

RETIREMENT/HSA PLAN CONTRIBUTION LIMITS

Individual and Company Limitations

	2021	2020
General Deferral Limits:		
401(k)/403(b)/457(b)/SARSEP	\$19,500	\$19,500
SIMPLE IRA/SIMPLE 401(k)	13,500	13,500
IRA*/Roth IRA** (combined)	6,000	6,000
HSA (family)	7,200	7,100
HSA (single)	3,600	3,550

Catch Up Contribution for Taxpayers

Age 50 and Over:

401(k)/403(b)/457(b)/SARSEP	\$6,500	\$6,500
SIMPLE IRA	3,000	3,000
IRA/Roth IRA (combined)	1,000	1,000

Age 55 and Over:

HSA contributions	\$1,000	\$1,000
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Compensation Limit for Benefit Calculations

2021	\$290,000	2020	\$285,000
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Defined Contribution Plan Limits (Qualified Plans, SEPs, and Simple Plans):

Per Participant: 100% of compensation up to \$58,000 for 2021 and \$57,000 for 2020 (25% for SEPs).

Maximum tax-deductible employer contribution: 25% of eligible compensation.

- * For 2021, deduction may be limited if taxpayer is a participant in another plan and earns over \$66,000 (single) or \$105,000 (married filing joint). For 2020, the earning limitations are \$65,000 (single) and \$104,000 (married filing joint).
- ** For 2021, contribution may be limited if income is over \$125,000 (single) or \$198,000 (married filing joint). For 2020, contribution may be limited if income is over \$124,000 (single) or \$196,000 (married filing joint).

NOTE: In general, individual contributions must be made before due date of tax return, not including extensions.

ESTATE, GIFT AND TRUST TAX

Exclusions and Tax Rates

Type	2021		2020	
	Basic Exclusion	Highest Rate	Basic Exclusion	Highest Rate
Estate and gift*	\$11,700,000	40%	\$11,580,000	40%
Gifts per donee	15,000	40%	15,000	40%

- * Basic exclusion also includes deceased spousal unused exclusion amount.

Trust Income Tax Rates

	2021	2020
Highest tax rate*	37%	37%

- * Undistributed trust net investment income in excess of \$13,050 for 2021 and \$12,950 for 2020 is subject to an additional 3.8% Medicare contribution tax.

EMPLOYMENT TAX RATES

FICA Taxes

	2021		2020	
	Wage Base	Rate	Wage Base	Rate
Social Security	\$142,800	6.20%	\$137,700	6.20%
Medicare*	no limit	1.45%	no limit	1.45%

- * For 2021 and 2020, an additional 0.9% Medicare/hospital insurance tax is withheld on wages exceeding \$200,000.

Self-Employment Tax

	2021		2020	
	SE Income	Rate	SE Income	Rate
Social Security	\$142,800	12.40%	\$137,700	12.40%
Medicare	no limit	2.9%	no limit	2.9%

Unemployment Tax

	2021	
	Wage Base	Rate
Federal	\$7,000	6.0%*
Michigan	9,500***	2.7%**

- * Subject to maximum 5.4% credit.
- ** Initial rate for non-construction payers.
- *** Wage limit is lowered to \$9,000 if unemployment taxes are paid timely.

SECTION 179 DEDUCTION & "BONUS" DEPRECIATION

	2021	2020
Section 179 (new or used)*	\$1,050,000	\$1,040,000
Bonus (new or used)	100%**	100%

- * Amount begins to phase-out when total eligible capital acquisitions exceed \$2,590,000 and \$2,620,000 for 2020 and 2021, respectively.
- **100% first year deduction is allowed for qualified property acquired and placed into service by the end of the year. In 2023, phase-out begins at 20% reduction per year through 2027.

STANDARD MILEAGE DEDUCTIONS

Per Mile

	2021	2020
Business	56¢	57.5¢
Charitable	14¢	14¢
Medical/Moving	16¢	17¢

PER DIEM RATES

Meals and incidental expenses	\$61
Lodging	\$114

Reflects standard rates for Grand Rapids, MI through December 2021.

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2021 Pocket Tax Guide

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INDIVIDUAL INCOME TAX RATES

Regular Tax

2021 If Taxable Income Is:	The Tax Is:
Married Filing Joint/ Surviving Spouses	
\$1 - \$19,900	10% of taxable income
\$19,901 - \$81,050	\$1,990 plus 12% of the excess over \$19,900
\$81,051 - \$172,750	\$9,328 plus 22% of the excess over \$81,050
\$172,751 - \$329,850	\$29,502 plus 24% of the excess over \$172,750
\$329,851 - \$418,850	\$67,206 plus 32% of the excess over \$329,850
\$418,851 - \$628,300	\$95,686 plus 35% of the excess over \$418,850
Over \$628,300	\$168,993.50 plus 37% of the excess over \$628,300
Single	
\$1 - \$9,950	10% of taxable income
\$9,951 - \$40,525	\$995 plus 12% of the excess over \$9,950
\$40,526 - \$86,375	\$4,664 plus 22% of the excess over \$40,525
\$86,376 - \$164,925	\$14,751 plus 24% of the excess over \$86,375
\$164,926 - \$209,425	\$33,603 plus 32% of the excess over \$164,925
\$209,426 - \$523,600	\$47,843 plus 35% of the excess over \$209,425
Over \$523,600	\$157,804.25 plus 37% of excess over \$523,600
Head of Household	
\$1 - \$14,200	10% of taxable income
\$14,201 - \$54,200	\$1,420 plus 12% of the excess over \$14,200
\$54,201 - \$86,350	\$6,220 plus 22% of the excess over \$54,200
\$86,351 - \$164,900	\$13,293 plus 24% of the excess over \$86,350
\$164,901 - \$209,400	\$32,145 plus 32% of the excess over \$164,900
\$209,401 - \$523,600	\$46,385 plus 35% of the excess over \$209,400
Over \$523,600	\$156,355 plus 37% of the excess over \$523,600

2021 Tax Rate on Long-Term Capital Gains and Qualified Dividends

Taxable Income Threshold	2021
Single	
\$0 - \$40,400	0%
\$40,401 - \$445,850	15%
\$445,851 and up	20%
Married Filing Jointly	
\$0 - \$80,800	0%
\$80,801 - \$501,600	15%
\$501,601 and up	20%
Head of Household	
\$0 - \$54,100	0%
\$54,101 - \$473,750	15%
\$473,751 and up	20%

Unearned Income Medicare Contribution Tax

A 3.8% Medicare contribution tax will be applied to the lesser of (a) net investment income or (b) modified adjusted gross income exceeding the following amounts:

	2021	2020
Married Filing Joint	\$250,000	\$250,000
Single/Head of Household	200,000	200,000
Married Filing Separate	125,000	125,000

Additional .9% Medicare Tax

An additional 0.9% tax will be applied to the employee's portion of the Medicare component of payroll taxes for wages and self-employment income in excess of the following amounts:

	2021	2020
Married Filing Joint	\$250,000	\$250,000
Single/Head of Household	200,000	200,000
Married Filing Separate	125,000	125,000

INDIVIDUALS

Standard Deduction

	2021	2020
Married Filing Joint/ Surviving Spouse	\$25,100	\$24,800
Single/ Married Filing Separate	12,550	12,400
Head of Household	18,800	18,650
Additional – Blind or Elderly		
Single or Head of Household	\$1,700	\$1,650
Married (each)	1,350	1,300

Taxpayer is allowed to deduct the greater of standard deduction or itemized deductions.

Qualified Business Income

Owners of S Corporations and LLCs may qualify for a 20% qualified business income deduction on their individual tax return. The deduction is limited in certain situations when taxable income exceeds the following amounts:

	2021*	2020**
Married	\$329,800	\$326,600
Married Filing Separately	164,925	163,300
Single or Head of Household	164,900	163,300

* The limitation is fully phased in when taxable income exceeds \$429,800 for married filing jointly and \$214,900 for married filing separately, single, and head of household.

** The limitation is fully phased in when taxable income exceeds \$426,600 for married filing jointly, \$213,300 for married filing separately, single and head of household.

2021 Itemized Deductions

Medical: deductible to extent expenses exceed 7.5% of AGI

State & Local Taxes: deduction is limited to \$10,000

Mortgage Interest: deduction is limited to the interest on indebtedness up to \$750,000

Charitable Contributions: Cash contributions are limited to 100% of AGI

2% Miscellaneous Deductions: Suspended from 2018 through 2025

Estimated Tax Payments

To avoid possible underpayment penalties (if tax due with return will exceed \$1,000), taxpayer is required to deposit through withholdings and/or estimated tax payments the lesser of:

- 100% of prior year tax liability*, or
- 90% of current year tax liability

* "High-income" taxpayers (i.e., those whose adjusted gross income was greater than \$150,000) must pay estimates and/or withhold equal to 110% of their prior year's tax liability for 2020 and 2021.

Child Tax Credit

	2021*	2020*
Qualifying child under age 17 on December 31	\$1,400	\$2,000

*Subject to phase-out provisions when modified AGI exceeds \$400,000 (married filing joint) and \$200,000 (single). The individual must be someone who can claim a dependency exemption for the child.

Note: Additional nonrefundable \$500 credit available for dependents other than a qualifying child

Alternative Minimum Tax (AMT)

	Exemption Amounts	
	2021*	2020**
Married Filing Joint/ Surviving Spouse	\$114,600	\$113,400
Unmarried Individuals	73,600	72,900

* Subject to phase-out provisions when AMTI exceeds \$1,047,200 (married filing joint) and \$523,600 (unmarried individuals) in 2021.

** Subject to phase-out provisions when AMTI exceeds \$1,036,800 (married filing joint) and \$518,400 (unmarried individuals) in 2020.

Tuition Credits

	2021	2020
American Opportunity Credit*		
Maximum credit on qualified expenses	\$2,500	\$2,500

Lifetime Learning Credit**

Maximum credit on qualified expenses - credit equals 20% of first \$10,000 paid	\$2,000	\$2,000
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* Subject to phase-out provisions when modified AGI exceeds \$160,000 (married filing joint) and \$80,000 (single) for 2021. A portion of the credit may be refundable. The credit is available for a maximum of four years.

** Subject to phase-out provisions when modified AGI exceeds \$119,000 (married filing joint) and \$59,000 (single) for 2021. Credit is available to the extent of tax liability.

CORPORATE INCOME TAX RATE

2021 Regular Tax

For tax years beginning after December 31, 2017, the corporate tax rate is a flat 21% rate.

Estimated Tax Payments

To avoid possible underpayment penalties (if tax due with return will exceed \$500), taxpayer is required to pay estimated tax payments equal to the lesser of:

- 100% of prior year tax liability*, provided a positive tax liability was shown and the prior tax year consisted of twelve months, or
- 100% of current year tax liability.

* Not available for corporations with a taxable income of at least \$1 million in any one of three immediately preceding tax years.

MICHIGAN TAXPAYERS

Income Taxes

	2021	2020
Individual tax rate	4.25%	4.25%
Personal exemption for each taxpayer, spouse and dependent	\$4,900	\$4,750
Corporate income tax rate (C Corps only)	6.0%	6.0%