



JMF CPA LLC

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Please be aware that a large number of individual tax items of the 2018 Tax Act sunset in 2025.

New Alimony Rules: For Agreements executed or modified after 12/31/2018, alimony received is not income and alimony paid is not a deduction. However, parties can elect to follow any new rules that will be effective in 2026 as long as indicated in executed agreement.

* **Auto Mileage Rates for 2021: Released December 22, 2020**

Business - 56 cents per mile	Medical - 17 cents per mile
Charity - 14 cents per mile	Moving - 17 cents per mile

* **Depreciation Component** for business purposes of standard mileage rates are: 24 cents in 2015 and 2016; 25 cents in 2017 and 2018; 26 cents in 2019; 27 cents in 2020 and 26 cents in 2021.

* **Gift Exclusion Annual Amount for 2021: \$15,000**

* **Estate and Gift Lifetime Exclusion for 2021: \$11.7 million (\$23.4M for spousal portability election)**

* **Foreign Earned Income Exclusion Annual Amount for 2021: \$108,700**

* **Social Security Numbers for 2021:**

Wage Limit: \$142,800
Quarter of Coverage: \$1,470
Retirement Earnings Test Exempt Amounts if under retirement age: \$18,960/yr (\$1,580/mo)
Retirement Earnings Test Exempt Amounts for year attaining retirement age before birth date: \$50,520/yr (\$4,210/mo)
Benefit Reduction for months prior to full retirement age: \$1 of benefits for every \$3 earnings over limit

* **Long-Term Care Insurance Premium Limits for 2021:**

Age 40 or less:	\$ 450	More than 60, less than 71:	\$4,520
More than 40, less than 51:	\$ 850	More than 70:	\$5,640
More than 50, less than 61:	\$1,690		

* **HSA contribution amounts for 2021:**

Individual: \$3,600 (+\$1,000 for over age 55)
Family: \$7,200 (+\$1,000 for over age 55)

* **FSA contribution amounts for 2021: \$2,750**

* **Retirement Deferrals for 2021:**

401(k) - \$19,500 (age 50 and over catch-up is \$6,500)
Simple - \$13,500 (age 50 and over catch-up is \$3,000)
IRA - \$6,000 (age 50 and over catch-up is \$1,000)
Defined Contribution Plan - \$58,000

- * **Compensation limits (401, 404, 408) for 2021:** \$290,000
- * **Child Tax Credit in 2021:** \$2,000 (Maximum refundable portion per child of \$1,400) for children under 17 years of age. Other dependents qualify for a \$500 nonrefundable credit.
- * **Election to Expense Certain Depreciation Assets (Section 179) for 2021:** \$1,050,000 (limit on capital purchases: \$2,620,000). Maximum Sport Utility Vehicle cost is limited to \$26,200.
- * **100% Bonus Depreciation in First Year until 12/31/2022.**
- * **Standard Deductions for 2021:** \$25,100 (MFJ, Surviving Spouse); \$18,800 (HOH); and \$12,550 (Single, MFS). Additional deduction for aged or blind is \$1,350 (\$1,700 for unmarried taxpayers).
- * **Additional Medicare Tax for 2021:** 3.8% surtax on net investment income and 0.9% Medicare contributions tax on earned income when adjusted gross income exceeds: \$250,000 (MFJ, Surviving Spouse); \$200,000 (HOH and Single) and \$125,000 (MFS)
- * **Alternative Minimum Tax for 2021:** For 2021, the exemption amounts are \$73,600 (Single/HOH); \$114,600 (MFJ) and \$57,300 for (MFS) and do not phase out until \$523,600 (Single/HOH/MFS) and \$1,047,200 (MFJ). The 28% rate applies to excess AMTI of \$199,900 (MFJ) and \$99,950 (Single/HOH/MFS)
- * **ACA Penalty for 2021:** For 2021, the penalty for not maintaining minimum essential health coverage: \$0
- * **Deduction for Pass-through (includes Sole Shareholders) Entities:** 20% of Qualified Business Income (QBI) limited to 50% of W-2 Wages or 25% of wages and 2.5% of Qualified Property Unadjusted Basis. Income limitations for service industries. QBI thresholds are \$329,800 (MFJ); \$164,925 (S/HOH/MFS).
- * **Medicare Coverage and Part D Costs for 2021:**
 - Monthly Medicare payments are \$148.50 for MAGI under \$88,000 for Single/MFS and under \$176,000 for MFJ. Medicare Part D Premiums are set at plan premium at this level.
 - Monthly Medicare payments are \$207.90 for MAGI above \$88,000 up to \$111,000 for Single and above \$176,000 up to \$222,000 for MFJ. Monthly Medicare Part D Premiums are set at plan premium plus \$12.30 at this level.
 - Monthly Medicare payments are \$297.00 for MAGI above \$111,000 up to \$138,000 for Single and above \$222,000 up to \$276,000 for MFJ. Monthly Medicare Part D Premiums are set at plan premium plus \$31.80 at this level.
 - Monthly Medicare payments are \$386.10 for MAGI above \$138,000 up to \$165,000 for Single and above \$276,000 up to \$330,000 for MFJ. Monthly Medicare Part D Premiums are set at plan premium plus \$51.20 at this level.
 - Monthly Medicare payments are \$475.20 for MAGI above \$165,000 up to \$500,000 for Single; above \$330,000 up to \$750,000 for MFJ; and above \$88,000 up to \$412,000 for MFS. Monthly Medicare Part D Premiums are set at plan premium plus \$70.70 at this level.
 - Monthly Medicare payments are \$504.90 for MAGI above \$500,000 for Single; above \$750,000 for MFJ; and above \$412,000 for MFS. Monthly Medicare Part D Premiums are set at plan premium plus \$77.10 at this level.