

## HEALTH SAVINGS ACCOUNTS

Limit	Individual	Family
HSA contribution	\$3,600	\$ 7,200
HSA catch-up contribution	\$1,000	\$ 1,000
Minimum high-deductible health plan (HDHP) deductible	\$1,400	\$ 2,800
Maximum HDHP out-of-pocket costs	\$7,000	\$14,000

## FLEXIBLE SPENDING ACCOUNT CONTRIBUTIONS

Health care FSA	\$2,750
Dependent care FSA	\$5,000

## RETIREMENT BENEFIT LIMITS

Benefit	Limit
Contributions to 401(k), 403(b), 457(b)(2), 457(c)(1) and SARSEP plans	\$ 19,500
Contributions to defined contribution plans	\$ 58,000
Contributions to SIMPLEs	\$ 13,500
Contributions to IRAs	\$ 6,000
Catch-up contributions to 401(k), 403(b), 457(b)(2), 457(c)(1) and SARSEP plans	\$ 6,500
Catch-up contributions to SIMPLEs	\$ 3,000
Catch-up contributions to IRAs	\$ 1,000
Compensation for benefit purposes for qualified plans and SEPs	\$290,000
Highly compensated employee threshold	\$130,000
Annual benefit for defined benefit plans	\$230,000

## LONG-TERM-CARE INSURANCE

Age	Premium deduction limit
40 and under	\$ 450
41 to 50	\$ 850
51 to 60	\$1,690
61 to 70	\$4,520
Over 70	\$5,640

## EARNINGS THRESHOLDS FOR PHASEOUT OF SOCIAL SECURITY BENEFITS

Retirement age status	Earnings limit
Before Full Retirement Age (FRA)	\$18,960 per year
Pre-FRA in year you reach FRA	\$4,210 per month
FRA and after	None

## GIFT AND ESTATE TAX EXEMPTIONS AND RATES

Exemption	Top rate
\$11,700,000	40%

A surviving spouse may be able to use the deceased spouse's unused estate tax exemption. The annual gift tax exclusion is \$15,000 per recipient (\$30,000 if spouses elect "split-gift" treatment).

## CORPORATE INCOME TAX RATES

C corporations and professional services corporations are taxed at a flat 21% rate.

## SECTION 199A DEDUCTION FOR OWNERS OF PASS-THROUGH ENTITIES<sup>1</sup>

20% of qualified business income.

When an owner's taxable income exceeds \$164,900 (\$329,800 for joint filers, \$164,925 if married filing separately), the following limits are phased in over a \$50,000 range (\$100,000 range for joint filers):

- Deduction isn't available for income from specified service businesses.
- Deduction can't exceed the greater of the owner's share of:
  - 50% of the amount of W-2 wages paid to employees by the qualified business during the tax year, or
  - The sum of 25% of W-2 wages plus 2.5% of the cost of qualified property.

<sup>1</sup> Including sole proprietors.

## SECTION 179 EXPENSING AND BONUS DEPRECIATION

Sec. 179 expensing limit	\$1,050,000
Sec. 179 phaseout threshold	\$2,620,000
Bonus depreciation limit	100%

## DEPRECIATION CLASSES AND METHODS

Class	Method	Examples
36-month	Straight-line	Software
3-year	200% DB <sup>1</sup>	Dies, molds, small tools
5-year	200% DB <sup>1</sup>	Vehicles, computers, office equipment
7-year	200% DB <sup>1</sup>	Manufacturing equipment, office furniture
7-year	150% DB <sup>1</sup>	Farm equipment
27.5-year	Straight-line	Rental residential buildings
39-year	Straight-line	Nonresidential buildings

<sup>1</sup> Declining-balance.

## MACRS DEPRECIATION RATES (with half-year convention)

Year	Asset class		
	3-year	5-year	7-year
1	33.33%	20.00%	14.29%
2	44.45%	32.00%	24.49%
3	14.81%	19.20%	17.49%
4	7.41%	11.52%	12.49%
5	—	11.52%	8.93%
6	—	5.76%	8.92%
7	—	—	8.93%
8	—	—	4.46%

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# 2021 FEDERAL TAX RATES

 **dunlapSLK**  
Certified Public Accountants & Business Advisors

1300 Horizon Drive, Suite 106, Chalfont PA 18914  
**Main:** 267.594.DSLK (3755) **Fax:** 267.594.3741  
cpas@dunlapslk.com | www.dunlapslk.com

## INDIVIDUAL INCOME TAX RATES<sup>1</sup>

### Single

If taxable income is ...	... tax is ...	... of amount over
\$ 0 – \$ 9,950	10%	\$ 0
\$ 9,951 – \$ 40,525	\$ 995.00 + 12%	\$ 9,950
\$ 40,526 – \$ 86,375	\$ 4,664.00 + 22%	\$ 40,525
\$ 86,376 – \$164,925	\$ 14,751.00 + 24%	\$ 86,375
\$164,926 – \$209,425	\$ 33,603.00 + 32%	\$164,925
\$209,426 – \$523,600	\$ 47,843.00 + 35%	\$209,425
Over \$523,600	\$157,804.25 + 37%	\$523,600

### Head of household

If taxable income is ...	... tax is ...	... of amount over
\$ 0 – \$ 14,200	10%	\$ 0
\$ 14,201 – \$ 54,200	\$ 1,420.00 + 12%	\$ 14,200
\$ 54,201 – \$ 86,350	\$ 6,220.00 + 22%	\$ 54,200
\$ 86,351 – \$164,900	\$ 13,293.00 + 24%	\$ 86,350
\$164,901 – \$209,400	\$ 32,145.00 + 32%	\$164,900
\$209,401 – \$523,600	\$ 46,385.00 + 35%	\$209,400
Over \$523,600	\$156,355.00 + 37%	\$523,600

### Married filing jointly

If taxable income is ...	... tax is ...	... of amount over
\$ 0 – \$ 19,900	10%	\$ 0
\$ 19,901 – \$ 81,050	\$ 1,990.00 + 12%	\$ 19,900
\$ 81,051 – \$172,750	\$ 9,328.00 + 22%	\$ 81,050
\$172,751 – \$329,850	\$ 29,502.00 + 24%	\$172,750
\$329,851 – \$418,850	\$ 67,206.00 + 32%	\$329,850
\$418,851 – \$628,300	\$ 95,686.00 + 35%	\$418,850
Over \$628,300	\$168,993.50 + 37%	\$628,300

### Married filing separately

If taxable income is ...	... tax is ...	... of amount over
\$ 0 – \$ 9,950	10%	\$ 0
\$ 9,951 – \$ 40,525	\$ 995.00 + 12%	\$ 9,950
\$ 40,526 – \$ 86,375	\$ 4,664.00 + 22%	\$ 40,525
\$ 86,376 – \$164,925	\$ 14,751.00 + 24%	\$ 86,375
\$164,926 – \$209,425	\$ 33,603.00 + 32%	\$164,925
\$209,426 – \$314,150	\$ 47,843.00 + 35%	\$209,425
Over \$314,150	\$ 84,496.75 + 37%	\$314,150

<sup>1</sup> These rates generally apply to earned income, business income, interest and nonqualified dividends. Long-term capital gains rates apply to qualified dividends.

## FICA RATES AND ADDITIONAL MEDICARE TAX

The rate for the employee portion of Social Security tax is 6.2%, and the maximum earned income it applies to is \$142,800, while the Medicare rate is 1.45% and applies to all earned income.

Self-employed individuals pay both the employee and employer portions, but get a deduction for the employer portion.

Cash wages totaling \$2,300 or more to a household employee are also subject to FICA taxes.

An additional 0.9% Medicare tax applies to FICA wages and self-employment income exceeding \$200,000 (singles and heads of households), \$250,000 (joint filers) or \$125,000 (separate filers).

Employers must withhold the additional Medicare tax beginning in the pay period when wages exceed \$200,000 for the calendar year, without regard to an employee's filing status.

## CAPITAL GAINS TAX RATES

Type of gain	Maximum rate <sup>1</sup>
Short-term gain (assets held 12 months or less)	37%
Long-term gain (generally assets held more than 12 months)	15% or 20% <sup>2</sup>
Long-term gain on collectibles	28%
Long-term gain attributable to certain depreciation recapture	25%
Gain on qualified small business stock held more than 5 years	14% <sup>3</sup>
Most long-term gain that would be taxed at 12% or less based on the taxpayer's ordinary-income rate	0%

<sup>1</sup> The 3.8% net investment income tax applies to net investment income to the extent that modified adjusted gross income (MAGI) exceeds \$200,000 (singles and heads of households), \$250,000 (joint filers) or \$125,000 (separate filers).

<sup>2</sup> The 20% rate applies only to those with taxable income exceeding \$445,850 (singles), \$473,750 (heads of households), \$501,600 (joint filers), \$250,800 (separate filers) or \$13,250 (estates and trusts).

<sup>3</sup> Effective rate based on 50% exclusion from a 28% rate. If stock was acquired after February 17, 2009, and before September 28, 2010, the rate is 7% (75% exclusion from a 28% rate). If stock was acquired on or after September 28, 2010, the rate is 0%.

## ALTERNATIVE MINIMUM TAX

### Single, head of household or married filing jointly

If taxable income is ...	... tax is ...	... of amount over
\$ 0 – \$199,900	26%	\$ 0
Over \$199,900	\$51,974 + 28%	\$199,900

### Married filing separately

If taxable income is ...	... tax is ...	... of amount over
\$ 0 – \$ 99,950	26%	\$ 0
Over \$ 99,950	\$25,987 + 28%	\$99,950

### Exemptions

Filing status	Exemption amount
Single or head of household	\$ 73,600
Married filing jointly	\$114,600
Married filing separately	\$ 57,300

### Exemption phaseouts based on AMT income

Filing status	Income range of phaseout
Single or head of household	\$ 523,600 – \$ 818,000
Married filing jointly	\$1,047,200 – \$1,505,600
Married filing separately	\$ 523,600 – \$ 752,800

## ESTATE AND TRUST INCOME TAX RATES

If taxable income is ...	... tax is ...	... of amount over
\$ 0 – \$ 2,650	10%	\$ 0
\$2,651 – \$ 9,550	\$ 265 + 24%	\$ 2,650
\$9,551 – \$13,050	\$1,921 + 35%	\$ 9,550
Over \$13,050	\$3,146 + 37%	\$13,050

### “KIDDIE” TAX

This tax generally applies to unearned income beyond \$2,200 of children under age 19, or under 24 if a full-time student. Such income is generally taxed according to the parents' marginal tax bracket.

## STANDARD DEDUCTIONS

Filing status	Deduction
Single	\$ 12,550
Head of household	\$ 18,800
Married filing jointly or surviving spouse	\$25,100
Married filing separately	\$ 12,550

## ITEMIZED DEDUCTION LIMITS<sup>1</sup>

### State and local tax

Up to \$10,000 on a combined basis for property tax and either income tax or sales tax (\$5,000 for separate filers).

### Home mortgage interest

Acquisition debt of up to \$750,000. (This limit is generally for indebtedness incurred after Dec. 15, 2017; a \$1 million limit still applies to indebtedness incurred on or before that date.)

### Miscellaneous itemized deductions subject to the 2% floor

No longer deductible. (Examples include investment expenses, certain professional fees and unreimbursed employee business expenses.)

### Casualty and theft losses

No longer deductible except for losses due to an event officially declared a disaster by the President.

### Medical expenses

Unreimbursed medical expenses in excess of 7.5% of adjusted gross income are deductible.

<sup>1</sup> Additional rules and limits may affect these deductions.

## STANDARD MILEAGE RATES

Use of vehicle	Deduction per mile
Business	56 cents
Medical or moving	16 cents
Charitable	14 cents

## CHILD AND EDUCATION BREAKS<sup>1</sup>

Tax break	Maximum	MAGI <sup>2</sup> phaseout range	
Credit		Single/Head of household <sup>3</sup>	Married filing jointly
Child	\$2,000	\$200,000–\$240,000	\$400,000–\$440,000
Adoption	\$14,440	\$216,660–\$256,660	\$216,660–\$256,660
Dependent care <sup>4</sup>	\$600	\$ 15,000–\$ 43,000	\$ 15,000–\$ 43,000
American Opportunity	\$2,500	\$ 80,000–\$ 90,000	\$160,000–\$180,000
Lifetime Learning	\$2,000	\$ 80,000–\$ 90,000	\$160,000–\$180,000
<b>Other</b>			
Student loan interest deduction	\$2,500	\$ 70,000–\$ 85,000	\$140,000–\$170,000
ESA contribution	\$2,000	\$ 95,000–\$110,000	\$190,000–\$220,000

<sup>1</sup> Assumes one child or student. Amounts may vary for more than one child or student. Other rules and limits might reduce the break.

<sup>2</sup> Modified adjusted gross income.

<sup>3</sup> These ranges also apply to married taxpayers filing separately, except that separate filers aren't eligible for the American Opportunity or Lifetime Learning credit or the student loan interest deduction.

<sup>4</sup> The phaseout is based on AGI rather than MAGI. The credit doesn't phase out altogether, but the minimum credit percentage of 20% applies to AGIs above \$43,000.