

Ebenezer Scrooge's Tax Considerations

Presenters:

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What Will Be Covered

- Overview of TCJA 12/22/17
- 2020/2021 Tax Brackets/Contribution Limits/Thresholds/Mileage Rates
- Virtual Currency in the spotlight
- Penalties – types and how assessed
- Secure Act – Dec. 2019
- CARES Act - 2020
- PPP Loans
- Tax Savings Strategies
- Questions?

Tax Cuts and Jobs Act (TCJA)

- Passed 12/22/17
- Deductions/Exemptions/AMT
- Format of the Return/Schedules
- NOL carryforwards
- New W4
- Qualified Business Income Deduction (QBID)

2020/(2021) Tax Brackets

Individuals

10% – \$9,875	(\$9,950)
12% - \$40,125	(\$40,525)
22% - \$85,525	(\$86,375)
24% - \$163,300	(\$164,925)
32% - \$207,350	(\$209,425)
35% - \$518,400	(\$523,600)
37% - >\$518,401	(>\$523,601)

2020/(2021) Tax Brackets

Married Filing Jointly

10%	– \$19,750	(\$19,900)
12%	- \$80,250	(\$81,050)
22%	- \$171,050	(\$172,750)
24%	- \$326,600	(\$329,850)
32%	- \$414,700	(\$418,850)
35%	- \$622,050	(\$628,300)
37%	- >\$622,051	(>\$628,301)

2020/(2021) Limits/Rates

IRA Contributions - \$6,000 + \$1,000 catchup over 50yrs (same in 2021)

IRA Phase-outs for higher earners - \$65k-\$75k single/\$196k-\$206k MFJ (one spouse covered)

401k deferrals - \$19,500 + \$6,500 catch-up (same in 2021)

401k overall limit - \$57,000 (\$58,000 2021)

SIMPLE limit - \$13,500 + \$3,000 catch-up (same in 2021)

HSA Contributions - \$3,550 single/\$7,100 family (\$3,600/\$7,200 in 2021)

Mileage Rates 2020: 57.5cents/mile business; 17 cents/miles medical; 14 cents/mile charity

**VIRTUAL CURRENCY – QUESTION ON FRONT
OF 1040!**

Penalties

- Failure to File (based on percent of tax owed)
- Late Filing for S-corp/Partnerships - \$205/month per shareholder/partner
- Failure to Pay – extension to file does not mean extension to pay
- Underpayment of Estimated Tax – due dates 4/15, 6/15, 9/15 & 1/15
 - Safe Harbor – 90% of current year or 100%/110% of prior year

SECURE Act – Dec. 2019

- Required Minimum Distributions (RMD) increase to age 72
- Changes to inherited IRA rules – 10 yr limit
- No age limit for contributions

CARES Act – 2020

- Above the line charitable contributions - \$300
- Economic recovery rebates reconciled on 1040/line 30
- NOL carrybacks for 2018-2020 years
- Retirement plan RMDs/ penalty-free withdrawals
- Payment Protection Plan (PPP) loans from the SBA

Potential new relief bill....any day now...

- PPP2?
- More economic relief checks?
- Extended unemployment?
- More state aid?

Tax Savings Strategies

- IRA to HSA conversion – once in a lifetime
- Charitable contribution bunching/standard deduction every other year
- Solar credit – next year down to 22% then gone/Idaho deduction still available
- Idaho 529 plan
- Idaho credits (youth rehab/education)
- Idaho first-time homebuyer deduction for principle and interest

Questions?

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