

TAX UPDATES (NOV 30, 2021 TAX SEMINAR)

INDIVIDUALS

Standard Deductions	<u>2021</u>	<u>2022</u>
Married Filing Jointly	25,100	25,900
Single	12,550	12,950
Head of Household	18,800	19,400
Married Filing Separately	12,550	12,950
Additional – blind or elderly		
Single & HOH	1,700	1,700
Married	1,350	1,350
Claimed as dependent of another	1,100 or 350 + earned income (the greater)	1,100 or 350 + earned income (the greater)

2021 Child Tax Credit of \$2,000 per Child under Age 17

Phased out when AGI reaches \$400,000 MFJ filers, \$200,000 single filers. \$2,000 can be refundable. Additional Child tax credit of \$1,600 for children under the age of 6 and \$1,000 for children ages 6 through 17. Repayment of Additional child tax credit is at a lower limit than the Child tax credit based on your modified AGI and filing status.

Kiddie Tax applies to unearned income in excess of \$2,200 for 2021. Applies to children under 19 as well as full-time students under age 24 (unless the students provide more than half of their own support from earned income). Unearned income above the \$2,200 threshold will be taxed at the parent's marginal income tax rate.

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. 100% of prior year tax liability or
2. 90% of current year tax liability

2021 tax payers with 2020 AGI greater than \$150,000 (\$75,000 for married filing separate) must pay the lesser of:

1. 110% of prior year tax liability, or
2. 90% of current year tax liability

2021 estimated tax payments for individuals are due by:

- | | |
|----------------|--------------------|
| April 15, 2021 | September 15, 2021 |
| June 15, 2021 | January 17, 2022 |

2021 Alternative Minimum Tax (AMT)

Tax Rate 26% to \$199,900
28% over \$199,900

AMT Exemption Amount (Phased out for upper bracket taxpayers)

	2021	Phase Out
Single/HOH	\$73,600	\$523,600
Married Filing Jointly	\$114,600	\$1,047,200
Married Filing Separately	\$57,300	\$ 523,600

2021 Long-Term Capital Gains – Assets Held 12 Months or More

Tax Bracket/Rate	Taxable Income	
	Single	Married Filing Joint
0%	\$0 - \$40,400	\$0- \$80,800
15%	\$40,400 - \$445,850	\$80,800 - \$501,600
20%	\$445,850 +	\$501,600 +

2021 Short-Term Capital Gains – Assets Held less than 12 Months

Taxed at the same rates as the regular tax listed on the following page.

2021 Qualified Dividends

Taxed at the same rates as the Long-Term Capital Gains listed above.

Additional Medicare Tax - .9%

Additional tax on wages and self-employment income in excess of a specific Modified AGI:
Modified AGI thresholds:

\$250,000 MFJ
\$200,000 Single/HoH

Surtax on Net Investment Income – 3.8%

Interest, dividends, capital gains, annuities, royalties, rents and pass-through income from a passive business such as an S-Corp or Partnership.

Tax on the lower of

1. net investment income for the year; or
2. modified AGI over a certain threshold amount. (Same as for Additional Medicare Tax)

Taxable Social Security Benefits

Social security received is taxable if AGI, plus tax-exempt interest, plus half of social security received exceeds these base amounts.

The taxable amount is the lesser of:

1. % of the excess over the base amounts
2. % of benefit received

	<u>(50%)</u>	<u>(85%)</u>
Married Filing Jointly	\$32,001-\$44,000	\$44,001+
Single/Head of Household	\$25,001-\$34,000	\$34,001+
Married Filing Separately	\$0	\$0

2021 Individual Income Tax Rates

2022 Individual Income Tax Rates

(Projected)

REGULAR TAX

REGULAR TAX

MARRIED TAXPAYERS- JOINT

MARRIED TAXPAYERS-JOINT

Base Taxable Income	Tax On Base	% on Excess over Base	Base Taxable Income	Tax on Base	% on Excess over Base
\$ 0	\$ 0	10.00%	\$ 0	\$ 0	10.00%
\$ 19,901	\$ 1,990	12.00%	\$ 20,551	\$ 2,055	12.00%
\$ 81,051	\$ 9,328	22.00%	\$ 83,551	\$ 9,615	22.00%
\$172,751	\$ 29,502	24.00%	\$178,151	\$ 30,427	24.00%
\$329,851	\$ 67,206	32.00%	\$340,101	\$ 69,295	32.00%
\$418,851	\$ 95,686	35.00%	\$431,901	\$ 98,671	35.00%
\$628,300	\$168,994	37.00%	\$647,851	\$174,253	37.00%

SINGLE

SINGLE

Base Taxable Income	Tax On Base	% on Excess Over Base	Base Taxable Income	Tax On Base	% on Excess over Base
\$ 0	\$ 0	10.00%	\$ 0	\$ 0	10.00%
\$ 9,951	\$ 995	12.00%	\$ 10,276	\$ 1,027	12.00%
\$ 40,526	\$ 4,664	22.00%	\$ 41,776	\$ 4,807	22.00%
\$ 86,376	\$ 14,751	24.00%	\$ 89,076	\$ 15,213	24.00%
\$ 164,926	\$ 33,603	32.00%	\$ 170,051	\$ 34,647	32.00%
\$ 209,426	\$ 47,843	35.00%	\$ 215,951	\$ 49,335	35.00%
\$ 523,601	\$157,804	37.00%	\$ 539,901	\$162,718	37.00%

Education Credits and Deductions

American Opportunity Tax Credit (replaces Hope Credit)

Each of first four years, max of \$2,500 for 2021. 100% of first \$2,000, 25% of next \$2,000 on qualified tuition and course materials. 40% of the credit is refundable.

Phase-out begins: Joint returns \$160,000 AGI; Single return \$80,000 AGI

Lifetime Learning

\$2,000 max per year, 20% of up to \$10,000 qualified tuition for 2021.

Phase-out begins: Joint return \$118,000 AGI; Single return \$59,000 AGI

Student Loan Interest Deduction

Up to \$2,500, deduction phase-out begins if AGI over \$140,000-\$170,000 married, \$70,000-\$85,000 single

Standard Mileage Deduction

<u>Use</u>	<u>2021</u>
Business	\$.56 per mile
Charitable	\$.14 per mile
Medical/Moving	\$.16 per mile

Social Security Information

	<u>2021</u>	<u>2021</u>
Social Security Base	\$142,800	\$147,000
Medicare Base	Unlimited	Unlimited
Social Security Tax Rate (Employee)	6.20%	6.20%
Social Security Tax Rate (Self-Employed)	12.40%	12.40%
Medicare Tax Rate (Employee)	1.45%	1.45%
Medicare Tax Rate (Self-Employed)	2.90%	2.90%
Maximum Social Security Tax (Employee)	\$8,538	\$ 9,114
Maximum Social Security Tax (Self-Employed)	\$17,075	\$ 18,228
Earnings needed to earn one social security credit	\$1,470	\$ 1,510

Medicare Part B Premium:	<u>2021</u>
Per Month	\$148.50
Per Year	\$1,782

Maximum Annual Earned Income Limited:	\$18,960
Under full retirement age (lose \$1 for \$2)	
In the year you reach full retirement age (FRA)	\$50,250
(lose \$1 for \$3)	
Full retirement age or older	Unlimited