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2020 and 2021 Personal Tax Rate Overview

- For 2018 and future years, under the tax reform law (Tax Cuts and Jobs Act of 2017) signed on 12/22/17, ordinary marginal tax rates are 10%, 12%, 22%, 24%, 32%, 35% and 37%.
- Capital Gains and Dividend Tax Rates- A 20% tax rate applies to long term capital gains and dividends for taxpayers at certain taxable income levels as follows: \$496,600 in 2020, \$501,600 in 2021 for married, filing jointly, \$441,450 in 2020, \$445,850 in 2021 for single and \$441,450 in 2020, \$473,750 in 2021 for head of household. The 15% rate applies for those lower than the figures indicated above and a zero rate applies for taxpayers in the 10% and 12% brackets. In addition, note that the 3.8% surtax explained below will further increase these rates, depending on income.
- The employee's portion of the social security tax on earned income is 6.2%, capped at \$137,700 for 2020 and \$142,800 for 2021.
- There is a surtax of 3.8% on unearned income (i.e. interest, dividends, capital gains, net rental income, annuities, royalties) for those taxpayers whose modified adjusted gross income is above certain threshold levels. Those thresholds are \$200,000 for single and head of household filers, \$250,000 for married, filing jointly and \$125,000 for married, filing separately.
- There is a .9% increase in the medicare tax (from 1.45% to 2.35%) on earned income (i.e. W-2 wages, self employment income) for taxpayers whose income threshold exceed the levels indicated above in the 3.8% surtax section.

Please feel free to call or email our office to further discuss any of this information.