

PERSONAL EXEMPTION AND STANDARD DEDUCTIONS

Personal and Dependency Exemptions:

	Federal	Vermont
Individuals	N/A	\$4,250
Standard Deduction:	A	B
Married filing jointly and surviving spouses	\$25,100	\$12,300
Single Taxpayers	\$12,550	\$6,150
Head of Households	\$18,800	\$9,200
Married filing separately	\$12,550	\$6,150
Dependents who file	\$1,100	

(Could be up to \$12,900 if they have earned income)

A. Taxpayers who are blind or age 65 and over receive an additional amount of \$1,350 if married (whether filing jointly or separately), or \$1,700 if single or head of household.

B. Taxpayers who are blind or age 65 and over receive an additional amount of \$1,000. In addition, there is a special calculation for medical deductions for Vermont taxpayers.

ESTATE AND TRUST TAX RATES FEDERAL

Range of taxable income	Tax	of amount over
\$0 - \$2,650	10%	\$0
2,651 - 9,550	\$265+ 24%	2,650
9,551 - 13,050	1,921 + 35%	9,550
Over 13,051	3,146 + 37%	13,050

VERMONT (ESTIMATED)

Range of taxable income	Tax	of amount over
\$0 - \$2,700	3.35%	\$0
2,701 - 6,250	\$90 + 6.6%	2,700
6,251 - 9,550	325 + 7.6%	6,250
Over 9,550	576 + 8.75%	9,550

Vermont is estimated as the rates may be adjusted retroactively during the current legislative session.

INDIVIDUAL TAX RATES FEDERAL

Married Persons Filing Jointly and Surviving Spouses

Range of taxable income	Tax	of amount over
\$0 - 19,900	10%	\$0
19,901 - 81,050	\$1,990 + 12%	19,900
81,051 - 172,750	9,328 + 22%	81,050
172,751 - 329,850	29,502 + 24%	172,750
329,851 - 418,850	67,206 + 32%	329,850
418,851 - 628,300	95,686 + 35%	418,850
Over 628,300	168,993.50 + 37%	628,300

Married Persons Filing Separately

Range of taxable income	Tax	of amount over
\$0 - 9,950	10%	\$0
9,951 - 40,525	\$995 + 12%	9,950
40,526 - 86,375	4,664 + 22%	40,525
86,376 - 164,925	14,751 + 24%	86,375
164,926 - 209,425	33,603 + 32%	164,925
209,426 - 314,150	47,843 + 35%	209,425
Over 314,150	84,496.75 + 37%	314,150

Single Taxpayers

Range of taxable income	Tax	of amount over
\$0 - 9,950	10%	\$0
9,951 - 40,525	\$995 + 12%	9,950
40,526 - 86,375	4,664 + 22%	40,525
86,376 - 164,925	14,751 + 24%	86,375
164,926 - 209,425	33,603 + 32%	164,925
209,426 - 523,600	47,843 + 35%	209,425
Over 523,600	157,804.25 + 37%	523,600

Head of Household

Range of taxable income	Tax	of amount over
\$0 - 14,200	10%	\$0
14,201 - 54,200	\$1,420 + 12%	14,200
54,201 - 86,350	6,220 + 22%	54,200
86,351 - 164,900	13,293 + 24%	86,350
164,901 - 209,400	32,145 + 32%	164,900
209,401 - 523,600	46,385 + 35%	209,400
Over 523,600	156,355 + 37%	523,600

INDIVIDUAL TAX RATES VERMONT (ESTIMATED)

Married Persons Filing Jointly and Surviving Spouses

Range of taxable income	Tax	of amount over
\$0 - 67,450	3.35%	\$0
67,451 - 163,000	\$2,260 + 6.6%	67,450
163,001 - 248,350	8,566 + 7.6%	163,000
Over 248,350	15,052 + 8.75%	248,350

Married Filing Separately

Range of taxable income	Tax	of amount over
\$0 - 33,725	3.35%	\$0
33,726 - 81,500	\$1,130 + 6.6%	33,725
81,501 - 124,175	4,283 + 7.6%	81,500
Over 124,175	7,526 + 8.75%	124,175

Single Taxpayers

Range of taxable income	Tax	of amount over
\$0 - 40,350	3.35%	\$0
40,351 - 97,800	\$1,352 + 6.6%	40,350
97,801 - 204,000	5,143 + 7.6%	97,800
Over 204,000	13,215 + 8.75%	204,000

Head of Household

Range of taxable income	Tax	of amount over
\$0 - 54,100	3.35%	\$0
54,101 - 139,650	\$1,812 + 6.6%	54,100
139,651 - 226,200	7,459 + 7.6%	139,650
Over 226,200	14,036 + 8.75%	226,200

Vermont taxable income is based on federal adjusted gross income reduced by the Vermont personal exemptions and the standard deduction. Vermont will allow a 5% credit for all charitable contributions up to a maximum \$1,000 credit (\$20,000 of contributions). Please note that for AGI exceeding \$150,000, tax is greater of 1) 3% of AGI less U.S. interest or 2) tax tables above.

Additional Federal Surtax: Certain individual taxpayers who have net investment income will incur a 3.8% surtax on certain unearned income, potentially increasing their total federal income tax rate to 40.8%. The surtax applies to taxpayers with an adjusted gross income above \$200,000 (single) and \$250,000 (joint filers).

INDIVIDUAL CAPITAL GAINS RATES FEDERAL

Top Capital Gains Rate	Income Thresholds		
0%	Married filing joint	Taxable Income Below	\$80,800
	Married filing separately		40,400
	Single		40,000
	Head of household		54,100
15%	Estates and trusts		2,700
	Married filing joint	Taxable Income Below	501,600
	Married filing separately		250,800
	Single		445,850
Head of household	473,750		
20%	Estates and trusts		13,250
	Capital gains in excess of the income amounts for the 15% rate		

Rates are for long-term capital gains on assets held more than one year. Short-term and long-term capital gains are treated separately and a loss can be used to offset a gain of the same type. Short-term gains are taxed as ordinary income. Net capital losses may offset other income by up to \$3,000 per year (\$1,500 for married filing separately). The balance of unused capital losses is carried forward indefinitely.

VERMONT

Vermont has a general exclusion for capital gains of up to \$5000. Taxpayers may also exclude 40% of their adjusted net capital gains from the sale of selected types of assets held more than 3 years. However, effective July 1, 2019, the 40% capital gain exclusion is limited to \$350,000. This means the benefit of this exclusion phases out with capital gains in excess of \$875,000.

CORPORATE TAX RATES FEDERAL

Range of taxable income	Tax	of amount over
All income	21%	\$0

VERMONT

Range of taxable income	Tax	of amount over
\$0 - 10,000	6%	\$0
10,001 - 25,000	\$600 + 7%	10,000
Over 25,000	1,650 + 8.5%	25,000

VERMONT CORPORATE MINIMUM TAX

Gross Receipts	Tax
\$2,000,000 or less	\$300
\$2,000,001-\$5,000,000	\$500
\$5,000,001 and over	\$750

INCOME PHASEOUT RANGES¹ FILING STATUS

	Married-Joint	Head of Household	Single	Married-Separate
Personal Exemption	Exemptions repealed			
Itemized Deduction	Itemized deductions no longer phased out			
Child Tax Credit²	\$400,000 - varies	\$200,000 - varies	\$200,000 - varies	\$200,000 - varies
Education Loan Interest Deduction	\$140,000 - 170,000	\$70,000-85,000	\$70,000-85,000	N/A ³
Roth IRA	\$198,000 - 208,000	\$125,000 - 140,000	\$125,000 - 140,000	\$0 ⁴ - 10,000
Traditional IRA w/Pension	\$105,000 - 125,000	\$66,000 - 76,000	\$66,000 - 76,000	\$0 ⁴ - 10,000
Traditional IRA Spouse w/Pension	\$198,000 - 208,000	N/A	N/A	\$0 ⁴ - 10,000
American Opportunity Credit	\$160,000 - 180,000	\$80,000 - 90,000	\$80,000 - 90,000	N/A ³
Lifetime Learning Credit	\$119,000 - 139,000	\$59,000 - 69,000	\$59,000 - 69,000	N/A ³
Alternative Minimum Tax (AMT) Exemption	\$114,600	\$73,600	\$73,600	\$57,300 ⁵

¹ Income refers to adjusted gross income with some modifications

² The income level at which this credit will be completely phased out depends on the number of qualified children

³ A married person must file a joint return in order to take advantage of this tax break

⁴ This limit applies if you lived with your spouse any time during the year. If not, use single figures

⁵ Subject to phaseout based upon AMT income

CONSUMER PRICE INDEX (CPI-U)

Year	Average 12-Month Increase
2018	1.9%
2019	2.3%
2020	1.4%

OTHER IMPORTANT TAX INFORMATION

	2021	2020
Unearned Income w/o Kiddie Tax	\$2,200	\$2,200
Child Tax Credit	\$2,000	\$2,000
Family Tax Credit (Non-child dependent)	\$500	\$500
Auto Standard Mileage Allowances		
Business	56¢	57.5¢
Charity Work	14¢	14¢
Medical/Moving	16¢	17¢
Section 179 Deduction	\$1,050,000	\$1,040,000
Earning Ceiling for Social Security		
Under full retirement age	\$1,580/mo	\$1,520/mo
Year retirement age reached	\$4,210/mo	\$4,050/mo
Above full retirement age	Unlimited	Unlimited
Estate Tax Exclusion		
Equivalent—Federal	\$11,700,000	\$11,580,000
Equivalent—Vermont	\$5,000,000	\$4,250,000
Federal Estate Tax (Above Exemption Amount)	up to 40%	up to 40%
Vermont Estate Tax (Above Exemption Amount)	up to 16%	up to 16%
Vermont Charitable Tax Credit	5% up to \$20,000	5% up to \$20,000
Annual Gift Exclusion	\$15,000	\$15,000
Lifetime Gift Exclusion	\$11,700,000	\$11,580,000
Max Compensation Qualified Plans	\$290,000	\$285,000
Max Contribution Defined Contribution Plan		
50 and Over Catch up	\$58,000	\$57,000
	\$6,500	\$6,500
Max Deferral 401(k) / 403(b)		
50 and Over Catch up	\$19,500	\$19,500
	\$6,500	\$6,500
Max Deferral SIMPLE		
50 and Over Catch up	\$13,500	\$13,500
	\$3,000	\$3,000
IRA, Traditional and Roth		
50 and Over Catch up	\$6,000	\$6,000
	\$1,000	\$1,000
HSA - Maximum Contribution		
Self	\$3,600	\$3,550
Family	\$7,200	\$7,100
55 and Over Catch Up	\$1,000	\$1,000

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PAYROLL TAX RATES

FICA: The maximum taxable wage base for FICA (Social Security) is \$142,800.

	Medicare	FICA
Employer/Employee	1.45%	6.2%
Self-Employed	2.9%	12.4%

Medicare: The Medicare Part A (Hospital Insurance) payroll tax rate is 1.45% for both employers and employees and 2.9% for the self-employed. There is no cap on the amount of earned income subject to the Medicare tax. There is an additional 0.9% Medicare tax on income over \$200,000 for Singles and Head of Household, \$250,000 for Married Filing Jointly, and \$125,000 for Married Filing Separately.

SUTA: A state unemployment compensation tax is imposed on all Vermont employers for the first \$14,100 of wages paid in 2021 to each covered employee. The rate is specific to each employer.

FUTA: A federal unemployment compensation tax rate of 6.0% is imposed on employers for the first \$7,000 of wages paid in 2021 to each covered employee. However, because of credits allowed to employers for their contributions to state unemployment funds, the effective FUTA rate paid by Vermont employers will be only 0.6%.

ESTIMATED TAX PAYMENTS

(These due dates apply to a calendar-year taxpayer)

Installment	Due Date
Last 2020 Payment	January 15, 2021
First 2021 Payment	April 15, 2021
Second 2021 Payment	June 15, 2021
Third 2021 Payment	September 15, 2021
Fourth 2021 Payment	January 17, 2022

Exceptions to Underpayment Penalties

To avoid penalties for underpaying estimated taxes, individual taxpayers must pay in through withholding and estimated taxes at least the lesser of (1) 100% of the 2020 tax liability, (2) 90% of the 2021 tax liability or (3) based on an annualized income installment method. For taxpayers with adjusted gross income in excess of \$150,000 (\$75,000 for married filing separately) the prior year safe harbor percentage is 110% for federal estimates.

Addresses for Individual Estimated Tax Payments

Internal Revenue Service (for VT, NY, NH residents)
P.O. Box 37007, Hartford, CT 06176-7007
Vermont Department of Taxes
P.O. Box 1779, Montpelier, VT 05601-1779

2021 Tax Tables



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