TFS Properties Tax Reference Guide for 2020

Federal Tax Rates

SINGLE

Income Bracket		The Tax Is:
$0	$9,875	10% of taxable income
$9,876	$40,125	$987.50 plus 12% of the amount over $9,875
$40,126	$85,525	$4,617.50 plus 22% of the amount over $40,125
$85,526	$163,300	$14,605.50 plus 24% of the amount over $85,525
$163,301	$207,350	$33,271.50 plus 32% of the amount over $163,300
$207,351	$518,400	$47,367.50 plus 35% of the amount over $207,350
$518,401	------------	$156,235 plus 37% of the amount over $518,400

MARRIED, FILING JOINTLY

Income Bracket		The Tax Is:
$0	$19,750	10% of taxable income
$19,750	$80,250	$1,975 plus 12% of the amount over $19,750
$80,251	$171,050	$9,235 plus 22% of the amount over $80,250
$171,051	$326,600	$29,211 plus 24% of the amount over $171,050
$326,601	$414,700	$66,543 plus 32% of the amount over $326,600
$408,200	$622,050	$93,257 plus 35% of the amount over $408,200
$622,051	----------	$167,307.50 plus 37% of the amount over $622,050

MARRIED, FILING SEPARATELY

Income Bracket		The Tax Is:
$0	$9,875	10% of taxable income
$9,876	$40,125	$987.50 plus 12% of the amount over $9,875
$40,126	$85,525	$4,617.50 plus 22% of the amount over $40,125
$85,526	$163,300	$14,605.50 plus 24% of the amount over $85,525
$163,301	$207,350	$33,271.50 plus 32% of the amount over $163,300
$207,351	$311,025	$47,367.50 plus 35% of the amount over $207,350
$311,026	No Limit	$83,653.75 plus 37% of the amount over $311,026

HEAD OF HOUSEHOLD

Income Bracket		The Tax Is:
$0	$14,100	10% of taxable income
$14,101	$53,700	$1,410 plus 12% of the amount over $14,100
$53,701	$85,500	$6,162 plus 22% of the amount over $53,700
$85,501	$163,300	$13,158 plus 24% of the amount over $85,500
$163,301	$207,350	$31,830 plus 32% of the amount over $163,300
$207,351	$518,400	$45,926 plus 35% of the amount over $207,350
$518,401	------------	$154,793.50 plus 37% of the amount over 518,400

ESTATES & TRUSTS

Income Bracket		The Tax Is:
$0	$2,600	10% of taxable income
$2,601	$9,450	$260 plus 24% of the excess over $2,600
$9,451	$12,950	$1,904 plus 35% of the excess over $9,450
$12,951	and over	$3,129 plus 37% of the excess over $12,950

Estate Tax Applicable Exclusion

2019	$11,580,000

FEDERAL GIFT & ESTATE TAX

Gift Tax Annual Exclusion Amount	$15,000
Highest Estate & Gift Tax Rate	40%
Estate Tax Exclusion Amount	$11,580,000
Lifetime Gift Exemption	$11,580,000
Generation Skipping Transfer Tax Exclusion	$11,580,000

FEDERAL PERSONAL EXEMPTION

	Federal	State Credit
Individual	$0	

FEDERAL CAPITAL GAINS TAX

Taxpayer in:	
0-12% Bracket	0%
22% - 35% Bracket	15%
37% Bracket	20%
Unrecaptured Depreciation Rate	25%

California Tax Rates

SINGLE

Income Bracket		The Tax Is:
$0	$8,932	1.0% of the amount over $0
$8,933	$21,175	$89.32 plus 2.0% of the amount over $8,932
$21,176	$33,421	$334.18 plus 4.0% of the amount over $21,175
$33,422	$46,394	$824.02 plus 6.0% of the amount over $33,421
$46,395	$58,634	$1,602.40 plus 8.0% of the amount over $46,394
$58,635	$299,508	$2,581.60 plus 9.3% of the amount over $58,634
$299,509	$359,407	$24,982.88 plus 10.3% of the amount over $299,508
$359,408	$599,012	$31,152.48 plus 11.3% of the amount over $359,407
$599,013	And over	$58,227.85 plus 12.3% of the amount over $599,012

MARRIED, FILING JOINTLY

Income Bracket		The Tax Is:
$0	$17,864	1.0% of the amount over $0
$17,865	$42,350	$178.64 plus 2.0% of the amount over $17,864
$42,351	$66,842	$668.36 plus 4.0% of the amount over $42,350
$66,843	$92,788	$1,648.04 plus 6.0% of the amount over $66,842
$92,789	$117,268	$3,204.80 plus 8.0% of the amount over $92,788
$117,269	$599,016	$5,163.20 plus 9.3% of the amount over $117,268
$599,017	$718,814	$49,965.76 plus 10.3% of the amount over $599,016
$718,815	$1,198,024	$62,304.95 plus 11.3% of the amount over $718,814
$1,198,025	And over	$116,455.68 plus 12.3% of the amount over $1,198,024

HEAD OF HOUSEHOLD

Income Bracket		The Tax is:
$0	$17,864	1.0% of the amount over $0
$17,865	$42,353	$178.64 plus 2.0% of the amount over $17,864
$42,354	$54,597	$668.36 plus 4.0% of the amount over $42,353
$54,598	$67,569	$1,158.06 plus 6.0% of the amount over $54,597
$67,570	$79,812	$1,936.38 plus 8.0% of the amount over $67,569
$79,813	$407,329	$2,915.82 plus 9.3% of the amount over $79,812
$407,330	$488,796	$33,374.90 plus 10.3% of the amount over $407,329
$488,797	$814,658	$41,766 plus 11.3% of the amount over $488,796
$814,659	And over	$78,588.41 plus 12.3% of the amount over $814,658

STANDARD DEDUCTIONS

	Federal	State (CA)
Single	$12,400	$4,601
Married Filing Jointly	$24,400	$9,202
Married Filing Separately	$12,400	$4,601
Head of Household	$18,650	$9,202
Surviving Spouse	$24,800	$9,202

TFS PROPERTIES

www.TFSProperties.com

(626) 551 – 4326

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Social Security

Base Amount of Modified AGI* Causing Taxable Benefits:

	50% Taxable	85% Taxable
Married Filing Jointly	$32,000	$44,000
Single	$25,000	$34,000
**AGI (Adjusted Gross Income)*		

Maximum Earnings Before Social Security Benefits Are Reduced:

Under full retirement age	
Lose $1 for every $2 earned over	$18,240
Lose $1 for every $3 earned over	$48,600
Applies to earnings prior to full retirement age	

Maximum Compensation Subject to FICA Taxes:

OASDI (Social Security) maximum		$137,700
HI (Medicare) maximum		No Limit
OASDI Tax Rate	Employee 6.20%	Self-Employed 12.4%

Traditional & Roth IRAs – Contribution Limits

	2019
Under Age 50	$6,000
Age 50 & Older	$7,000

Roth Contribution Phase-Out AGI Range	2019
Single/Head of Household	$124,000 - $138,999
Married Filing Jointly	$196,000 - $205.999
Married Filing Separately	$0 - $10,000
Roth Conversion Income Limits	No Limit

Health Savings Account (HSA)

	Single	Family
Minimum Deductible	$1,400	$2,800
Maximum Out-of-Pocket	$6,900	$13,800
Contribution Limit	$3,550	$7,100
55+ Contribution	$1,000	$1,000

Important Information:

As with any real estate investment there are various risks, including but not limited to: illiquidity, limited transferability, and variation in occupancy which may negatively impact cash flow, and even cause a loss of principal. Real Estate values may fluctuate based on economic and environmental factors and are generally illiquid. This does not constitute as an offer to buy or sell any real estate, securities, or insurance. Such offers are only made by prospectus or engagement activity. A prospectus should be read thoroughly and understood before investing.

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Sources: www.irs.gov & www.ftb.ca.gov

TFS PROPERTIES
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Traditional IRA Deductibility Rules

SINGLE

Covered by Employer's Retirement Plan?	AGI	
No	Any Amount	Full Deduction
Yes	$65,000 or less	Full Deduction
Yes	$65,001-$75,000	Partial Deduction
Yes	$75,000 or more	None

MARRIED, FILING JOINTLY

Covered by Employer's Retirement Plan?	AGI	
Neither Spouse Covered	Any Amount	Full Deduction
Both Spouses Covered	$104,000 or less	Full Deduction
Both Spouses Covered	$104,000-$124,000	Partial Deduction
Both Spouses Covered	$124,000 or more	None
One Spouse Covered	$196,000 or less	Full Deduction
One Spouse Covered	$196,000-$206,000	Partial Deduction
One Spouse Covered	$206,000 or more	None

OTHER RETIREMENT PLANS

401(k), 403(b), 457 under age 50	$19,500
401(k), 403(b), 457 age 50 or over	$26,000
Limits on annual additions	$57,000
Annual Benefit Limit	$230,000
Highly Compensated Employee	$130,000

SEP IRA CONTRIBUTION LIMIT

SEP contribution (limited by net self-employment income)	$57,000
Minimum compensation for SEP participants	$600

SIMPLE IRA

SIMPLE elective deferral under age 50	$13,500
SIMPLE elective deferral age 50+	$16,500

Terms & Definitions

Basis of Property: The basis of property is the price paid. The basis of real property also includes certain fees & charges you pay in addition to the purchase price. These generally are shown on the settlement statement and include the following:
- Legal & Recording Fees
- Abstract of Title Fees
- Survey Charges
- Title Insurance
- Amounts the seller owes on the property that the buyer agrees to pay, such as back taxes or interest, recording or mortgage fees, charges for improvements or repairs, and sales commissions.
- Fees related to obtaining a mortgage are not added to the bases of the property

Depreciation Periods for Real Property: Residential Rental Property: 27.5 years. Non-residential real property (not including farm buildings): 39 years

Capitalization Rate or Cap Rate: This is the ratio between the net operating income produced by an asset and its capital cost (the original price paid to buy the asset) or alternatively its current market value. The rate is calculated in a simple fashion as follows: $100,000 (net operating income)/$1,000,000 (cost of property) = 0.10 = 10%

Cash-on-Cash Return: This measures the return on cash invested: A cash flow of $15,000.00 per year from an investment of $100,000.00 would give a 15% cash-on-cash return: $15,000.00/$100,000.00 X's 100 = 15%

Equity: Equity is the amount of ownership one has in a property or investment: If one bought a property for $200,000.00 and put down $100,000.00 of his/her own cash and borrowed the balance of $100,000.00, the equity (ownership) in the property would be $100,000.00.

Adjusted Gross Income: This is the total of one's income from wages, net business income, interest, net capital gains/losses, reduced by certain "adjustments". These are deductions that do not have to be itemized. Some included are educational expenses, alimony paid, moving expenses, IRA contributions and self-employed health insurance and retirement plan contributions.