



SUNCREST
FINANCIAL SERVICES

2020 SMALL BUSINESS
TAX GUIDE

by: *Folasade* THE ACCOUNTABILITY ACCOUNTANT

2020 Projected Tax Rates

Earned Income Tax Credit (EITC) Table

Item	Number of Qualifying Children			
	One	Two	Three or More	None
Earned income Amount	\$10,540	\$14,800	\$14,800	\$7,030
Maximum Amount of Credit	\$3,584	\$5,920	\$6,660	\$538
Income Threshold Phaseout Amount (Single, Surviving Spouse, or Head of Household)	\$19,330	\$19,330	\$19,330	\$8,790
Credit Phaseout Amount (Single, Surviving Spouse, or Head of Household)	\$41,756	\$47,440	\$50,954	\$15,820
Threshold Phaseout Amount (Married Filing Jointly)	\$25,220	\$25,220	\$25,220	\$14,680
Completed Phaseout Amount (Married Filing Jointly)	\$47,646	\$53,330	\$56,844	\$21,710
Disqualified Income Limit	\$3,650	\$3,650	\$3,650	\$3,650

Excessive Investment Income

For tax years beginning in 2020, the EITC is not allowed under §32(i) if the aggregate amount of certain investment income exceeds \$3,650, as shown in the table above.

Refundable Credit for Coverage Under a Qualified Health Plan

For the tax years beginning in 2020, the limitation on tax imposed under for excess advance credit payments is determined using the following table:

Household Income as a Percentage of Poverty Line	Limitation Amount for Unmarried Individuals (other than Surviving Spouses and Heads of Household)	Limitation Amount for All Other Taxpayers
Less than 200%	\$325	\$650
At least 200% but less than 300%	\$800	\$1,600
At least 300% but less than 400%	\$1,350	\$2,700



Rehabilitation Expenditures Treated as Separate New Building

For the calendar year 2020, the per low-income unit qualified basis amount is \$7,100.

Low-Income Housing Credit

For calendar year 2020, the amount used to calculate the state housing credit ceiling for the low-income housing credit is the greater of (1) \$2.811 multiplied by the state population, or (2) \$3,217,500.2 These amounts include a statutory increase under §42(h)(3)(I) in effect from 2018 through 2021.

Employee Health Insurance Expense of Small Employers

For tax years beginning in 2020, the dollar amount in effect is \$27,550. This amount is use for limiting the small employer health insurance credit and under §45R(d)(1)(B) for determining who is an eligible small employer.

Alternative Minimum Tax

For tax years beginning in 2020, the exemption amounts under are as follows:

Filing Status	Exemption Amount
Married Individuals Filing Joint Returns and Surviving Spouses	\$113,400
Unmarried Individuals (other than Surviving Spouses)	\$72,900
Married Individuals Filing Separate Returns	\$56,700
Estates and Trusts	\$25,400

Amount of Tentative Minimum Tax

For tax years beginning in 2020, the excess taxable income above which the 28% tax rate applies is \$98,950 for married taxpayers filing separate returns and \$197,900 for all other taxpayers.

Phaseout of Exemption Amount

For tax years beginning in 2020, the amounts of alternative minimum taxable income under 55(d)(2), above which the exemption amount is reduced or eliminated, are as follows:



Failure to File Correct Information Returns

A. Individuals with an Average Annual Gross Receipts for the Most Recent Three Tax Years of More Than \$5,000,000

The penalty amounts under §6721 for failures to file correct information returns required to be filed in 2021 are as follows:

Scenario	Penalty Per Return	Calendar Year Maximum
General Rule	\$280	\$3,392,000
Corrected on or Before 30 Days After Required Filing Date	\$50	\$565,000
Corrected After 30th Day But on or Before August	\$110	\$1,696,000

B. Individuals with Average Annual Gross Receipts for the Most Recent Three Tax Years of \$5,000,000 or Less

The penalty amounts under §6721 for failures to file correct information returns required to be filed in 2021 are as follows:

Scenario	Penalty Per Return	Calendar Year Maximum
General Rule	\$280	\$1,130,500
Corrected on or Before 30 Days After Required Filing Date	\$50	\$197,500
Corrected After 30th Day But on or Before August 1	\$110	\$565,000

C. Penalty in Case of Intentional Disregard of the Filing Requirement (or the Correct Information

The penalty amounts for failures to file correct information returns required to be filed in 2021 due to intentional disregard of the filing requirement (or the correct information reporting requirement) are as follows:

Scenario	Penalty Per Return	Calendar Year Maximum
Return other than a Return Required to be Filed Under))	Greater of (i) \$560 or (ii) 10% of aggregate amount of items required to be reported correctly	No limit
Return Required to be Filed	Greater of (i) \$560 or (ii) 5% of aggregate amount of items required to be reported correctly	No limit
Return Required to be Filed Under	Greater of (i) \$28,260 or (ii) amount of cash received up to \$113,000	No limit
Return Required to be Filed Under §6050V)	Greater of (i) \$560 or (ii) 10% of the value of the benefit of any contract with respect to which information is required to be included on the return	No limit



Failure to Furnish Correct Payee Statements

A. Persons with Average Annual Gross Receipts for the Most Recent Three Tax Years of More Than \$5,000,000.
The penalty amounts under §6722 for failures to furnish correct payee statements required to be furnished in 2021 are as follows:

Scenario	Penalty Per Return	Calendar Year Maximum
General Rule	\$280	\$3,392,000
Corrected on or Before 30 Days After Required Filing Date	\$50	\$565,000
Corrected After 30th Day But on or Before August 1	\$110	\$1,696,000

B. Persons with Average Annual Gross Receipts for the Most Recent Three Tax Years of \$5,000,000 or Less.
The penalty amounts under §6722 for failures to furnish correct payee statements required to be furnished in 2021 are as follows:

Scenario	Penalty Per Return	Calendar Year Maximum
General Rule	\$280	\$1,130,500
Corrected on or Before 30 Days After Required Filing Date	\$50	\$197,500
Corrected After 30th Day But on or Before August 1	\$110	\$565,000

C. Penalty in Cases of Intentional Disregard of the Requirement to Furnish a Payee Statement (or the Correct Information Reporting Requirement)

The penalty amounts under §6722 for failures to furnish correct payee statements required to be furnished in 2021 due to intentional disregard of the requirement to furnish a payee statement (or the correct information reporting requirement) are as follows:

Scenario	Penalty Per Return	Calendar Year Maximum
Statement other than a Statement Required Under	Greater of (i) \$560 or (ii) 10% of aggregate amount of items required to be reported correctly	No limit
Payee Statement Required Under	Greater of (i) \$560 or (ii) 5% of aggregate amount of items required to be reported correctly	No limit



Qualified Small Employer Health Insurance Arrangements

For tax years beginning in 2020, to qualify as a qualified small employer health reimbursement arrangement, the arrangement must provide that the total amount of payments and reimbursements for any year cannot exceed \$5,250 (\$10,600 for family coverage).

Qualified Business Income Deduction

If the taxpayer's taxable income does not exceed the threshold amount in §199A(e)(2), then neither the wage-basis limit nor the specified service trade or business exclusion applies to limit the otherwise deductible amount of qualified business income from a qualified trade or business. If the taxpayer's taxable income exceeds the threshold amount, but does not exceed a phased-in amount, then the otherwise deductible amount is subject to a wage-basis limit that is phased in ratably, and only a portion of the income from a specified service trade or business is eligible for the deduction. If the taxpayer's taxable income exceeds the phased-in amount, then the wage-basis limit applies in full, and income from a specified service trade or business is not eligible for the deduction.

The threshold amount and phased-in amount for tax years beginning in 2020 are:

Filing Status	Threshold Amount	Phased-In Amount
Married Individuals Filing Joint Returns	\$326,600	\$426,600
Married Individuals Filing Separate Returns	\$163,300	\$213,300
All Other Taxpayers	\$163,300	\$213,300

Failure to File Tax Return

For a return required to be filed in 2021, the amount of the addition to tax under §6651(a) for failure to file a tax return within 60 days of the due date of such return (determined with regard to any extensions of time for filing) shall not be less than the lesser of \$330 or 100% of the amount required to be shown as tax on the return.

Failure to File Certain Information Returns, Registration Statements, etc.

For returns and disclosures required to be filed in 2021, the penalty amounts under §6652(c) are set forth below.

A. Failure to File a Return Required Under §6033(a)(1) (Relating to Returns by Exempt Organizations) or §6012(a)(6) (Relating to Returns by Political Organizations)

Scenario	Daily Penalty	Maximum Penalty
Organization	\$20	Lesser of (i) \$10,500 or (ii) 5% of gross receipts for year
Organization with Gross Receipts Greater than \$1,084,000	\$105	\$54,000
Managers	\$10	\$5,000
Public Inspection of Annual Returns and Reports	\$20	\$10,500
Public Inspection of Applications for Exemption and Notice of Status	\$20	No Limit



B. Failure to File a Return Required Under §6034 (Relating to Returns by Certain Trusts) or 6043(b) (Relating to Terminations, etc., of Exempt Organizations)

Scenario	Daily Penalty	Maximum Penalty
Organization or Trust	\$10	\$5,000
Managers	\$10	\$5,000
Split-Interest Trust	\$20	\$10,500
Any Split-Interest Trust with Gross Income Greater than \$271,000	\$105	\$54,000

C. Failure to File a Disclosure Required Under §6033(a)(2)

Scenario	Daily Penalty	Maximum Penalty
Tax-Exempt Entity	\$105	\$54,000
Failure to Comply with Written Demand	\$105	\$10,500

Failure to File S Corporation Return

For a return required to be filed in 2021, the dollar amount used to determine the penalty under 6699 (b)(1) is \$210 per shareholder.



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