



2020 FEDERAL INCOME TAX RATES & BRACKETS, ETC., AND 2020 MICHIGAN INCOME TAX RATE AND PERSONAL EXEMPTION DEDUCTION

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Federal Income Tax

The following are inflation adjusted tax rates and the standard deduction for 2020 as announced by the IRS (IR-2019-180).

2020 Federal Income Tax Rates & Brackets and Related Information

Tax Rates	Single	Married Filing Jointly	Head of Household
10%	\$0 to \$9,875	\$0 to \$19,750	\$0 to \$14,100
12%	\$9,876 to \$40,125	\$19,751 to \$88,250	\$14,101 to \$53,700
22%	\$40,126 to \$85,525	\$88,251 to \$171,850	\$53,701 to \$85,500
24%	\$85,526 to \$162,300	\$171,851 to \$326,600	\$85,501 to \$163,300
32%	\$163,301 to \$207,350	\$326,601 to \$414,700	\$163,301 to \$207,350
35%	\$207,351 to \$518,400	\$414,701 to \$622,050	\$207,351 to \$518,400
37%	\$518,401 and Over	\$622,051 and Over	\$518,401 and Over

Standard Deduction

- Single \$12,400; \$13,850 if 65 Years Old
- Married Filing Jointly \$24,800; \$25,700 if One Spouse is 65, \$27,000 if both are
- Head of Household \$18,650; \$20,000 if 65

Personal Exemption

There is no personal exemption. It was eliminated by the Tax Cuts & Jobs Act of 2018.

Earned Income Credit

Maximum Earned Income Credit for 2020

- | | Single/Head of Household | Married |
|--------------------------------|--------------------------|---------|
| • No Children..... | \$538 | \$538 |
| • One Child..... | \$3,584 | \$3,584 |
| • Two Children | \$5,920 | \$5,920 |
| • Three or More Children | \$6,660 | \$6,660 |

Credit Phase-Out Income Levels

- No Children.....\$8,700-\$15,820\$14,600-\$21,710
- One Child\$19,330-\$41,756\$25,220-\$47,646
- Two Children\$19,330-\$47,440 ...\$25,220-\$53,330
- Three or More Children \$19,330-\$50,954 ...\$25,220-\$65,844

Earned Income for Maximum Credit

- No Children.....\$7,030 \$7,030
- One Child.....\$10,540 \$10,540
- Two Children\$14,800 \$14,800
- Three or More Children\$14,800 \$14,800

2020 Long-Term Capital Gain Rates

- 0% for taxpayers in the 10% or 12% brackets.
- 15% for:
 - Single filers with taxable income between \$40,000 and \$441,350
 - Married Filing Jointly with taxable income between \$80,000 and \$496,600
 - Head of Household with taxable income between \$53,600 and \$469,050
- 20% for taxpayers with taxable incomes exceeding the high end of the above ranges

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Michigan Income Tax

Tax Rate

The Michigan income tax rate remains unchanged at a 4.25% flat rate.

Personal Exemption

The number of personal exemptions a Michigan taxpayer could claim had previously been tied to the number claimed for federal tax purposes. With the elimination of federal tax personal exemptions, Michigan enacted Senate Bill 748 (Bill), signed by Governor Snyder on February 28, 2018.

Under the Bill, the reference to federal exemptions is removed and the Michigan personal exemption deduction is increased from the \$4,000 2017 allowance as follows:

- 2018 - \$4,050
- 2019 - \$4,400
- 2020 - \$4,750
- 2021 - \$4,900

About the Author

Joe Cunningham has over 25 years of experience specializing in financial and tax aspects of divorce, including business valuation, valuing and dividing retirement benefits, and developing settlement proposals. He has lectured extensively for ICLE, the Family Law Section, and the MACPA. Joe is also the author of numerous journal articles and chapters in family law treatises. His office is in Troy, though his practice is statewide.

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