	\$197,900

	Exemption Amt.	Phase-Out Threshold
Married Filing Jointly	\$113,400	\$1,036,800
Married Filing Separately	\$56,700	\$518,400
All Individual Taxpayers	\$72,900	\$518,400

### DEDUCTIONS & EXEMPTIONS

	Standard Deduction*	Elderly or Blind**
Married Filing Jointly	\$24,800	\$1,300
Single	\$12,400	\$1,650
Head of Household	\$18,650	\$1,650
Married Filing Separately	\$12,400	\$1,300
Dependent of Another	\$1,100	

\*You are allowed to deduct the greater of your standard deduction or your itemized deductions.

### PERSONAL EXEMPTIONS - REPEALED

#### DEDUCTION LIMITATIONS

Section 199A Qualified Business Income Deduction: 20% of domestic qualified business income (multiple limitations apply).

Medical & Dental Expenses: Excess over 7.5% AGI.

State & Local Taxes: \$10,000 maximum deduction.

Mortgage Interest Deduction: Limited to \$750,000 of principal for post 12/15/17 acquisition indebtedness.

#### DEDUCTIONS REPEALED

- Miscellaneous itemized deductions.
- Interest on home equity indebtedness.
- Moving expenses.

#### CREDITS

Tax credits of \$2,000 per child and \$500 per non-child dependent begin to phase out for taxpayers with modified adjusted gross income exceeding \$400,000 for joint and \$200,000 for single filers.

## ESTIMATED TAX PAYMENTS

To avoid possible underpayment penalties, you are generally required to pay in through withholding or estimated tax payments the lesser of:

1. One hundred percent of prior-year tax liability, (110% if AGI >\$150,000) or,
2. Ninety percent of current-year tax liability.

2020 ESTIMATED TAX PAYMENTS FOR INDIVIDUALS ARE DUE BY:  
April 15 • June 15 • September 15 • January 15, 2021

### NET INVESTMENT INCOME MEDICARE SURTAX

The net investment income surtax on individuals equals 3.8% of the lesser of:

- Net investment income\*, or
- The excess, if any, of
- The individual's modified adjusted gross income, over the threshold amount.

Filing Status	Threshold Amount
Married Filing Jointly	\$250,000
Married Filing Separately	\$125,000
Single, Head of Household	\$200,000

\*Common types of "net investment income" include interest, dividends, annuities, royalties, rents, net capital gain on investments, passive activities.

### CAPITAL GAIN & QUALIFIED DIVIDEND TAX RATES FOR NONCORPORATE TAXPAYERS

Single Taxpayer	Married Filing Jointly	Capital Gain Tax Rate*	Net Investment Income Medicare Surtax**	Combined Tax Rate
\$0 to \$40,000	\$0 to \$80,000	0%	0%	0%
\$40,001 to \$200,000	\$80,001 to \$250,000	15%	0%	15%
\$200,001 to \$441,450	\$250,001 to \$496,600	15%	3.8%	18.8%
\$441,451	\$496,601	20%	3.8%	23.8%

\* Short-term capital gains (held less than 12 months) are taxed at the same rate as ordinary income, gains on collectibles (including metals) are taxed at 28%, recapture gains on real estate are taxed at 25%.

\*\* The 3.8% Net Investment Income Medicare surtax only applies to "net investment income" as defined in IRC 1411.

## ESTATE TAX RATES

The estate tax and gift tax exemption for 2020 is \$11.58 million. The estate and gift tax rate on amounts in excess of \$11.58 million is 40%. The estate tax exemption is portable between spouses resulting in a \$23.16 million exemption per couple regardless of ownership of assets.

### ANNUAL GIFT TAX EXCLUSION

Gifts per person.....\$15,000  
Joint gifts by spouses.....\$30,000

### BUSINESS PROVISIONS

- Corporate income taxed at a flat rate of 21%.
- Corporate Alternative Minimum Tax repealed.

### DEDUCTIONS REPEALED

- Business Entertainment Expenses.
- Net operating loss carryback – may be carried forward indefinitely.

### EMPLOYMENT TAX RATES

Employer	Tax Rate	Wage Base
Social Security	6.20%	\$137,700
Medicare	+1.45%	No limit
	=7.65%	
Employee	Tax Rate	Wage Base
Social Security	6.20%	\$137,700
Medicare	+1.45%	No limit
	=7.65%	
Self Employed	Tax Rate	Income Base
Social Security	12.40%	\$137,700
Medicare	+2.90%	No limit
	=15.30%	

\*Additional 0.9% Medicare tax is imposed on individuals who receive wages or self-employment income in excess of \$200,000 (\$250,000 for joint return, \$125,000 for married filing separate).



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