



→

2021 TAX LANDSCAPE



WHAT'S AHEAD FOR THE 2021 TAX YEAR?

With 2020 behind us, a new tax landscape is on the way as you look toward your 2021 financial goals. To help you, we've compiled key items to keep in mind. Remember, the time you spend today on your tax preparations will help you more thoughtfully prepare for and oversee your financial life.

If you're concerned about owing Uncle Sam, you may be able to make some moves to lower your tax burden. While our specialty lies in wealth management, we have worked with our CPA friends to compile these tips for you. In addition, we suggest that you consult with your personal tax professional before acting on any advice in this communication. If you don't have an accounting professional, please let us know, and we can introduce you to one of our trusted partners.



2021 INDIVIDUAL RATES¹

TAX RATES	SINGLE	MARRIED FILING SEPARATELY	MARRIED FILING JOINTLY	HEAD OF HOUSEHOLD
10%	\$0 – \$9,950	\$0 – \$9,950	\$0 – \$19,900	\$0 – \$14,200
12%	\$9,951 – \$40,525	\$9,951 – \$40,525	\$19,901 – \$81,050	\$14,201 – \$54,200
22%	\$40,526 – \$86,375	\$40,526 – \$86,375	\$80,051 – \$172,750	\$54,201 – \$86,350
24%	\$86,376 – \$164,925	\$86,376 – \$164,925	\$172,751 – \$329,850	\$86,351 – \$164,900
32%	\$164,926 – \$209,425	\$164,926 – \$209,425	\$329,851 – \$418,850	\$164,901 – \$209,400
35%	\$209,426 – \$523,600	\$209,426 – \$314,150	\$418,851 – \$628,300	\$209,401 – \$523,600
37%	Over \$523,600	Over \$314,150	Over \$628,300	Over \$523,600



“the time you spend today on your tax preparations will help you more thoughtfully prepare for and oversee your financial life.”

STANDARD TAX DEDUCTIONS²

Taxpayers can claim the standard tax deduction when they choose to not itemize deductions. Below are the 2021 rates:

FILING STATUS	2021	2020
Single	\$12,550	\$12,400
Married Filing Separately	\$12,550	\$12,400
Married Filing Jointly	\$25,100	\$24,800
Head of Household	\$18,800	\$18,650

ALTERNATIVE MINIMUM TAX (AMT)

The AMT is a tax that the IRS collects so that all taxpayers pay a minimum amount each year.³ Below are the exemption amounts and phaseout thresholds:

A. Exemption Amounts⁴

FILING STATUS	2021	2020
Single	\$73,600	\$72,900
Married Filing Separately	\$57,300	\$56,700
Married Filing Jointly	\$114,600	\$113,400

B. Phaseout Threshold⁵

FILING STATUS	2021	2020
Single	\$523,600	\$518,400
Married Filing Separately	\$523,600	\$518,400
Married Filing Jointly	\$1,047,200	\$1,036,800

DEDUCTIONS FOR STATE AND LOCAL TAXES (SALT)⁶

For 2021, the SALT deduction remains the same as 2020: The entire deduction caps at \$10,000 per tax return. Deductions for married individuals filing separately cap at \$5,000.

As a reminder, SALT deductions include the following expenses:

- State and local property taxes – this category includes taxes you pay for real estate and on other personal property, such as cars
- State and local taxes from income or sales

MORTGAGE INTEREST DEDUCTIONS

If you itemize your deductions, you may be able to claim the Mortgage Interest Deduction. This tax benefit allows you to deduct interest that you paid on a loan for purchasing, building, or improving a residence.⁷

For 2021, this deduction remains the same as 2020:⁸

- \$750,000 cap
- \$375,000 cap for individuals who are married and file separately

CHILD TAX CREDIT⁹

The Child Tax Credit can help taxpayers by allowing them to claim a credit for any dependent children who are 17 years old and younger when the tax year is over. To qualify, the child must have a federally issued Social Security Number before the date that you file for taxes (this date includes filing extensions).

For 2021, the credit remains the same:

- Maximum credit amount: \$2,000 per child
- Maximum refund amount: \$1,400

Please note: For each dependent, only one parent can claim this credit on their tax return.

2021 DEADLINES

In 2021, you have tax deadlines to meet for both your 2020 and 2021 tax-filing needs. Remember, you can avoid penalties and fees by paying all taxes on time and submitting paperwork for any state taxes you owe. For federal tax deadlines, here are important dates to mark on your calendar:¹⁰

TAX YEAR	ACTION	REASON	DEADLINE
For 2021	Pay 2021 Estimated Quarterly Taxes	File quarterly taxes by these dates if you are self-employed or otherwise need to pay taxes on additional income.	<ul style="list-style-type: none">– April 15, 2021– June 15, 2021– September 15, 2021– January 15, 2022
For 2020	File 2020 Taxes	You must e-file or mail your 2020 tax return by this date at midnight.	April 15, 2021
	File 2020 Taxes	The IRS lets you contribute to a ROTH or individual IRA for the 2020 tax year, up to \$6,000 (or \$7,000 if you're at least 50 years old).	April 15, 2021
	Pay Into a Health Savings Account (HSA)	If you have a high-deductible medical plan, you can contribute money into your HSA for additional tax savings.	April 15, 2021
	File an Extended Tax Return	If you filed to extend your tax deadline, you will need to file your tax return by this date.	October 15, 2021

FORMS AND DOCUMENTS CHECKLIST

This checklist provides an overview of essential information, documents, and forms you may need to use when preparing to file your 2021 taxes.¹¹

CATEGORY	ITEM	ACTION COMPLETED
Your Personal Information	Your, your spouse, and your dependents': <ul style="list-style-type: none"> – Full names – Social Security Numbers – Birth dates 	
	Last year's tax returns (federal and state, if it applies)	
Income	W-2 Forms	
	1099 Forms: <ul style="list-style-type: none"> – 1099-MISC: Contracted work – 1099-INT: Interest income – 1099-DIV: Dividends and distributions – 1099-C: Debt cancellation – 1099-R: Retirement accounts, including IRAs, 401(k)s, pensions, and annuities – 1099-S: Real estate transactions – SSA-1099: Social Security 	
Common Deductions	Form 5498: Retirement account contributions (IRAs)	
	Self-Employment/Home Office Records: All expenses, such as gas, mileage, maintenance, etc.	
	Form 1098-T: Educational expenses that include tuition statements and qualified, related expenses	
	Medical Expenses: Details for all costs you paid toward deductibles, co-pays, medications, and insurance premiums	
	Homeowner Expenses: <ul style="list-style-type: none"> – Form 1098: Mortgage-related interest you paid – Form 5695: Energy-saving improvements 	
	Charitable Contributions: <ul style="list-style-type: none"> – Receipts for all monetary donations – Descriptions and values of goods, like clothing and furniture 	
	State, Local, and Sales Taxes: These expenses include any taxes you paid for: <ul style="list-style-type: none"> – State and local income taxes – Property taxes – School-related taxes – Sales taxes on large purchases 	

WRAP UP

The tax landscape is vast and involves many items that are important to prepare for when creating your financial strategies. As you look to the 2021 tax year, we hope this white paper helps you navigate necessary steps to take now.

Remember, as your dedicated team, we're here to help you with your financial planning and have strategic partnerships with tax professionals in our area. If you'd like to schedule a conversation, call us today.

Would someone you know benefit from receiving this communication? If so, call our office at [redacted] to provide us with their contact information and we will be happy to send them a copy.

The content within this document does not represent legal or tax advice. Customers should consult with their legal or tax professional regarding their own unique situation.

Opinions expressed are subject to change without notice and are not intended as investment advice or to predict future performance. All information is believed to be from reliable sources; however, we make no representation as to its completeness or accuracy. Please consult your financial professional or tax advisor for further information.

[1] <https://www.irs.gov/pub/irs-drop/rp-19-44.pdf>

<https://taxfoundation.org/2021-tax-brackets/#ctc>

<https://www.forbes.com/sites/kellyphillips/2020/10/26/irs-releases-2021-tax-rates-standard-deduction-amounts-and-more/?sh=3d90d8a47b91>

[2] <https://www.irs.gov/newsroom/irs-provides-tax-inflation-adjustments-for-tax-year-2020>

<https://taxfoundation.org/2021-tax-brackets/#ctc>

<https://www.forbes.com/sites/kellyphillips/2020/10/26/irs-releases-2021-tax-rates-standard-deduction-amounts-and-more/?sh=3d90d8a47b91>

[3] <https://www.investopedia.com/terms/a/alternativeminimumtax.asp>

[4] <https://taxfoundation.org/2021-tax-brackets/#ctc>

<https://www.forbes.com/sites/kellyphillips/2020/10/26/irs-releases-2021-tax-rates-standard-deduction-amounts-and-more/?sh=3d90d8a47b91>

[5] <https://www.irs.gov/newsroom/irs-provides-tax-inflation-adjustments-for-tax-year-2020>

<https://taxfoundation.org/2021-tax-brackets/#ctc>

<https://www.forbes.com/sites/kellyphillips/2020/10/26/irs-releases-2021-tax-rates-standard-deduction-amounts-and-more/?sh=3d90d8a47b91>

[6] <https://www.fool.com/millionaires/taxes/real-estate-tax-deductions/>

<https://taxfoundation.org/tax-basics/salt-deduction/>

[7] <https://www.investopedia.com/terms/home-mortgage-interest.asp>

[8] <https://www.forbes.com/sites/kellyphillips/2020/10/26/irs-releases-2021-tax-rates-standard-deduction-amounts-and-more/?sh=3d90d8a47b91>

[9] <https://www.forbes.com/sites/kellyphillips/2020/10/26/irs-releases-2021-tax-rates-standard-deduction-amounts-and-more/?sh=3d90d8a47b91>

[10] <https://turbotax.intuit.com/tax-tips/tax-planning-and-checklists/important-tax-deadlines-dates/L7Rn92V1d>

[11] <https://www.efile.com/irs-income%20tax-return-forms-and-schedules-for-year-2020/>

