

2020 Income Tax Rates and Deductions

Individual income tax rates and brackets	7 brackets, 37% top rate at \$518,400/\$622,051 (single/joint); 20% top rate for qualified dividends and long-term capital gains
Standard deduction	\$12,400 per person
Personal exemption	None
State and local tax (SALT) deduction	\$10,000 cap on deductions for aggregate state, local and property tax
Mortgage interest deduction	Deduction for new mortgage interest limited to \$750,000 acquisition indebtedness; no deduction for home equity loan; this is the same whether you are filing single or jointly
Medical expense deduction	Deduction for expenses in excess of 10% of income
Charitable deduction	Deduction for cash gifts to qualified public charities up to 100% of adjusted gross income (AGI) (2020 only), 60% in 2021; \$300 for non-itemizers; 30% for marketable securities.
Miscellaneous itemized deductions	None. No deduction for investment fees, unreimbursed business expenses, tax prep fees, etc. Casualty and theft deduction only for federal disaster areas.
Alternative minimum tax	In place but applies to very few because of limited deductions
Retirement accounts	No RMDs required in 2020; RMD beginning date age 72; IRA non-taxable Qualified Charitable Distribution up to \$100,000 (over age 70½); review other new beneficiary rules

Income Tax Proposals

	Trump	Current/TCJA*	Biden
Top marginal tax bracket	37% top rate at \$500,000/\$600,000 (Individual/joint)*	Make current TCJA permanent; enact 10% middle-class tax cut	39.6%, pre-TCJA rates
Long-term capital gains and dividend rate	20% top rate	Make current TCJA permanent	20%, but increase to 39.6% for income >\$1 million
Medicare contribution tax (NII)	3.8% on net investment income	Eliminate	Retain
Social Security Tax	12.4% on earned income up to \$137,700*	No proposed change; has discussed eliminating employee payroll taxes permanently	12.4% on all earned income, with exemption "hole" 0% for \$137,701–\$400,000
Itemized deductions	SALT deduction capped at \$10,000; limited itemized deductions*	Make current TCJA permanent	Repeal TCJA, revert to 2016 , permit deduction for state and local taxes, impose Pease limitations
199A real estate deductions	Deduction for up to 20% of qualified business income	Retain	Phase out for taxpayers with income > \$400,000
IRA and 401(k) deductions	Contributions deductible to individual limits	Retain	Replace with 26% credit paid to the IRA
Financial transaction tax	None	None	Yes, no details
Corporate tax rate	21% top marginal rate*	Make current TCJA permanent	28% top marginal rate

*Most elements of the 2017 Tax Cuts and Jobs Act expire December 31, 2025, and tax rates and deductions revert to 2016 law.

Estate and Gift Tax Proposals

	Trump	Current/TCJA*	Biden
Estate and gift tax	40% tax over \$11,580,000 exemption (\$10 million exemption with COLA from 2017)*	Make current TCJA permanent	<ul style="list-style-type: none"> • Revert to “historical norm” • A reversion to 2009 levels would be 45% on assets greater than \$3,500,000 • A return to 2016 levels would be \$5,00,000 increased by inflation
Cost basis step-up at death	Full cost basis step-up of assets to fair market value at death	Retain	Step-up eliminated; not clear if proposal would tax gains at death or at later sale or whether assets passing to spouse or charity would be exempt
Limiting of Irrevocable Grantor Trusts (including GRATs)		No proposed changes	The Obama administration proposed limiting many favorable techniques but candidate Biden does not have an official position

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