



2021 TAX RATES

2021 Federal Income Tax Rates & Brackets, Etc., and 2021 Michigan Income Tax Rate and Personal Exemption Deduction

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Federal Income Tax

The following are inflation adjusted tax rates and standard deductions for 2021 as announced by the IRS (IR-2020-245).

2021 Federal Income Tax Rates & Brackets

Tax Rates	Married Filing Jointly	Head of Household
10%	\$0 to \$19,900	\$0 to \$14,200
12%	\$19,901 to \$81,050	\$14,201 to \$54,200
22%	\$81,051 to \$172,750	\$54,201 to \$86,350
24%	\$172,751 to \$329,850	\$86,351 to \$164,900
32%	\$329,851 to \$418,850	\$164,901 to \$209,400
35%	\$418,851 to \$628,300	\$209,401 to \$523,600
37%	\$628,301 and Over	\$523,601 and Over

Standard Deduction

- Single \$12,550;
\$13,900 if over 65
- Married Filing Jointly \$25,100;
\$26,450 if one party is over 65;
\$27,800 if both are
- Head of Household \$18,800;
\$20,150 if over 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 2021

	Single/Head of Household	Married
No Children	\$543	\$543
One Child	\$3,618	\$3,618
Two Children	\$5,988	\$5,988
Three or More Children	\$6,728	\$6,728

Credit Phase-Out Income Levels

	Single/Head of Household	Married
No Children	\$8,880-\$15,988	\$14,828-\$25,470
One Child	\$19,520-\$42,158	\$25,470-\$48,108
Two Children	\$19,520-\$47,915	\$25,470-\$53,865
Three or More Children	\$19,330-\$51,464	\$25,470-\$57,414

2021 Long-Term Capital Gain Rates

- 0% for taxpayers in the 10% or 12% brackets.
- 15% for:
 - Single filers with taxable income between \$40,400 and \$445,850
 - Married Filing Jointly with taxable income between \$80,800 and \$501,600
 - Head of Household with taxable income between \$54,100 and \$473,750
- 20% for taxpayers with taxable incomes exceeding the high end of the above ranges

Child Tax Credit

The Child Tax Credit is \$2,000 for qualifying children.

A qualifying child is, in general, a child of the taxpayer who resides with the taxpayer for more than half of the year.

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. The Michigan personal exemption deduction for 2021 is \$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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