



Pelletier, Chase & Associates, LLC
Certified Public Accountants and Business Advisors

2020 U.S. ESTATE AND TRUST RATES

Base Taxable Income	Tax On Base	% On Excess Over Base
\$ 0	\$ 0	10.0%
2,600.00	260.00	24.0%
9,450.00	1,904.00	35.0%
12,950.00	3,129.00	37.0%

2020 Estate and Gift Tax Rate Exclusions

The Federal Estate tax exclusion for 2020 is \$11,580,000
 The Maine Estate tax exclusion for 2020 is \$5,700,000

2020 Annual Gift Tax Exclusion per Donee

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

2020 RETIREMENT PLAN CONTRIBUTION LIMITS

Individual Limitations

401(K) Contributions \$19,500
 Catch-up contributions for age 50 and over - \$6,500

Profit Sharing and Money Purchase Plans
 100% of comp ≤ \$285,000 up to \$57,000
 Catch-up contributions for age 50 and over - \$6,500

Simplified Employee Pension (SEP) Plans
 25% of comp ≤ \$285,000 up to \$57,000
 Catch-up contributions for age 50 and over - \$6,500

Simple Plan Contributions \$13,500
 Catch-up contributions for age 50 and over - \$3,000

Employer Plan Limitations

	% Of Compensation*
Profit Sharing or SEP Plan	25%
Money Purchase Plan	25%

*Or net self-employment income after SECA tax deduction and plan contribution.

Individual Retirement Accounts

Contribution Limits - lesser of \$6,000* or compensation/earned income
 Catch-up contributions for age 50 and over - \$1,000

2020 RETIREMENT DEDUCTION LIMITS

Not a Participant in Another Plan - lesser of \$6,000* or compensation/earned income

Active in Another Plan

Joint AGI	Deduction Is	Single AGI
\$0 - \$104,000	\$6,000* max.	\$0 - \$65,000
104,000 - 124,000	phased out	65,000 - 75,000

Contribution must be made before the original due date of the tax return.

*Plus up to \$6,000 for nonworking spouse.

2020 ESTIMATED TAX PAYMENTS

Estimated tax for 2020 must be paid if both of the following apply:

1. Taxpayer expects to owe at least \$1,000 in tax for 2020, after subtracting the credit for taxes withheld, and
2. Taxpayer expects withholding and credits to be less than the small of:
 - a. 90% of the tax to be shown on the taxpayer's 2020 tax return or
 - b. 100% (110% if taxpayer's 2019 AGI exceeded \$150,000) of the tax shown on the taxpayer's 2019 tax return.

Due dates (for calendar year-end individuals)

Installment	Due Date
First	April 15, 2020
Second	June 15, 2020
Third	September 15, 2020
Fourth	January 15, 2021

This publication is distributed with the understanding that we are not rendering legal, accounting or other advice and assumes no liability in connection with its use. *This publication reflects tax laws in effect as of November 22, 2019.*

2020 POCKET TAX GUIDE

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2020 U.S. INDIVIDUAL INCOME TAX RATES

Married Taxpayers Filing Jointly or Surviving Spouse

Base Taxable Income	Tax On Base	% On Excess Over Base
\$ 0	\$ 0.00	10.0%
19,750	1,975.00	12.0%
80,250	9,235.00	22.0%
171,050	29,211.00	24.0%
326,600	66,543.00	32.0%
414,700	94,735.00	35.0%
622,050	167,307.50	37.0%

Single

Base Taxable Income	Tax On Base	% On Excess Over Base
\$ 0	\$ 0.00	10.0%
9,875	987.50	12.0%
40,125	4,617.50	22.0%
85,525	14,605.50	24.0%
163,300	33,271.50	32.0%
207,350	47,367.50	35.0%
518,400	156,235.00	37.0%

Head of Household

Base Taxable Income	Tax On Base	% On Excess Over Base
\$ 0	\$ 0.00	10.0%
14,100	1,410.00	12.0%
53,700	6,162.00	22.0%
85,500	13,158.00	24.0%
163,300	31,830.00	32.0%
207,350	45,926.00	35.0%
518,400	154,793.50	37.0%

Federal Standard Deduction*

2020

Joint return	\$24,800
Single	12,400
Head of Household	18,650
Married filing separately	12,400
Additional - blind or elderly	
Single	1,650
Married	1,300

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

2020 U.S. INDIVIDUAL INCOME TAX RATES

(Continued)

Long-Term Capital Gains Rates for Individuals

The maximum tax rate on net capital gains for 2020 is 20%. This applies to gains on property held more than 12 months. The reduction in the maximum tax rate on capital gains does not apply to the sale of collectibles, on which the maximum tax rate remains at 28%, or the sale of rental real estate, on which the maximum tax rate is 25%.

The tax rate on qualified dividends is a maximum rate of 20%.

HEALTH SAVINGS ACCOUNTS (HSA) CAPS

Individual	\$3,550
Family	\$7,100

*Catch-up contribution for age 55 and over - \$1,000

2020 EDUCATION TAX CONSIDERATIONS

American Opportunity Credit

100% of the first \$2,000 of qualified education expenses; 25% of qualified expenses between \$2,000 and \$4,000 (maximum credit \$2,500). This credit is available for the first four years of a student's post-secondary education, subject to phase-out rules.

Phase-out begins at modified adjusted gross income of \$160,000 for joint return; \$80,000 for all others.

Lifetime Learning Credit

20% of the first \$10,000 of qualified education expenses per qualified student; eligible for only one credit (Hope or Lifetime Learning) per student, subject to phase-out.

Phase-out begins at modified adjusted gross income of \$118,000 for joint return and \$59,000 for all others.

Interest on Education Loans

Maximum interest deduction - \$2,500

Modified adjusted gross income phase-out for married and joint status is \$140,000 - 170,000. Phase-out for all other filing statuses is \$70,000 - \$85,000.

SOCIAL SECURITY INCOME

Maximum Annual Earned Income Limit - 2020

Under Normal Retirement Age (NRA)	\$18,240
During year NRA is attained	48,600
Above NRA	No limit

2020 SOCIAL SECURITY TAX

	Tax Base	Rate	Maximum Tax
Social Security	\$137,700	6.20%	\$8,537.40
Medicare	No Limit	<u>1.45</u> 7.65%	N/A

2020 SELF-EMPLOYMENT TAX RATES*

	Tax Base	Rate	Maximum Tax
Social Security	\$137,700	12.4%	\$17,074.80
Medicare	No Limit	<u>2.9</u> 15.3%	N/A

*Rates in effect on November 6, 2019

2020 STANDARD MILEAGE DEDUCTIONS*

Use	Per Mile
Business	57.5 cents
Charitable	14 cents
Medical	17 cents

2020 SECTION 179 EXPENSE DEDUCTION

Maximum	\$1,040,000
Phase-out	\$2,590,000