

2020 Tax Changes and Rates

2020	Single	Married-Jointly	Married-Separately	Head of Household
Tax Rate	Taxable Income over	Taxable Income over	Taxable Income over	Taxable Income over
10%	\$0	\$0	\$0	\$0
12%	\$9875	\$19,750	\$9875	\$14,100
22%	\$40,125	\$80,250	\$40,125	\$53,700
24%	\$85,525	\$171,050	\$85,525	\$85,500
32%	\$163,300	\$326,600	\$163,300	\$163,300
35%	\$207,350	\$414,700	\$207,350	\$207,350
37%	\$518,400 or more	\$622,050 or more	\$311,025 or more	\$518,400 or more

Standard Deduction

Filing Status	2020
Married Filing Jointly	\$24,800
Head of Household	\$18,650
Single	\$12,400
Married Filing Separately	\$12,400

Child Tax Credit: For 2018–2025, the maximum child tax credit is \$2,000 for each qualifying child. The TCJA also added a \$500 nonrefundable credit for each dependent who is not a qualifying child for purposes of the child tax credit. In other words, taxpayers can claim the \$500 other dependent credit for qualifying children age 17 or older and qualifying relatives.

Educator Expense Deduction: An eligible educator can take an above-the-line deduction for out-of-pocket classroom-related expenses. For 2020, the deduction may not exceed \$250.

Health Savings Accounts (HSAs): A taxpayer insured by a high deductible, HSA compatible health insurance plan may contribute and deduct up to an annual limit: Single **\$3550**, Family **\$7100** for 2020.

IRA Contribution Limit to Traditional and Roth IRAs: For 2020, the contribution limit to a traditional or Roth IRA is \$6000 or \$7000 for taxpayers age 50 or older.

IRA: Deduction Phaseout for Traditional IRAs for 2020:

Filing Status	Taxpayer covered by Employer Plan	Taxpayer & Spouse have Employer Plans
Single and HOH	\$65,000-\$75,000	N/A
Married Filing Jointly	\$104,000-\$124,000	\$196,000-\$206,000
Married Filing Separately	\$0-\$10,000	N/A

IRA: Deduction Phaseout for ROTH IRAs for 2020 and 2021:

Filing Status	2020	2021
Single and HOH	\$124,000-\$139,000	\$124,000-\$139,000
Married Filing Jointly	\$196,000-\$206,000	\$196,000-\$206,000
Married Filing Separately	\$124,000-\$139,000	\$124,000-\$139,000

Business Tax Issues

Business mileage Rate is **58 cent** for 2020 and 2021.

Per Diem Allowance for Meals and incidentals is **\$55** per day for 2020

Qualified Business Income (QBI) Deduction: The new QBI deduction of 20% of profit may be phased out or limited when taxable income is too low or exceeds the following thresholds:

Filing Status	2020	2021
Single and HOH	\$163,300	\$164,900
Married Filing Jointly	\$326,600	\$329,850
Married Filing Separately	\$163,300	\$164,900

Virginia Standard Deduction

If you claimed the standard deduction on your federal income tax return, you must also claim the standard deduction on your Virginia return. The Virginia standard deduction amounts are \$6000 for Single and \$9000 for Married Filing Jointly. In some cases, I itemize your deductions if the combined federal and state tax savings is greater than claiming the standard deduction on both returns.

New This Year:

- Taxpayers who don't itemize deductions can still take a [charitable deduction](#) of up to \$300 for cash contributions made in 2020 on a new line 10b of form 1040. Receipts or copy of a check must be provided to claim this deduction. Please provide this to us.
- If you have been a victim of identity theft the IRS mails you an **IP PIN** each year. An **Identity Protection PIN** (IP PIN) is a six-digit number that prevents someone else from filing a tax return using your Social Security number. The IP PIN is known only to you and the IRS and helps us verify your identity when you file your electronic or paper tax return.

Starting in January 2021, you may opt into the **IP PIN** program as a proactive way to protect yourself from tax-related identity theft. If you want to opt in you must pass a rigorous identity verification process. If you get an **IP Pin**, please provide this to us.
- **2020 ECONOMIC IMPACT PAYMENTS (Stimulus check):** If you received an Economic Impact Payment (EIP), you **do not** need to complete any information about the Recovery Rebate Credit on your 2020 Form 1040. Those who qualified to receive an Economic Impact Payment also received **Notice 1444**, "Your Economic Impact Payment." Provide us a copy of the notice for your tax records **if you did not receive** all of your EIP. You may be able to claim the **Recovery Rebate Credit** on your 2020 federal income tax return if you met the eligibility criteria and your Economic Impact Payment was less than \$1,200 for single, \$2,400 if married filing jointly plus \$500 for each qualifying child you had in 2020.
- **Unemployment compensation** authorized under the Coronavirus Aid, Relief and Economic Security Act (CARES) is taxable on your Federal return and must be reported. Benefit recipients should receive Form **1099-G**, Government Payments. Please provide this to us.
- **Interest payments** were sent to individual taxpayers who timely filed their 2019 federal income tax returns by the July 15, 2020, deadline, and received refunds. Most interest payments were received separately from tax refunds. In January 2021, the IRS will send a **1099-INT** to anyone who receives interest totaling at least \$10. Please provide this to us.
- Beginning in 2020, individuals are now allowed to continue making contributions to their **IRAs** with no matter what their age, as long as they have earned income. Previously contributions were barred after the age of 70½. You can make **2020 IRA** contributions until April 15, 2021.