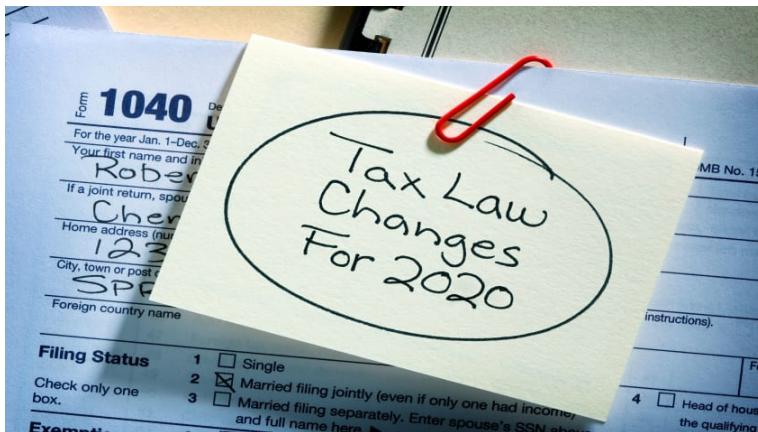


TAX LAW

Tax Changes and Key Amounts for the 2020 Tax Year

There were a lot of tax changes for the 2020 tax year. Get familiar with them now – before you file your 2020 tax return.

by: **Joy Taylor, Rocky Mengle** - February 8, 2021



Getty Images

We were expecting 2020 to be a quiet year in terms of tax law changes. But, boy, were we ever wrong! The government funding bills signed by President Trump in December 2019 included a lot of tax provisions. The economic stimulus packages enacted in March and December 2020 to help boost the U.S. economy dragged down by the coronavirus added more. Plus, there are several other 2020 tweaks from new rules or annual inflation adjustments. All in all, this means **American taxpayers are staring at a long list of tax changes for the 2020 tax year.**

Tax filing season starts on February 12, 2021. So, you should be preparing to file your 2020 tax return and getting familiar with all the new tax laws for 2020 should be part of that process. To help you out, **we pulled together a list of the most important tax law changes and adjustments for 2020** (some related items are grouped together). Use this information now so you can save money when you sit down to complete your 2020 return.

20 Most-Overlooked Tax Breaks and Deductions

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Recovery Rebate Credits

Getty Images

Under the Coronavirus Aid, Relief, and Economic Security (CARES) Act and the COVID-Related Tax Relief Act, most Americans received one or two stimulus checks in 2020. First-round payments under the CARES Act were for \$1,200 (\$2,400 for couples filing jointly), plus \$500 more for each child under age 17. Second-round stimulus checks under the COVID-Related Tax Relief Act were for \$600 (\$1,200 for couples filing jointly), plus an extra \$600 for each child under age 17. Both the first- and second-round payments were phased out for joint filers with adjusted gross incomes above \$150,000, head-of-household filers with AGIs above \$112,500, and single filers with AGIs above \$75,000.

Technically, your stimulus checks were an advance payment of a special 2020 tax credit known as the recovery rebate credit. When you file your 2020 return, you'll have to reconcile the stimulus checks you received with the recovery rebate credit you're entitled to claim. For most people, the combined total of your stimulus check payments will equal the tax credit allowed. In that case, your credit will be reduced to zero. However, if your stimulus checks were less than your credit amount, the tax you owe will be reduced by the difference (and you might even receive a refund). And if the combined total of your stimulus checks was more than your credit amount, you generally won't have to repay the difference to the IRS. (Also note that the stimulus check payments are *not* taxable!)

For more information on the credit, see [The Recovery Rebate Credit: Get Your Full Stimulus Check Payment With This Tax Credit](#).

President Biden's Tax Plans for the Next Few Years

Retirement Plans

Getty Images

There are a lot of changes in 2020 for retirement plans. Most of the changes come from the **SECURE Act**, which was signed into law late in 2019. However, the CARES Act includes a few provisions affecting retirement accounts, too.

Both acts significantly impact required minimum distributions (RMDs). For example, under the SECURE Act, the beginning age for taking RMDs rises from 70½ to 72. (This change only applies to account owners who turn 70½ *after* 2019.) The CARES Act allows seniors to skip their RMDs in 2020 without penalty.

The SECURE Act also allows owners of traditional IRAs to make contributions past the age of 70½ starting in 2020. In addition, folks having a baby or adopting a child can now take payouts from IRAs and 401(k)s of up to \$5,000 without having to pay the 10% fine for pre-age-59½ withdrawals. Beginning in 2020, fellowships, stipends or similar payments to graduate or post-doctoral students are treated as compensation for purposes of making IRA contributions, too. This will help qualifying students begin saving for retirement sooner, since contributions to a retirement account generally can't exceed the amount of your compensation.

10 Ways the SECURE Act Will Impact Your Retirement Savings

The rules for withdrawing money from inherited IRAs and workplace retirement accounts are also tightened by the SECURE Act—many accounts now need to be cleaned out within 10 years of the death of the IRA owner or 401(k) participant. Exceptions allow payouts over the beneficiary's life expectancy for surviving spouses, the disabled or chronically ill, minor children until they reach 18 and beneficiaries who are not more than 10 years younger than the account owner. (Inherited accounts of individuals who died before 2020 aren't affected by this change.)

In addition to the RMD suspension mentioned above, the CARES Act includes a few other key retirement-related tax breaks for 2020. First, it waives the 10% penalty on pre-age-59½ payouts from retirement accounts for up to \$100,000 of coronavirus-related payouts. A coronavirus-related distribution can also be included in income in equal installments over a three-year period, and you have three years to put the money back into your retirement account and undo the tax consequences of the distribution. If you've taken advantage of this coronavirus-related easing, you must attach Form 8915-E to your return to spread out the tax on the distributions. Second, the CARES Act allowed eligible individuals to borrow more from workplace plans such as 401(k)s—up to the lesser of \$100,000 or 100% of the account balance—until September 23, 2020. Repayments on retirement plan loans due in 2020 are also delayed for one year.

Many key dollar limits on retirement plans and IRAs are higher in 2020, too. The maximum **401(k) contribution** for 2020 is \$19,500, but those born before 1971 can put in \$6,500 more (both amounts are \$500 higher than in 2019). The caps apply to **403(b)** and **457** plans as well.

The 2020 cap on contributions to [SIMPLE IRAs](#) is \$13,500 (\$500 more than in 2019), plus \$3,000 extra for people age 50 and up.

10 Most Tax-Friendly States for Retirees

The 2020 contribution limit for [traditional IRAs](#) and [Roth IRAs](#) stays steady at \$6,000, plus \$1,000 as an additional catch-up contribution for individuals age 50 and up. However, the income ceilings on [Roth IRA contributions](#) went up. Contributions phase out in 2020 at adjusted gross incomes (AGIs) of \$196,000 to \$206,000 for couples and \$124,000 to \$139,000 for singles (up from \$193,000 to \$203,000 and \$122,000 to \$137,000, respectively, for 2019).

[Deduction phaseouts for traditional IRAs](#) also start at higher levels in 2020, from AGIs of \$104,000 to \$124,000 for couples and \$65,000 to \$75,000 for single filers (up from \$103,000 to \$123,000 and \$64,000 to \$74,000 for 2019). If only one spouse is covered by a plan, the phaseout zone for deducting a contribution for the uncovered spouse starts at \$196,000 of AGI and ends at \$206,000 (they were \$193,000 and \$203,000 for 2019).

If you haven't maxed out your IRA contributions for 2020, you still have time to do so. You have until April 15, 2021, to make a 2020 contribution to a traditional IRA or a Roth IRA.

10 Least Tax-Friendly States for Retirees

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Tax Bracket Ranges

Getty Images

Although the tax rates didn't change, the income **tax brackets for 2020 are slightly wider than for 2019**. The difference is due to inflation during the 12-month period from September 2018 to August 2019, which is used to figure the adjustments.

2020 Tax Brackets for Single/Married Filing Jointly/Head of Household

<i>Tax Rate</i>	<i>Taxable Income (Single)</i>	<i>Taxable Income (Married Filing Jointly)</i>	<i>Taxable Income (Head of Household)</i>
10%	Up to \$9,875	Up to \$19,750	Up to \$14,100
12%	\$9,876 to \$40,125	\$19,751 to \$80,250	\$14,101 to \$53,700
22%	\$40,126 to \$85,525	\$80,251 to \$171,050	\$53,701 to \$85,500
24%	\$85,526 to \$163,300	\$171,051 to \$326,600	\$85,501 to \$163,300
32%	\$163,301 to \$207,350	\$326,601 to \$414,700	\$163,301 to \$207,350
35%	\$207,351 to \$518,400	\$414,701 to \$622,050	\$207,351 to \$518,400
37%	Over \$518,400	Over \$622,050	Over \$518,400

IRS Releases Income Tax Brackets for 2021

Standard Deductions

Getty Images

Many of the standard deduction amounts were increased for 2020. Married couples get \$24,800 (\$24,400 for 2019), plus \$1,300 for each spouse age 65 or older. Singles can claim a \$12,400 standard deduction (\$12,200 for 2019)—\$14,050 if they're at least 65 (\$13,850 for 2019). Head-of-household filers get \$18,650 for their standard deduction (\$18,350 for 2019), plus an additional \$1,650 once they reach age 65. Blind people can tack on an extra \$1,300 to their standard deduction (\$1,650 if they're unmarried and not a surviving spouse).

What's the Standard Deduction for 2020 vs. 2021?

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Capital Gain Rates

Tax rates on long-term capital gains and qualified dividends did not change for 2020, but the income thresholds to qualify for the various rates did go up. In 2020, the 0% rate applies for individual taxpayers with taxable income up to \$40,000 on single returns (\$39,375 for 2019), \$53,600 for head-of-household filers (\$52,750 for 2019) and \$80,000 for joint returns (\$78,750 for 2019).

The 20% rate for 2020 starts at \$441,451 for singles (\$434,550 for 2019), \$469,051 for heads of household (\$461,700 for 2019) and \$496,601 for couples filing jointly (\$488,850 for 2019).

The 15% rate is for filers with taxable incomes between the 0% and 20% break points.

The 3.8% surtax on net investment income stays the same for 2020. It kicks in for single people with modified AGI over \$200,000 and for joint filers with modified AGI over \$250,000.

The 2021 Capital Gains Tax Rate Thresholds Are Out – What Rate Will You Pay?



More donations to charity can be deducted for 2020 under the CARES Act. The 60%-of-AGI limit on deductions for *cash* donations by people who itemize is suspended (gifts to donor-advised funds and private nonoperating foundations are excluded). Carryovers of excess charitable contributions from prior years don't get the break. (This rule was later extended to the 2021 tax year, too.)

Nonitemizers can also write off up to \$300 of charitable *cash* contributions. This is a new "above-the-line" deduction applies *only* for people who don't file Schedule A. For 2020, this write-off is per return, meaning married couples who file jointly can only deduct \$300, not \$600. (The deduction was extended to 2021, and married couples can deduct up to \$600 on their 2021 tax return.)

11 Winter Car Maintenance Tips

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Getty Images

A number of **expired or expiring tax breaks were revived** late in 2019—most through

2020. They include deductions for mortgage insurance premiums and college tuition, as well as the \$2-million exclusion for forgiven mortgage debt and the credit for certain energy-saving improvements to your home.

These tax breaks apply for 2018 and 2019 as well. So, if you qualified for any of them in those years, it might be worth [filing an amended return](#) and claiming a refund. ([Amended returns can now be filed electronically](#).)

(Note that extended tax breaks will expire again, become permanent, or be repealed after 2020.)

12 States That Won't Tax Your Retirement Income



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Sick and Family Leave Credits for Self-Employed

Getty Images

The Families First Coronavirus Response Act includes tax relief for self-employed people who can't work because of the coronavirus. The law forces many employers to provide paid sick and family leave for workers affected by the virus. However, tax credits against the self-employment tax are also allowed for self-employed people who can't work for a reason

self-employment tax are also allowed for self-employed people who can't work for a reason that would entitle them to coronavirus-related sick or family leave if he or she were an employee. (Employers also get tax credits to help them pay for the paid leave they are required to give their employees.)

For more information on these tax credits, see [Tax Credits Included in Coronavirus Paid Leave Law](#).

Is Unemployment Taxable? State-by-State Guide to Unemployment Benefits

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Student Loan Payments by Employers

Getty Images

The CARES Act allows employers to pay down up to \$5,250 in workers' college loans in 2020. The payments are excluded from the workers' wages for federal tax purposes. The \$5,250 cap applies to both student loan repayment benefits and other educational assistance (e.g., tuition, fees, books, etc.) offered by an employer under current law. (This tax break was later extended through 2025.)

Biden Extends Student Loan Relief, Is Loan Forgiveness Next?



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Adoption of a Child

For 2020, the adoption credit can be taken on up to \$14,300 of qualified expenses (\$14,080 for 2019). The full credit is available for a special-needs adoption, even if it

costs less. The credit begins to phase out for filers with modified AGIs over \$214,520 and disappears at \$254,520 (\$211,160 and \$251,160, respectively, for 2019).

The exclusion for company-paid adoption aid was also increased from \$14,080 to \$14,300 for 2020.

The 10 Most Tax-Friendly States for Middle-Class Families

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Estate & Gift Taxes

Getty Images

The lifetime estate and gift tax exemption for 2020 jumped from \$11.4 million to \$11.58 million—\$23.16 million for couples if portability is elected by timely filing Form 706 after the death of the first-to-die spouse. The estate tax rate remains steady at 40%.

The gift tax exclusion remains \$15,000 per recipient. So, you can give up to \$15,000 (\$30,000 if your spouse agrees) to each child, grandchild or any other person in 2020 without having to file a gift tax return or tap your lifetime estate and gift tax exemption.

Estate Tax Exemption Amount Goes Up for 2021



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Kiddie Tax

Getty Images

The [2017 tax reform law's revamp of the "kiddie tax"](#) has been repealed. Prior to 2018, children age 18 or younger (under 24 if a student) were taxed on unearned income in excess of a certain amount at their tax rate or their parents' rate, whichever was higher. The tax reform law changed the rules to tax unearned income at the ordinary income rates and

capital gains rates that apply for trusts. This resulted in higher tax for many filers, including military families with survivor benefits. So, Congress repealed the kiddie tax change, and the pre-2018 rules apply again for 2020. (Taxpayers can elect to apply the pre-2018 rules to 2018 and 2019 returns as well.)

The 10 Least Tax-Friendly States for Middle-Class Families

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Education Tax Breaks

Getty Images

The 2020 **lifetime learning credit** phases out at higher modified AGI amounts for couples —\$118,000 to \$138,000 (\$116,000 to \$136,000 for 2019). The AGI range for singles is \$59,000 to \$69,000 (\$58,000 to \$68,000 for 2019).

The income caps are also higher in 2020 for [tax-free EE bonds used for education](#). The exclusion starts phasing out above \$123,550 of modified AGI for couples and \$82,350 for others (\$121,600 and \$81,100 for 2019). It ends at modified AGI of \$153,550 and \$97,350, respectively (\$151,600 and \$96,100 for 2019). The savings bonds must be redeemed to help pay for tuition and fees for college, graduate school or vocational school for the taxpayer, spouse or dependent.

There are two expansions to [529 college savings plans](#) starting in 2020, too. First, funds can now be used to pay for fees, books, supplies and equipment for certain apprenticeship programs. In addition, up to \$10,000 in total (not annually) can be withdrawn to pay off student loans.

Certain emergency financial aid grants under the CARES Act are also excluded from the student's gross income.

12 Tax Deductions and Credits That Help You Pay for College



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Educator Expenses for COVID-Prevention Supplies

Getty Images

For 2020, teachers and other educators can deduct unreimbursed expenses for personal protective equipment (PPE) and other items used to stop the spread of COVID-19 in the classroom. The deduction is available for up to \$250 of unreimbursed cost of COVID-19 protective items paid by an eligible educator after March 12, 2020. The maximum deduction jumps to \$500 for a married couple filing a joint return if both spouses are eligible educators – but not more than \$250 each.

An "eligible educator" is anyone who is a kindergarten through 12th grade teacher, instructor, counselor, principal, or aide in a school for at least 900 hours during a school year. For more on this deduction, see [Teachers Can Deduct COVID-Prevention Supplies on Their Tax Return](#).

PODCAST: Taxes and Insurance When Working from “Home”

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Earned Income Tax Credit and Additional Child Tax Credit

Getty Images

If you lost your job or had a change in income in 2020, there's a new rule that can boost or allow you to qualify for the earned income tax credit (EITC). Under the rule, you can use your 2019 earned income to figure your 2020 EITC if your 2019 earned income is more than your 2020 earned income.

The rule also applies to the additional child tax credit, which is for certain people who get less than the full amount of the child tax credit.

Kiplinger's Best Values in Tax Software, 2021

Employee Fringe Benefits

Getty Images

U.S. taxpayers working abroad have a larger income exclusion in 2020. It jumped from \$105,900 for 2019 to \$107,600 for 2020. (Taxpayers claim the foreign earned income exclusion on Form 2555.)

The cap on employer-provided tax-free parking goes up from \$265 to \$270 a month. The 2020 exclusion for mass transit passes and commuter vans is the same amount.

Employees covered by health flexible savings plans can defer up to \$2,750 in 2020. That's up from \$2,700 in 2019.

22 IRS Audit Red Flags

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Energy Credits

Getty Images

The residential solar credit falls to 26% for 2020, which is down from 30% in 2019. It drops again to 22% in 2021 and ends after that. Ditto for the tax breaks for geothermal heat pumps, residential wind turbines and fuel cell property.

17 Nice-Try Tax Breaks Rejected by the IRS



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Payroll Taxes

The Social Security annual wage base was \$137,700 for 2020 (that's a \$4,800 hike from 2019). The Social Security tax rate on employers and employees said pat at 6.2%. Both workers and employers continued to pay the 1.45% Medicare tax on all compensation in 2020, with no cap. Workers also paid the 0.9% Medicare surtax on 2020 wages and self-employment income over \$200,000 for singles and \$250,000 for couples. The surtax didn't hit employers, though.

(NOTE: The CARES Act let employers defer payment of the Social Security taxes they owed on wages paid from March 27 through December 31, 2020. Self-employed people could defer 50% of their self-employment tax. Employers affected by the coronavirus could also claim a new payroll tax credit for 2020 if they retained and continued to pay their workers. For more information, see [7 CARES Act Tax Breaks for Businesses](#).)

In August 2020, President Trump issued an executive memorandum allowing employers to suspend the collection and payment of Social Security payroll taxes from September 1 until the end of 2020 for workers making less than \$4,000 for any bi-weekly pay period (i.e., \$2,000 per week, or \$104,000 per year). The president's action didn't eliminate the tax debt—it just delayed withholding and payment of the tax—and it was optional. If your employer suspended payroll taxes in 2020, it will have to collect the deferred taxes from your paycheck from January 1 to December 31, 2021. So, during 2021, you'll have more withheld from your paychecks for the 6.2% Social Security tax.

The nanny tax threshold went up to \$2,200 in 2020, which was a \$100 increase from 2019.

There was also a [revamped Form W-4](#) introduced in 2020. Since personal exemptions are zero until 2026, workers no longer claim withholding allowances on the W-4. Instead, the IRS revised the form to focus on items such as filing status, number of dependents, filers with multiple jobs, estimated tax breaks and other income you plan to report on your 1040. The IRS didn't require all employees to submit a new W-4 form for 2020 to their employer.

Instead, only employees hired after 2019 and workers who want to adjust their post-2019 income tax withholding have to fill out the new form. However, it's a good idea for all workers to review their tax situations and figure out whether submitting a new W-4 to hike or decrease withholding makes sense for them.

10 Things Every Worker Needs to Know About the New W-4 Form for 2020

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Standard Mileage Rates

The 2020 standard mileage rate for business driving fell from 58¢ to 57.5¢ a mile. The mileage allowance for medical travel and military moves also declined from 20¢ to 17¢ a mile in 2020. However, the charitable driving rate stayed put at 14¢ a mile—it's fixed by law.

15 Tax Breaks You Won't Believe Are Real



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Medical Expenses

Getty Images

The 2020 threshold for deducting medical expenses on Schedule A is 7.5% of AGI. The adjusted-gross-income threshold was slated to jump from 7.5% to 10% after 2018, but the 2019 government funding law revived the 7.5% figure for 2019 and 2020. It was later made permanent.

The limits on [deducting long-term-care premiums](#) are higher in 2020. Taxpayers who are age 71 or older can write off as much as \$5,430 per person (\$5,270 for 2019). Filers age 61 to 70 can deduct up to \$4,350 (\$4,220 for 2019). Anyone who is 51 to 60 can deduct up to \$1,630 (\$1,580 for 2019). For people age 41 to 50, the max is \$810 (\$790 for 2019). Finally, for whippersnappers age 40 and younger, it's \$430 (\$420 for 2019). For most, long-term-care premiums are medical expenses deductible only by itemizers on Schedule A. However, self-employed people can deduct them on Schedule 1 of the 1040.

There's Still Time to Save on 2020 Taxes

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HSAs, FSAs and HRAs

The annual cap on deductible **contributions to health savings accounts (HSAs)** rose in 2020 from \$3,500 to \$3,550 for self-only coverage and from \$7,000 to \$7,100 for family coverage. People born before 1966 can put in \$1,000 more (same as for 2019).

Qualifying insurance policies must limit out-of-pocket costs in 2020 to \$13,800 for family health plans (\$13,500 in 2019) and \$6,900 for people with individual coverage (\$6,750 in

2019). Minimum policy deductibles increased for 2020 from \$2,700 to \$2,800 for families and from \$1,350 to \$1,400 for individuals.

The IRS also announced that anyone with a high-deductible health plan that covers medical expenses related to COVID-19 before plan deductibles have been met could still contribute to an HSA. This includes coverage for the panel of diagnostic testing for influenza A and B, norovirus and other coronaviruses, and respiratory syncytial virus, and any items or services required by law to be covered with zero cost sharing. It also included telehealth and other remote care services.

HSA Contribution Limits and Other Requirements

In addition, beginning in 2020, funds from HSAs, health flexible spending arrangements (FSAs), and health reimbursement arrangements (HRAs) can be used to buy over-the-counter medicines without the need of a doctor's prescription, as well as menstrual care products.

Workers could also make mid-year changes to their health and dependent care FSAs in 2020, *if their employer modified its FSA plan*. Employers could allow workers to:

- Sign-up or revoke an election to contribute to a health or dependent care FSA for 2020; or
- Increase or decrease the amount contributed in 2020 to a health or dependent care FSA

Employers also had the option of upping the carryover amount for 2020 FSAs from \$500 to \$550. This didn't apply to amounts carried over from 2019 to 2020, though. In addition, the carryover amount will be adjusted for inflation going forward.

The IRS also let employers extend the FSA grace period to incur health or dependent care expenses for the previous year to the end of the year. Again, it was optional. So, for example, if an employer sponsored a 2019 FSA with a grace period ending on March 15, 2020, it could have amended its FSA plan to let workers apply unused 2019 FSA funds to pay for qualifying expenses incurred through December 31, 2020. Note, however, that a worker who had unused amounts from a 2019 health FSA and who was allowed an extension to the end of

2020 to incur expenses generally wasn't allowed to contribute to an HSA during the extended period.

Other new rules regarding FSAs allow employers to:

- Permit the carryover of unused benefits up to the full annual amount from 2020 to 2021 (and 2021 to 2022);
- Permit a 12-month grace period for unused benefits or contributions for plan years ending in 2020 or 2021; and
- Extend the maximum age of eligible dependents from 12 to 13 for dependent care FSAs for the 2020 plan year and unused amounts from the 2020 plan year carried over into the 2021 plan year.

18 Believe It or Not Tax Breaks



Disaster Relief

Getty Images

Victims of federally declared natural disasters in 2020 get some additional tax relief that's similar to the tax breaks given to victims of natural disasters in recent years. For example, you can claim personal disaster losses for 2020 even if you don't itemize. The 10% penalty on pre-age-59½ payouts from retirement accounts is also waived for certain disaster relief distributions up to \$100,000, and the income tax due on the distribution can be spread

rental distributions up to \$100,000, and the income tax due on the distribution can be spread over a three-year period.

11 Surprising Things That Are Taxable

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Alternative Minimum Tax (AMT)

Getty Images

There's good news for anyone worried about getting hit with the alternative minimum tax: AMT exemptions ticked upward for 2020. They increased from \$111,700 to \$113,400

for couples and from \$71,700 to \$72,900 for single filers and heads of household. The phaseout zones for the exemptions started at higher income levels as well—\$1,036,800 for couples and \$518,400 for singles and household heads (\$1,020,600 and \$510,300, respectively, for 2019).

In addition, the 28% AMT tax rate kicked in a bit higher in 2020—above \$197,900 of alternative minimum taxable income. The rate applied to AMTI over \$194,800 for 2019.

Rest In Pieces, AMT



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Deduction for Pass-Through Income

Getty Images

A key dollar threshold on the [20% deduction for pass-through income](#) was increased for 2020. Self-employed people and owners of LLCs, S corporations and other pass-through entities can deduct 20% of their qualified business income, subject to limitations for individuals with taxable incomes in excess of \$326,600 for joint filers and \$163,300 for others (\$321,400 and \$160,700, respectively, for 2019).

New Pass-Through Tax Deduction Could Be a Bust for Business Owners

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Business Losses for Self-Employed People

Getty Images

The CARES Act suspended the cap for deducting business losses on individual returns. Under the 2017 tax reform law, the amount of trade or business losses over \$500,000 for joint filers and \$250,000 for other filers is not deductible, with any excess carried forward. The CARES Act suspends this loss limitation rule generally for 2018 through 2020.

11 Tax Breaks for the Middle Class



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Interest on Tax Refunds

For those who received a federal tax refund in 2020, you may have also been paid interest. The IRS wants you to know that [refund interest payments](#) are taxable and must be reported on your federal income tax return. In January 2021, the IRS sent Form 1099-INT to anyone who received interest totaling \$10 or more. Make sure you report it on your 2020 return.

10 Most Tax-Friendly States for Retirees

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Penalties