TAX YEAR
2021

Tax Facts and Figures

Cape Coral Accounting Service, Inc.

2021 Federal Tax Rate Schedules

Single Taxable Income

$ 0	to	9,950	×	10.0%	minus	$ 0.00	=	Tax
9,951	to	40,525	×	12.0%	minus	199.00	=	Tax
40,526	to	86,375	×	22.0%	minus	4,251.50	=	Tax
86,376	to	164,925	×	24.0%	minus	5,979.00	=	Tax
164,926	to	209,425	×	32.0%	minus	19,173.00	=	Tax
209,426	to	523,600	×	35.0%	minus	25,455.75	=	Tax
523,601	and over		×	37.0%	minus	35,927.75	=	Tax

MFJ or QW Taxable Income

$ 0	to	19,900	×	10.0%	minus	$ 0.00	=	Tax
19,901	to	81,050	×	12.0%	minus	398.00	=	Tax
81,051	to	172,750	×	22.0%	minus	8,503.00	=	Tax
172,751	to	329,850	×	24.0%	minus	11,958.00	=	Tax
329,851	to	418,850	×	32.0%	minus	38,346.00	=	Tax
418,851	to	628,300	×	35.0%	minus	50,911.50	=	Tax
628,301	and over		×	37.0%	minus	63,477.50	=	Tax

MFS Taxable Income

$ 0	to	9,950	×	10.0%	minus	$ 0.00	=	Tax
9,951	to	40,525	×	12.0%	minus	199.00	=	Tax
40,526	to	86,375	×	22.0%	minus	4,251.50	=	Tax
86,376	to	164,925	×	24.0%	minus	5,979.00	=	Tax
164,926	to	209,425	×	32.0%	minus	19,173.00	=	Tax
209,426	to	314,150	×	35.0%	minus	25,455.75	=	Tax
314,151	and over		×	37.0%	minus	31,738.75	=	Tax

HOH Taxable Income

$ 0	to	14,200	×	10.0%	minus	$ 0.00	=	Tax
14,201	to	54,200	×	12.0%	minus	284.00	=	Tax
54,201	to	86,350	×	22.0%	minus	5,704.00	=	Tax
86,351	to	164,900	×	24.0%	minus	7,431.00	=	Tax
164,901	to	209,400	×	32.0%	minus	20,623.00	=	Tax
209,401	to	523,600	×	35.0%	minus	26,905.00	=	Tax
523,601	and over		×	37.0%	minus	37,377.00	=	Tax

Additional Medicare Tax

0.9% additional tax on wage income above threshold

Filing status	Single, HOH, QW	MFJ	MFS
Threshold amount	$200,000	$250,000	$125,000

2021 Qualifying Relative Limit

The qualifying relative income limit is $4,300

2021 Standard Deduction

The basic standard deduction for 2021 is:

- Single or MFS $12,550
- MFJ or QW $25,100
- HOH $18,800

Age 65 and/or blind. The additional amounts for age 65 or older and/or blind, per person, per event in 2021 are:

- MFJ, QW, or MFS $1,350
- Single or HOH $1,700

Dependent. The standard deduction in 2021 for an individual who may be claimed as a dependent by another taxpayer cannot exceed the greater of $1,100, or earned income plus $350.

Child Tax Credit and Credit for Other Dependents

Increased Child Tax Credit	• $3,600 per qualifying child under age 6. • $3,000 per qualifying child age 6–17.
Increased Child Tax Credit phaseout begins	MFJ, QW ..... $150,000 HOH ..... $112,500 Single, MFS $75,000
Child Tax Credit	$2,000 per qualifying child.
$2,000 Child Tax Credit phaseout begins	MFJ ..... $400,000 Single, HOH, MFS $200,000
Credit for Other Dependents	$500 per dependent (not a qualifying child).

Social Security Highlights

Employee's portion of FICA	**2021**	**2020**	**2019**
Maximum earnings subject to Social Security tax (Medicare no limit)	$142,800	$137,700	$132,900
Social Security tax rate	6.20%	6.20%	6.20%
Medicare tax rate*	1.45%	1.45%	1.45%
Maximum Social Security tax	$8,853.60	$8,537.40	$8,239.80

*Plus 0.9% on wages above threshold amount, plus 3.8% on unearned income above threshold amount.

Tax Facts and Figures

Business Expenses

2021 Standard Mileage Rate Per Mile

Business	56.0¢
Medical and moving*	16.0¢
Charitable	14.0¢
Depreciation	26.0¢

Section 179 Expense Limits

Regular 179 limits	$1,050,000
SUV limits	$26,200
Investment phaseout begins	$2,620,000

2021 Standard Deduction for Meals—High Low Method (Per Day)

High cost localities	$71
All other localities	$60
Transportation workers	$66

Qualified Transportation Benefits (exclusion from income allowed, but no employer deduction)

Commuter benefits (per month)	$270
Parking benefits (per month)	$270

*The moving expense deduction is available only to active duty military servicemembers pursuant to a permanent change of station (PCS) order.

2021 Retirement Plan Limits

401(k)/403(b) Deferral Limits

Under age 50	$19,500
Age 50 and over	$26,000

IRA Contribution Limits

Under age 50	$6,000
Age 50 and over	$7,000

IRA Deduction Phaseout Range if Covered by Employer Plan

MFJ	$105,000–$125,000
Single, HOH	$66,000–$76,000
MFS	$0–$10,000
Spouse not covered	$198,000–$208,000

Roth IRA Phaseout Range

MFJ	$198,000–$208,000
Single, HOH	$125,000–$140,000
MFS	$0–$10,000

SIMPLE Deferral Limits

Under age 50	$13,500
Age 50 and over	$16,500

Qualified Retirement Plans

Profit sharing/SEP limits	25%/$58,000
Defined benefit plan limits	$230,000
Compensation limits	$290,000

Education Tax Benefits

American Opportunity Credit

MFJ phaseout	$160,000–$180,000
Single, HOH phaseout	$80,000–$90,000

Maximum credit: $2,500 per student
Up to 40% ($1,000) may be refundable

Lifetime Learning Credit

MFJ phaseout	$160,000–$180,000
Single, HOH phaseout	$80,000–$90,000

Maximum credit: $2,000 per return

Education Savings Account (ESA)

MFJ phaseout	$190,000–$220,000
All others	$95,000–$110,000

Annual contribution limit: $2,000 per beneficiary

Student Loan Interest Deduction

MFJ phaseout	$140,000–$170,000
Single, HOH phaseout	$70,000–$85,000

Maximum deduction: $2,500 per return

U.S. Savings Bonds Interest Exclusion

MFJ phaseout	$124,800–$154,800
Single, HOH phaseout	$83,200–$98,200

Qualified Tuition Plans (529 plans)

- Distributions for qualifying expenses for college students or apprentices are not taxable.
- Distributions up to $10,000 per student are allowed for tuition expenses for a public, private, or religious elementary or secondary school.
- Cumulative distributions up to $10,000 per beneficiary and sibling for qualified education debt.

2021 Tax Rates: Capital Gain and Dividend Income

If income is…	Maximum tax rate %	If asset is held…
Gain from the sale of collectibles	28%	More than 1 year
Taxable portion of gain on qualified small business stock (section 1202 exclusion)	28%	More than 5 years
Unrecaptured section 1250 gain	25%	More than 1 year
Long-term capital gain	See below	More than 1 year
Qualified dividend income	See below	More than 60 days
Taxable Income Single …… $0 to $40,400 MFJ/QW …… $0 to $80,800 MFS …… $0 to $40,400 HOH …… $0 to $54,100 Estates and trusts …… $0 to $2,700	0%	
Taxable Income Single …… $40,401 to $445,850 MFJ/QW …… $80,801 to $501,600 MFS …… $40,401 to $250,800 HOH …… $54,101 to $473,750 Estates and Trusts …… $2,701 to $13,250	15%	
Taxable Income Single …… $445,851 and over MFJ/QW …… $501,601 and over MFS …… $250,801 and over HOH …… $473,751 and over Estates and Trusts …… $13,251 and over	20%	
Short-term capital gain	37%	1 year or less
Ordinary dividend income	37%	60 days or less

Net Investment Income Tax (NIIT)

3.8% additional tax on investment income if MAGI above threshold amount

Filing status	Single, HOH	MFJ, QW	MFS
Threshold amount	$200,000	$250,000	$125,000

2021 Qualified Business Income Deduction Thresholds

MFJ: $329,800	MFS: $164,925	Single, HOH, QW: $164,900

Contact Us

There are many events that occur during the year that can affect your tax situation. Preparation of your tax return involves summarizing transactions and events that occurred during the prior year. In most situations, treatment is firmly established at the time the transaction occurs. However, negative tax effects can be avoided by proper planning. Please contact us in advance if you have questions about the tax effects of a transaction or event, including the following:

- Pension or IRA distributions.
- Significant change in income or deductions.
- Job change.
- Marriage.
- Attainment of age 59½ or 72.
- Sale or purchase of a business.
- Sale or purchase of a residence or other real estate.
- Retirement.
- Notice from IRS or other revenue department.
- Divorce or separation.
- Self-employment.
- Charitable contributions of property in excess of $5,000.

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