

What is new for 2020 tax season?

1. No individual mandate penalty

Taxpayers will not be charged a penalty for not having health insurance.

The shared responsibility payment — commonly referred to as the individual mandate penalty — has applied to folks required to have health insurance under the Affordable Care Act but who didn't get coverage and didn't qualify for an exemption. If you owed the penalty, it was due when you pay your taxes.

Starting this year, however, there is no penalty. The Tax Cuts and Jobs Act zeroed it out effective in 2019. So, folks who don't have health insurance this year will not owe the penalty when they file their taxes in 2020.

2. Higher medical expense deduction threshold

Another way in which 2010's Affordable Care Act had an impact on taxes was by raising the threshold for deductible medical and dental expenses from 7.5% to 10% of adjusted gross income, which made it harder to qualify for the deduction

3. No alimony deduction

Elimination of the alimony deduction is another Tax Cuts and Jobs Act change that took effect in 2019 rather than 2018. For divorce and separation agreements made or modified this year or thereafter, alimony payments will not be deductible, says IRS Publication 5307.

So, anyone getting divorced in in 2019 and *pays* alimony cannot write the payments off on a tax return in 2020. That also means that a spouse who *receives* alimony will not count the payments as income on the tax return in 2020.

4. New Tax Brackets

Tax brackets for 2019 tax year are listed below.

Tax Rate	Single Filers	Married-Jointly	Head of Household
10%	\$0-\$9,700	0-\$19,400	0-\$13,850
12%	\$9,701-\$39,475	\$19,401-\$78,950	\$13,851-\$52,850
22%	\$39,476-\$84,200	\$78,951-\$168,400	\$52,851 to \$84,200
24%	\$84,201-\$160,725	\$168,401-\$321,450	\$84,201-\$160,700
32%	\$160,726-\$204,100	\$321,451-\$408,200	\$160,701-\$204,100
35%	\$204,101-\$510,300	\$408,201-\$612,350	\$204,101-\$510,300
37%	\$510,301 or higher	\$612,351 or higher	\$510,301 or higher

5. New Standard Deduction Rates:

Standard deductions for 2019 taxes for those under age 65 are:

- **Single: \$12,200**
- **Married Filing Jointly: \$24,400**
- **Head of Household: \$18,350**
- **Qualifying Widower: \$24,400**

Taxpayers who are age 65 or older can add an additional \$1,300 per spouse if they're married or \$1,650 if they're single or file as head of household.

6. Beginning on Jan. 1, 2019, the standard mileage rates for the use of a car (also vans, pickups or panel trucks) will be:

- 58 cents per mile driven for business use, up 3.5 cents from the rate for 2018,
- 20 cents per mile driven for medical or moving purposes, up 2 cents from the rate for 2018, and
- 14 cents per mile driven in service of charitable organizations

7. Higher retirement account contribution limits

This year, you can stash more cash in various types of tax-advantaged retirement accounts, as we detail in [“Limits for 401\(k\), IRA and Other Retirement Plans to Rise in 2019.”](#)

Contributions that you make to such accounts, including traditional 401(k) plans and traditional individual retirement accounts (IRAs), in 2019 could be deductible on your next tax return.

The 2019 contribution limits include:

- 401(k) base contribution : \$19,000 (up from \$18,500 last year)
- 401(k) catch-up contribution (for taxpayers age 50 and older): additional \$6,000 (unchanged)
- IRA base contribution : \$6,000 (up from \$5,500)
- IRA catch-up contribution (for taxpayers age 50 and older): additional \$1,000 (unchanged)

The increases to IRA contributions limits for 2019 are a particularly big deal, as this is the first year since 2013 that IRA limits have budged.

8. Higher HSA contribution limits

Health savings accounts are another type of tax-advantaged account for which the contribution limits generally increase as the years roll along. HSAs are not strictly for retirement savings, although you can effectively use them as retirement accounts, as we explain in [“3 Reasons You Need a Health Savings Account — and How to Open One Today.”](#)

The [2019 contribution limits](#) for people who are eligible for an HSA and have the following types of high-deductible health insurance policies are:

- Self-only coverage : \$3,500 (up from \$3,450 last year)
- Family coverage : \$7,000 (up from \$6,900)

9. Seniors Get a New Simplified Tax Form for 2019

If you are **65 or older** (or turn 65 any time in 2019), you will have the option to use a new [simple tax form](#) for seniors, known as the 1040SR, when you file your 2019 taxes

Seniors who fill out Form 1040SR must take the standard deduction. Remember that if you're 65 or over, you are entitled to an additional \$1,300. For an individual, that would raise the standard deduction to \$13,300 for the tax year 2019, the first year that you can use the form. For a married couple, if one is 65 or over, the deduction would rise to \$25,300. And if both are 65 or over: \$26,600.