

Here are the numbers for 2020-2021:

**1) FICA & Self Employment taxes are comprised of two components:**

**a) Social Security (OASDI)**

	<b>2020</b>	<b>2021</b>
Maximum Earnings Subject	\$ 137,700	\$ 142,800
Tax Rate (Employee)	6.2%	6.2%
Maximum FICA Tax (Employee)	8,537.40	8,853.60
Tax Rate (Employer)	6.2%	6.2%
Maximum FICA Tax (Employer)	8,537.40	8,853.60
Tax Rate (Self Employed)	12.40%	12.40%
Maximum FICA (Self-Employed)	17,074.80	17,707.20

**b) Medicare Tax**

Maximum Earnings Subject	No Ceiling	No Ceiling
Tax Rate (Employee)	1.45%	1.45%
Maximum Medicare Tax (Employee)	No Limit	No Limit
Tax Rate (Self Employed)	2.90%	2.90%
Maximum Medicare (Self-Employed)	No Limit	No Limit

**2) Medicare Tax Increases for High Income Earners**

Medicare wages and self-employment income in excess of \$200,000 (single) \$250,000 ( MFJ) will be subject to an extra 0.9%

Medicare tax will only be withheld from employees' wages. Employers will not match the extra tax.

There is a Medicare tax of 3.8% on investment (unearned) income for taxpayers with (MAGI) over \$200,000 (single) and \$250,00 (MFJ).

**3) Standard Deduction**

	<b>2020</b>	<b>2021</b>
Joint or Qualifying Widow(er)	24,800	25,100
Single	12,400	12,550
Head of Household	18,650	18,800
Married Filing Separately	12,400	12,550
Taxpayer Claimed as Dependent		
Additional for Elderly or Blind:		
Married	1,300	1,350
Unmarried	1,650	1,700

**4) Child Tax Credit (significantly expanded in 2021)**

Maximum Credit under age 6 subject to phaseouts	2,000	3,600
Maximum Credit ages 6-17 subject to phaseouts	2,000	3,000
Maximum Refundable Credit subject to phaseouts	1,400	<b>No Phaseout</b>

Individuals earning up to \$75,000 per year, heads of household earning up to \$112,500 per year and joint filers earning up to \$150,000 per year receive full credit. The amount of the payments will phase out by \$50 for every \$1,000 in adjusted gross income above those thresholds. Many will begin receiving advance payment, which will be deposited into their bank account on the 15th of each month starting in July through December 2021. The expanded benefit will provide families with advance payments of \$250 each month for every child aged 6 to 17, and \$300 monthly for every child under age 6. Families can claim the remaining half of the credit when they file their 2022 taxes

	<b>2020</b>	<b>2021</b>
<b><u>5) Social Security Benefits Increase</u></b>	1.60%	1.30%
<b><u>6) Earnings Ceiling for Social Security</u></b>		
Under full retirement age		
Annual Total	18,240	18,960
Monthly Average	1,520	1,580
From January 1st of the year reaching full retirement age through the month the retiree reaches full retirement age	48,600	50,250
From the first day of the first full month the retiree reaches full retirement age	No Limit	No Limit
<b><u>7) Medicare Part B Fee (Monthly) Based on Modified Adjusted Gross Income at Various Income Levels Below</u></b>		
<i>Individuals from:</i>		
\$0-88,000	\$144.60	\$148.50
\$88,000-\$111,000	\$202.40	\$207.90
\$111,000-\$138,000	\$289.20	\$297.00
\$138,000-\$165,000	\$376.00	\$386.10
\$165,000-500,000	\$462.70	\$475.20
above \$500,000	\$491.60	\$504.90
<i>Married couples from:</i>		
\$0-176,000	\$144.60	\$148.50
\$176,000-\$222,000	\$202.40	\$207.90
\$222,000-\$276,000	\$289.20	\$297.00
\$276,000-\$330,000	\$376.00	\$386.10
\$330,000-\$750,000	\$462.70	\$475.20
above \$750,000	\$491.60	\$504.90
<b><u>8) PA Income Tax Rate</u></b>	3.07%	3.07%
<b><u>9) Philadelphia City Wage Tax</u></b>		
Residents 1/1-6/30	3.8712%	3.8712%
Residents 7/1-12/31	3.8712%	3.8398%
Non-Residents 1/1-6/30	3.4481%	3.5019%
Non-Residents 7/1-12/31	3.5019%	3.4481%

**10) Pennsylvania Unemployment Employee Withholding Tax**

Employee Withholding Rate	.06%	.06%
Taxable Wage Base for Employer Contribution	10,000	10,000
	<b>2020</b>	<b>2021</b>

**11) NJ Unemployment, Disability & Family Leave Employee Taxes**

Taxable Wage Base	35,300	36,200
Unemployment Withholding (UI)	0.3825%	0.3825%
Disability Insurance withholding (DI)	0.26%	0.47%
Workforce Development (WF/SWF)	0.0425%	0.0425%
Family Leave Insurance (FLI) (Wage Base increased to \$138,200 for 2020)	0.16%	0.28%

**12) Federal Unemployment Tax (FUTA)**

Wages Subject	7,000	7,000
Rate	.6% (.006)	.6% (.006)
Cost for each employee earning \$7,000 or more	42.00	42.00

**13) Federal, PA & DE Minimum Wage**

Pennsylvania Minimum Wage	\$7.25	\$7.25
NJ Minimum Wage	\$11.00	\$12.00

**14) Deduction Limits for Automobiles****Passenger car, Light Trucks, Vans and SUV's**

First year	18,100	18,200
Second year	16,100	16,400
Third year	9,700	9,800
Thereafter	5,760	5,860

**15) Retirement Plans**

	<b>2020</b>	<b>2021</b>
Maximum wage eligible for Defined Contribution Plan	285,000	290,000
Maximum contribution percentage - SEP/Profit Sharing	25%	25%
Maximum contribution percentage - Defined Contribution	100%	100%

**Maximum Contribution Amounts:**

Defined Benefit Plan	230,000	230,000
Defined Contribution Plan	57,000	58,000
401K and 403B Plans (under age 50)	19,500	19,500
401K and 403BPlans <b>(age 50 and over)</b>	26,000	26,000
Simple Plans - Max. employee contribution (under age 50)	13,500	13,500
Simple Plans - Max. employee contribution <b>(age 50 and over)</b>	16,500	16,500
Traditional *Deductible IRA's (under age 50)	6,000	6,000
Traditional *Deductible IRA's <b>(age 50 and over)</b>	7,000	7,000

*\*AGI level at which Deductible IRA phases out if you are covered by a retirement plan:*

Married Filing Jointly or qualifying widower	\$105-125,000
Single or Head of Household	\$66-76,000
Married Filing Separately	0-\$10,000

Roth IRA's (under age 50)	6,000	6,000
Roth IRA's <b>(age 50 and over)</b>	7,000	7,000

Generally, you can contribute to a Roth IRA if you have taxable compensation and your modified AGI is less than:

- \$208,000 in 2021 for married filing jointly or qualifying widow(er),
- \$140,000 in 2021 for single, head of household, or married filing separately
- \$10,000 for married filing separately and you lived with your spouse at any time during the year.

**A married taxpayer not in a retirement plan can make a deductible IRA contribution, even if spouse is covered by a retirement plan. This phases out with AGI from \$198,000 to \$208,000.**

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	<u>2020</u>	<u>2021</u>
<b><u>16) Standard Mileage Allowance - Cents per Mile</u></b>		
Business Use	57.5	56
Medical and Moving	17	16
Charity	14	14
<b><u>17) Annual Exclusion From Gift Tax</u></b>	15,000	15,000
<b><u>18) Section 179 - First Year Expense for New Equipment Purchases</u></b>	1,040,000	1,050,000

- The law has expanded the definition of section 179 property to allow the taxpayer to elect to include qualified improvements made to the interior of nonresidential real property (with some exceptions) after the date when the property was first placed in service.
- The IRS now allows "bonus depreciation" for 100% of the cost of an expanded list of qualified assets, but many States including PA do not

**19) Capital Gain & Qualified Dividend Tax Rates**

Taxpayers with AGI below \$40,400 (\$80,800 for MFJ) in 2021	0%	0%
Taxpayers with AGI from \$40,401-\$445,850 (\$80,801-\$501,600 for MFJ) in 2021	15%	15%
Taxpayers with AGI exceeding \$445,850 (\$501,600 for MFJ)	20%	***20%***

**\*\*\*On 4/28/21 a proposal was made to raise the capital gain rate to 39.6% for those with taxable income greater than \$1 million effective 4/28/21.**

**20) Federal Individual Income Tax Rates**

**2020 Married Filing Jointly:**

	<u>From</u>	<u>But Not Over</u>
10%	0	19,750
12%	19,751	80,250
22%	80,251	171,050
24%	171,051	326,600
32%	326,601	414,700
35%	414,701	622,050
37.0%	622,051	and greater

**2020 Single:**

	<u>From</u>	<u>But Not Over</u>
10%	0	9,875
12%	9,876	40,125
22%	40,126	85,525
24%	85,526	1,633,300
32%	163,301	207,350
35%	207,351	518,400
37.0%	518,401	and greater

**2021 Married Filing Jointly:**

	<u>From</u>	<u>But Not Over</u>
10%	0	19,900
12%	19,901	81,050
22%	81,051	172,750
24%	172,751	329,850
32%	329,851	418,850
35%	418,851	628,300
*37%	*628,301	and greater

**2021 Single:**

	<u>From</u>	<u>But Not Over</u>
10%	0	9,951
12%	9,951	40,526
22%	40,526	86,376
24%	86,376	164,926
32%	164,926	209,426
35%	209,426	523,600
**37%	**523,601	and greater

**\*On 4/28/21 a proposal was made to raise the top tax rate to 39.6% for individuals with taxable income over \$452,700**

**\*\*On 4/28/21 a proposal was made to raise the top tax rate to 39.6% for married couples with taxable income over \$509,300**