

Let's talk about the results you're looking for.

We're eager to learn about the results you're looking for and show you how we'll help you achieve them.

Simply complete reply card, detach, and mail or fax it to us (336.275.1129)

(Please check all that apply.)

Please send me information on how DMJ can assist me in the following area(s):

- Tax Planning and Services
- Auditing and Accounting Services
- Financial Planning and Investment Management
- Healthcare Practice Consultation
- Other Services

Add me to your newsletter mailing list.

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DMJ Wealth Advisors, LLC  
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Advisory Services offered through DMJ Wealth Advisors, LLC, a Registered Investment Advisor.

EMPLOYMENT TAX RATES

FICA	2020 Wage Base	2019 Wage Base
Social Security	\$137,700	\$132,900
Medicare	no limit	no limit

Self-Employment	2020 Wage Base	2019 Wage Base
Social Security	\$137,700	\$132,900
Medicare	no limit	no limit

ADDITIONAL MEDICARE TAX

The Additional Medicare Tax is a 0.9% tax on Medicare wages and self-employment earnings that exceed the following threshold\* amounts:

- Single-\$200,000
- Married Filing Jointly-\$250,000
- Married Filing Separately-\$125,000

\* Employers are required to withhold this tax from wages when an employee is paid more than \$200,000 in a calendar year. Self-employed individuals should include this tax when figuring their estimated tax liabilities.

STANDARD MILEAGE DEDUCTIONS

	Per Mile	
Use	2020	2019
Business	57.5¢	58¢
Charitable	14¢	14¢
Medical	17¢	20¢

WHO IS DMJ?

Established in 1949, DMJ & Co., PLLC is a U.S. North Carolina accounting firm providing audit and accounting, tax planning, preparation, financial, and compliance services to corporate and individual clients with offices in the Triad, Triangle, Sandhills, and Coastal Cape Fear.

Relationships with our clients go far beyond the scope of traditional accounting and auditing services providing specialized services, industry knowledge, and consulting. Learn more at dmj.com.

HSA CONTRIBUTION LIMITS

	2020	2019
Individual	\$3,550	\$3,500
Family	\$7,100	\$7,000
Catch-Up (55 or older)	\$1,000	\$1,000

FSA CONTRIBUTION LIMITS

	2020	2019
	\$2,750	\$2,700

CORPORATE INCOME TAX RATES

Tax rate	2020	2019
US	21% flat	21% flat
NC	2.5% flat	2.5% flat

CORPORATE ESTIMATED TAX PAYMENTS

To avoid possible underpayment penalties, a corporate taxpayer is required to pay estimated tax payments equal to the lesser of:

- (1) 100% of prior year tax liability\*, provided a positive tax liability was shown and the prior tax year consisted of twelve months, or
- (2) 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.

THE TAX CUTS AND JOBS ACT OF 2017

The Tax Cuts and Jobs Act of 2017 was the largest tax bill in more than three decades. Explanatory regulations continue to be released which clear up some fine print of these rules. Individuals and businesses will understandably have questions and are encouraged to contact DMJ for clarification of this federal law.

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Certified Public Accountants  
Business Consultants  
Healthcare Practice Consultants  
Wealth Advisors

2020 POCKET TAX GUIDE



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INDIVIDUAL INCOME TAX RATES

Regular Tax\*

2020	Base Taxable Income	Tax on Base	% on Excess Over Base
Joint Return	\$ 0	\$ 0	10%
	19,750	1,975	12%
	80,250	9,235	22%
	171,050	29,211	24%
	326,600	66,543	32%
	414,700	94,735	35%
	622,050	167,307	37%
Single	\$ 0	\$ 0	10%
	9,875	987	12%
	40,125	4,617	22%
	85,525	14,605	24%
	163,300	33,271	32%
	207,350	47,367	35%
	518,400	156,235	37%
2019			
Joint Return	\$ 0	\$ 0	10%
	19,400	1,940	12%
	78,950	9,086	22%
	168,400	28,765	24%
	321,450	65,497	32%
	408,200	93,257	35%
	612,350	164,709	37%
Single	\$ 0	\$ 0	10%
	9,700	970	12%
	39,475	4,543	22%
	84,200	14,382	24%
	160,725	32,748	32%
	204,100	46,628	35%
	510,300	153,798	37%

\* Long term capital gains are generally subject to a maximum 15% tax rate: 20% rate for gains otherwise in the 37% tax bracket in 2019 and 2020. In 2020, the 20% rate applies if taxable income is more than the following amounts: Joint>\$496,600, Single>\$441,450. In 2019, the 20% rate applies if taxable income is more than the following amounts: Joint>\$488,850, Single>\$434,550. A lower capital gains rate of 0% applies to persons in the 10% or 15% bracket.

NC INDIVIDUAL TAX RATES

2020	2019
5.25%	5.25%

KIDDIE TAX

In 2020, a child's unearned income will be taxed under the rate schedules for trusts and estates.

NET INVESTMENT INCOME TAX

The Net Investment Income Tax is a 3.8% tax on the lesser of (1) net investment income\* or (2) the excess of modified adjusted gross income over the following thresh- old amounts:

- Single-\$200,000
- Married Filing Jointly-\$250,000
- Married Filing Separately-\$125,000

\* Net investment income includes interest, dividends, rents, royalties, and gains on the disposition of property not held in an active trade or business.

SOCIAL SECURITY BENEFITS

Maximum Annual Earned Income Limit\*

	2020	2019
Under full retirement age	\$18,240	\$17,640
Year of full retirement age	\$48,600	\$46,920
Thereafter	no limit	no limit

\* Earned income exceeding this limit results in reduction of Social Security benefits.

TAXABLE SOCIAL SECURITY BENEFITS

Provisional Income*	% Subject to Tax	
Married	Single	
Over \$32,000	Over \$25,000	50%
Over \$44,000	Over \$34,000	85%

\* Provisional income includes adjusted gross income, tax exempt interest, certain for- eign source income, and one half of Social Security benefits.

ALTERNATIVE MINIMUM TAX (AMT)

Tax Rate			2020	2019
26% up to, then 28%			\$197,900	\$194,800
Exemption Amount*			Phase Out	
Filing Status	2020	2019	2020	2019
Joint Return	\$113,400	\$111,700	\$1,036,800	\$1,020,600
Single	\$72,900	\$71,700	\$518,400	\$510,300

\* Reduced as AMT income exceeds phase out base.

INDIVIDUAL ESTIMATED TAX PAYMENTS

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

- (1) 100% of prior year tax liability\*, or
- (2) 90% of current year tax liability.

\* "High income" taxpayers (i.e. those whose 2019 adjusted gross income was greater than \$150,000) must pay 110% of their 2019 tax liability.

RETIREMENT PLAN CONTRIBUTION LIMITS

Individual and Corporate Limitations

	2020	2019
General Deferral Limits:		
401(k)/403(b)	\$19,500	\$19,000
SIMPLE	13,500	13,000
Individual Retirement Account (IRA)*	6,000	6,000
Non-Deductible Roth IRA**	6,000	6,000
Catch-Up Contribution for Taxpayers Age 50 and Over:		
401(k)/403(b)	\$6,500	\$6,000
SIMPLE	3,000	3,000
IRA/Roth IRA	1,000	1,000
Compensation Limit for Benefit Calculations:	\$285,000	\$280,000

Overall Contribution Limits:		
Per Participant	100% of compensation up to \$57,000 (2020)	
Per Participant	100% of compensation up to \$56,000 (2019)	
	Plus \$6,500 catch-up for age 50 and over	
Overall Plan Deduction Limit	25% of eligible compensation	

\* May be limited if taxpayer is a participant in another plan and earns over \$65,000 (single) or \$104,000 (married filing jointly) in 2020 and \$64,000 (single) or \$103,000 (married filing jointly) in 2019.

\*\* Roth IRA contributions may be limited if taxpayer income is over \$124,000 (single) or \$196,000 (married filing jointly) in 2020 and \$122,000 (single) or \$193,000 (married filing jointly) in 2019.

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

ESTATE TAX RATES

	Estate Before Tax	Rate On Excess	Heirs' Basis
2020	\$11,580,000	40%	Value at Death
2019	\$11,400,000	40%	Value at Death

Annual Gift Tax Exclusion

	2020	2019
Gifts per donee	\$15,000	\$15,000
Joint gifts with spouse	\$30,000	\$30,000

\* The Gift Tax applicable exclusion is \$11,580,000 in 2020 and \$11,400,000 in 2019.

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