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2020 FILING SEASON CHANGES FOR 2019 TAX RETURNS

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1. Form 1040-SR U.S. Tax Return for Seniors

New for 2019, seniors (aged 65 and older) will have their own tax return option thanks to the Bipartisan Budget Act of 2018. The new form is a simplified version of the much larger, more complex Form 1040. It has a larger font size and better color contrast making it easier to read. The form allows seniors to claim the standard deduction or itemize their deductions on Schedule A. There are also no income limits or restrictions on types of income reported like on the prior Form 1040EZ, so more seniors will qualify to file the 1040-SR. A draft version of the Form 1040-SR can be viewed [on the IRS website](#).

2. New Supplemental Schedules Redesigned

For 2018 tax returns, taxpayers had six (6) new supplemental schedules that would build on the Form 1040. For 2019 tax returns, those schedules have been redesigned and merged into three (3) schedules that will hopefully streamline the filing process. The three (3) new schedules combine some of the prior year schedules into larger forms. Drafts of these redesigned schedules can be viewed on the IRS website. [[Schedule 1](#), [Schedule 2](#) and [Schedule 3](#)].

3. Increased Standard Deduction

For the 2020 tax season, the standard deduction amounts will be increased slightly as in previous years. The new amounts for 2019 tax returns are below. The increased standard deduction will continue to allow more individuals to file without itemizing deductions on Schedule A.

FILING STATUS	STANDARD DEDUCTION AMOUNT
Single & Married Filing Separate (MFS)	\$12,200
Head of Household	\$18,350
Married Filing Joint (MFJ)	\$24,400

4. Insurance Penalty

The penalty (individual mandate) for not having health insurance no longer applies for 2019 federal tax returns. However, some states have their own individual health insurance mandate, requiring you to have qualifying health coverage or pay a fee with your state taxes for the 2019 plan year. If you live in a state that requires you to have health coverage and you don't have coverage (or an exemption), you'll be charged a fee when you file your 2019 state taxes. As of now, Massachusetts, New Jersey and the District of Columbia are the only states with health insurance mandates and penalties for 2019. Vermont goes into effect in 2020.

5. Qualified Business Income Deduction Form(s) 8995/8995-A

Taxpayers who have Qualified Business Income (QBI), qualified real estate investment trust (REIT) dividends, or qualified income from a publicly traded partnership (PTP) will use Form 8995, Qualified Business Income Deduction Simplified Computation to report the computation for this year. Form 8995-A will be for more complex QBI computations. [**Form 8995** and **Form 8995-A**].

6. Schedule A Medical Expense Threshold Increased to 10% vs 7.5%

Starting for 2019 tax returns, the threshold for medical expenses for Schedule A will revert back to 10% of AGI from the two-year break of 7.5%.

7. Income Tax Brackets & Tax Rates

For 2019 tax returns, there are still seven (7) tax rates. They are: 10%, 12%, 22%, 24%, 32%, 35% and 37%. Below are tables depicting how the brackets look by filing status:

Individual Taxpayers	
If Taxable Income Is Between:	The Tax Due Is:
0 - \$9,700	10% of taxable income
\$9,701 - \$39,475	\$970 + 12% of the amount over \$9,700
\$39,476 - \$84,200	\$4,543 + 22% of the amount over \$39,475
\$84,201 - \$160,725	\$14,382.50 + 24% of the amount over \$84,200
\$160,726 - \$204,100	\$32,748.50 + 32% of the amount over \$160,725
\$204,101 - \$510,300	\$46,628.50 + 35% of the amount over \$204,100
\$510,301 +	\$153,798.50 + 37% of the amount over \$510,300
Married Individuals Filing Joint Returns and Surviving Spouses	
If Taxable Income Is Between:	The Tax Due Is:
0 - \$19,400	10% of taxable income
\$19,401 - \$78,950	\$1,940 + 12% of the amount over \$19,400
\$78,951 - \$168,400	\$9,086 + 22% of the amount over \$78,950
\$168,401 - \$321,450	\$28,765 + 24% of the amount over \$168,400
\$321,451 - \$408,200	\$65,497 + 32% of the amount over \$321,450
\$408,201 - \$612,350	\$93,257 + 35% of the amount over \$408,200
\$612,351 +	\$164,709.50 + 37% of the amount over \$612,350
Heads of Household	
If Taxable Income Is Between:	The Tax Due Is:
0 - \$13,850	10% of taxable income
\$13,851 - \$52,850	\$1,385 + 12% of the amount over \$13,850
\$52,851 - \$84,200	\$6,065 + 22% of the amount over \$52,850
\$84,201 - \$160,700	\$12,962 + 24% of the amount over \$84,200
\$160,701 - \$204,100	\$31,322 + 32% of the amount over \$160,700
\$204,101 - \$510,300	\$45,210 + 35% of the amount over \$204,100
\$510,301 +	\$152,380 + 37% of the amount over \$510,300
Married Filing Separately	
If Taxable Income Is Between:	The Tax Due Is:
0 - \$9,700	10% of taxable income
\$9,701 - \$39,475	\$970 + 12% of the amount over \$9,700
\$39,476 - \$84,200	\$4,543 + 22% of the amount over \$39,475
\$84,201 - \$160,725	\$14,382.50 + 24% of the amount over \$84,200
\$160,726 - \$204,100	\$32,748.50 + 32% of the amount over \$160,725
\$204,101 - \$306,175	\$46,628.50 + 35% of the amount over \$204,100
\$306,176 +	\$82,354.75 + 37% of the amount over \$306,175

8. Alimony Deduction Eliminated

For divorce decrees signed after 12/31/2018 that require alimony payments, the payer will not be allowed a deduction for payments made, nor will the payee be required to claim the alimony as income on their respective tax returns.

9. 401k Contribution Limits

Taxpayers 401K contributions limits have been increased to \$19,000 and \$6,000 for taxpayers over age 50 making catch-up contributions. Taking advantage of these high limits will decrease your taxable income.

10. IRA Contribution Limits

Individual Taxpayers IRA contribution limits have also increased to \$6,000 with a \$1,000 catch-up amount for taxpayers over age 50.

11. AMT Exemptions Increased

Individual Taxpayers the Alternative Minimum Tax (AMT) exemption amounts have been increased for inflation for 2019, making fewer taxpayers subject to AMT.

Alternative Minimum Tax (AMT) Exemptions	
Filing Status	Exemption Amount
Single	\$71,700
Married Filing Joint (MFJ)	\$111,700
Married Filing Separate (MFS)	\$55,850
Trusts & Estates	\$25,000

12. HSA Contribution Limits

Individual Taxpayers HSA account contribution limits have increased to \$3,500 self-coverage only and \$7,000 for family coverage.