

**CLIFTON CAPITAL PARTNERS, INC.**  
*financial advisors*

**2020 TAX REPORT FOR MARKUS 0**

**KEY FIGURES**

Total Income:	\$9,234,208	Filing Status:	Married Filing Jointly	Tax Exempt Interest:	\$0
AGI:	\$9,207,035	Marginal Rate:	37.0%	Qualified/Ordinary Dividends:	
Deductions:	\$12,000	Average Rate:	35.4%		\$4,211 / \$5,000
Taxable Income:	\$9,195,035	2021 Safe Harbor:	\$3,593,336	ST/LT Capital Gains:	\$0 / \$546,252
Total Tax:	\$3,266,669			Carryforward Loss:	\$0
				Credits Claimed:	\$1

**MARGINAL TAX BRACKET INFORMATION**

The marginal tax rate for your *ordinary income* is as follows:

Marginal Rate	Ordinary Income Threshold	
10.0%	\$0 to \$19,750	
12.0%	\$19,750 to \$80,250	
22.0%	\$80,250 to \$171,050	
24.0%	\$171,050 to \$326,600	
32.0%	\$326,600 to \$414,700	
35.0%	\$414,700 to \$622,050	
37.0%	\$622,050 and above.	<b>You: \$8,644,572</b>

The marginal tax rate for your *capital gains and qualified dividends income* is as follows:

Marginal Rate	Taxable Income Threshold	Qualified Income (\$550,463 Total)
0.0%	\$0	\$0
15.0%	\$80,000	\$0
20.0%	\$496,600	<b>You: \$9,195,035</b> \$550,463

The tax return also includes these extra Medicare taxes:

- \$20,936.00 net investment income tax on Form 8960.

**MODIFIED ADJUSTED GROSS INCOME TIERS**

Planning Opportunity	Limits	Over/Under?
Net Investment Income Tax	\$250k	Over
Coverdell ESA	\$190k - \$220k	Over
Roth IRA Contribution	\$196k - \$206k	Over
Lifetime Learning Credit	\$118k - \$138k	Over
American Opportunity Credit	\$160k - \$180k	Over
Child Tax Credit	\$400k - \$440k	Over
Saver's Credit	\$39k - \$65k	Over
IRA Contribution Deductibility - Covered Spouse	\$104k - \$124k	Over
IRA Contribution Deductibility - Non-Covered Spouse	\$196k - \$206k	Over

**ITEMIZED DEDUCTION SUMMARY**

Total Itemized Deductions: \$12,000 vs. Standard Deduction of \$28,700

Deduction	Amount Claimed
Health Care Expenses	\$0
Taxes Paid	\$10,000
Mortgage and Investment Interest Expense	\$0
Charity	\$2,000
<b>TOTAL</b>	<b>\$12,000</b>

## MEDICARE PART B/D PREMIUMS FOR 2022

Medicare Parts B and D premiums can be impacted by Modified Adjusted Gross Income\* (MAGI). Amounts below are in addition to the base premiums. Amounts are monthly.

\*MAGI = AGI + Tax-Exempt Interest

MAGI Threshold	Part B Premium Adjustment	Part D Premium Adjustment
\$0 to \$176,000	\$0	\$0
\$176,000 to \$222,000	\$59	\$12
\$222,000 to \$276,000	\$149	\$32
\$276,000 to \$330,000	\$238	\$51
\$330,000 to \$750,000	\$327	\$71
\$750,000 and above.	\$356	\$77
		<b>You:</b> <b>\$9,207,035</b>

## SCHEDULE D - CAPITAL GAINS/LOSSES

The tax return listed the following sources of capital gains/losses:

### SHORT TERM

Description	Amount
Short Term Loss Carryover from 2019	\$0
Short Term Gain/Loss for 2020	\$0
Total Short Term Gain/Loss for 2020	\$0

### LONG TERM

Description	Amount
Long Term Loss Carryover from 2019	\$0
Long Term Gain/Loss for 2020	\$546,252
Total Long Term Gain/Loss for 2020	\$546,252

### TOTAL

Total Gains/Losses for 2020	\$546,252
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## SCHEDULE B INCOME SOURCES

The tax return listed the following income sources on Schedule B:

### INTEREST

Description	Amount
WELLS FARGO CLEARING LLC	\$13
PERSHING SQUARE	\$290

### DIVIDENDS

Description	Amount
WELLS FARGO LLC	\$5,000

## OBSERVATIONS

The safe harbor for underpayment penalties is your total tax x 110%, or \$3,593,336. Note that the timing of your payments is also important with respect to avoiding penalties. Withholding from a paycheck or retirement account distributions are considered to have happened throughout the year, but estimated tax payments should be timed to correspond with the timing of the income earned. A tax professional should be able to help in cases where income is uneven throughout the year.

Income exceeds the threshold for the 3.8% Net Investment Interest Tax (NIIT). Consider strategies to reduce taxable income and be mindful of realized capital gains.

The Qualifying Business Income deduction phases out between \$326,600 and \$426,600 for certain professions named by the IRS. Your taxable income was higher than that phaseout range. If your business falls within one of those named professions, your QBI eligibility might be impacted.

Your tax return lists HSA contributions totaling \$7,050. The 2020 limits for HSA contributions are \$7,100 for families and \$3,550 for individuals, with an extra \$1,000 catch up provision for taxpayers age 55 or older.

Markus appears to be age 65 or older but without that potential deduction marked on the return.

You owed additional taxes beyond any withholding or estimated tax payments. If this was due to a one-time event, you may not need to take any action. If not, consider adjusting your withholding to avoid any surprise lump sum payments due at tax time.

You were unable to deduct \$110,000 of state and local taxes due to the \$10,000 maximum cap created by the Tax Cuts and Jobs Act.

Review employer-provided benefits to ensure you are taking full advantage of any pre-tax options.

Keep track of your home improvement expenses for determining your adjusted cost basis in the event of a home sale.

Congress introduced legislation in mid-September 2021 that, if passed, could have significant impact on tax planning for the remainder of the 2021 tax year and beyond, including some of the observations listed on this report. Depending on your tax bracket and the outcome of that legislation, you may wish to recognize income this year and defer deductions to next year.

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**TAX LETTER CHECKS**

Charitable Distributions from IRAs

See lines 4a and 4b of Form 1040.

Gave to a Donor Advised Fund

Verify captured on Schedule A.

*Disclaimer*

*this is a disclaimer PLANNER™ certification Three*

- NIIT = AGI + Excluded Foreign Earned Income
- Coverdell, Lifetime Learning, American Opportunity, Child Tax Credit MAGI, Adoption Credit, Saver's Credit = AGI + Excluded Foreign Earned Income + Housing
- Roth MAGI = AGI - Roth Conversions + IRA Deduction + Student Loan Interest Deduction + Tuition Deduction + Excluded Foreign Earned Income + Housing
- Student Loan Deduction and MAGI = AGI + Student Loan Interest Deduction
- IRA Deduction MAGI = AGI + Student Loan Interest Deduction + Tuition and Fees Deduction + Excluded Foreign Earned Income + Housing