

Federal Individual Income Tax Terms: An Explanation

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Summary

This report describes the terms most commonly used when discussing the federal individual income tax. Most of these tax terms are explained in the order that they occur in the process of determining one's income tax on the Form 1040.

Total income is the sum total of all income required to be reported for tax purposes. Total income does not include *exclusions*, items specifically excluded from determination of gross income. Total income may be reduced by certain adjustments to income for special types of expenses that Congress has determined should be considered in calculating gross income. These adjustments, often referred to as *above-the-line deductions*, can generally be claimed by all eligible taxpayers, not just those who itemize deductions. For 2020 and 2021, taxpayers who do not itemize their deductions can claim an additional deduction for charitable contributions.

Adjusted gross income (AGI) equals gross income less above-the-line deductions (i.e., qualifying adjustments to income). It is the income measurement before a taxpayer claims either the standard deduction or the sum of all their itemized deductions (whichever is greater). *Itemized deductions* are subtracted from AGI and are allowed for certain types of expenditures for which income taxation is deemed inappropriate or inadvisable. The standard deduction, by contrast, is a set amount that varies by filing status and may be subtracted from AGI if it is greater than a taxpayer's itemized deductions. An additional standard deduction amount is available to certain individuals, for example the blind or elderly. Deductions function like adjustments and exclusions in their effect on tax liability.

Taxable income is adjusted gross income reduced by either the standard deduction (plus the additional standard deduction in some cases) or itemized deductions along with a deduction for qualified pass-through business income, when applicable. Taxable income is the base to which the income tax rates are applied to calculate income tax liability. *Tax liability* is calculated by applying the marginal tax rate and schedule to taxable income. *Tax credits* are then subtracted from gross tax liability to arrive at a taxpayer's final tax liability. Hence, tax credits reduce tax liability directly, on a dollar-for-dollar basis. Tax credits are available to all qualifying taxpayers, whether they itemize deductions or not.

Total tax liability is the amount of federal income tax owed by the taxpayer to the federal government. When a taxpayer's final tax liability exceeds federal taxes withheld, estimated quarterly taxes paid, and certain other credits, then the taxpayer has *taxes due* and must pay the federal government additional federal income taxes to cover the shortfall. A *refund* is a payment by the federal government to a taxpayer whose withheld taxes and/or estimated tax payments or refundable credits exceeded final tax liability.

A copy of the most recent version of income tax return to date, the 2020 IRS Form 1040, is included at the end of this report.

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Introduction

This report describes the terms most commonly used when discussing the federal individual income tax.¹ The structure of this report follows the general order of the IRS Form 1040—the form individuals use to determine their income tax. Tax forms can change, and all references in this report are to the 2020 Form 1040.² Many taxpayers determine their tax liability with the use of tax preparation software (e.g., TurboTax®) and paid tax preparers, which eliminates the need to be familiar with the Form 1040. Therefore, taxpayers who rely on tax preparation software or services may not be familiar with some of the concepts presented in this report.

Total Income

Total income, also sometimes referred to as gross income, is the broadest measure of income used for tax purposes. It is the total of all realized income recognized by the tax law. It is measured net of business expenses but before any other deductions or adjustments. It includes employee compensation such as wages, salaries, and tips; taxable interest and dividend income; business and farm income (net of expenses); realized capital gains; income from rents, royalties, trusts, estates, and partnerships; and taxable pensions and annuities.

Gross income does not include income explicitly excluded from tax. An exclusion is an item of income that is not included as income for tax purposes because the tax code explicitly excludes—or exempts—it from taxation.³ Examples of items of income which are exempt from federal income taxation and, hence, excluded from gross income, are state and local bond interest income, public assistance (welfare), small gifts, employer contributions for health care, and employer-provided contributions to retirement plans. Social Security and Railroad Retirement income may or may not be excluded from income subject to tax.⁴ The taxability of Social Security and Railroad Retirement depends on the amount of other income the taxpayer receives.

Other forms of income excluded from taxation are a clergy member's tax-free housing allowance, qualified foster care payments, and qualified scholarship and fellowship grants. Under certain conditions, a taxpayer can exclude a limited amount of disability pay such as workers' compensation. Except for tax-exempt interest, exclusions generally are not required to be reported to the Internal Revenue Service.

¹ Economic income is the broadest measure of all income, and is an economic concept rather than one contained in the tax code. It is defined as realized monetary compensation plus the value of any other nonmonetary forms of compensation that an individual receives. For example, in addition to the salary employees receive each year, they may also receive compensation in the form of health insurance premiums paid for by their employer. This employee's economic income is their salary plus the monetary value of the insurance premiums paid for by their employer. Economic income, therefore, is a measure of an individual's total compensation. Another example of economic but not monetary income is the imputed rental value of owner-occupied housing, which is not subject to taxation. Understanding economic income is important for constructing tax policies that are efficient and equitable. Economic income is not listed explicitly on the Form 1040 found in **Appendix A**.

² For official copies of the latest 1040, see Internal Revenue Service, *About Form 1040, U.S. Individual Income Tax Return*, at <https://www.irs.gov/forms-pubs/about-form-1040>.

³ The expression “tax-exempt” is used to describe types of income and organizations that are not subject to taxation. Interest income from state and local bonds, for example, is exempt from federal income taxes. Certain qualifying nonprofit organizations are exempt from federal income taxation. The provisions are not, however, described as exemptions on the tax return. They are more properly termed “exclusions.”

⁴ For more information on the taxability of Social Security benefits, see CRS Report RL32552, *Social Security: Taxation of Benefits*, by Paul S. Davies.

A taxpayer's gross income is listed on line 9 of the Form 1040 found in **Appendix A**. Exclusions are not listed explicitly on the Form 1040.

Adjustments to Income (Above-the-Line Deductions)

Adjustments to income, also known as above-the-line deductions, are allowed for certain payments made by the taxpayer and are generally related to the earning of income. These payments are deducted from gross income in arriving at adjusted gross income. Examples of payments that may qualify for an above-the-line deduction include contributions to Keogh or traditional (but not Roth) individual retirement accounts (IRAs), forfeited penalties on early withdrawals of savings, and interest paid on student loans. Adjustments to income function similarly to deductions that are applied later in the calculation of taxable income (i.e., itemized deductions or the standard deduction). However, unlike these deductions, above-the-line deductions can generally be claimed by all qualified taxpayers, whether or not they use the standard deduction or itemize deductions (see "Deductions").⁵

The sum of the taxpayer's adjustments to income is listed on line 10c of the Form 1040. The majority of a taxpayer's total adjustments to income are listed on lines 10 to 21 of Schedule 1 found in **Appendix A**. For 2020 and 2021, nonitemizers may claim an additional temporary deduction for charitable contributions. This amount is listed on line 10b of the Form 1040.

Adjusted Gross Income (AGI)

Adjusted gross income (AGI) is equal to a taxpayer's total income minus adjustments to income. AGI is the basic measure of income under the federal income tax and is the income measurement before deductions are taken into account.⁶ AGI is commonly used as the base for computing many of the limits under the tax law, such as those on the itemized deduction for medical and dental expense and miscellaneous itemized deductions.

A taxpayer's adjusted gross income is listed on line 11 of the Form 1040.

Deductions

Deductions from adjusted gross income are allowed for certain types of expenditures of income. Deductions may be claimed in one of two ways. First, taxpayers can choose to itemize (explicitly list) their deductible expenses. Itemized deductions are allowed for many purposes, including certain medical expenses; state and local property taxes, income (or sales) taxes, and a few other taxes; home mortgage interest, points, and limited amounts of other interest paid (but not personal

⁵ There is an additional deduction amount for charitable giving in 2020 that is only available to nonitemizers. For more information, see CRS In Focus IF11022, *The Charitable Deduction for Individuals*, by Margot L. Crandall-Hollick and Molly F. Sherlock; and CRS Insight IN11420, *Temporary Enhancements to Charitable Contributions Deductions in the CARES Act*, by Jane G. Gravelle.

⁶ P.L. 115-97 substantially changed the individual income tax system, including by temporarily suspending personal exemptions from 2018 through the end of 2025. Before 2018, taxpayers deducted personal exemptions from their AGI when calculating taxable income. Personal exemptions were allowed for taxpayers, spouses, and any dependents. For 2020, the personal exemption amount would have been \$4,300 per exemption. Absent any legislative change, personal exemptions will again be in effect beginning in 2026.

interest); contributions to charitable organizations; certain casualty and theft losses; and a few other “miscellaneous” expenses.

Alternatively, a taxpayer can choose to claim the standard deduction, which was intended to reduce the complexity of paying taxes. The standard deduction varies depending on filing status (single, married filing jointly, head of household), whether the taxpayer is over 65, and whether the taxpayer is blind. For 2020 the standard deductions were as follows: \$24,800 for married taxpayers filing jointly or qualified widow(er)s; \$12,400 for single taxpayers; and \$18,650 for taxpayers who qualify as the head of a household. The standard deductions for those who are 65 or older and for those who are legally blind are increased by \$1,650 if single or head of household and \$1,300 if married filing jointly. These increases apply per classification. Thus, a 70-year-old blind and single taxpayer would be eligible for a \$3,300 (\$1,650 plus \$1,650) increase in his or her standard deduction. These amounts are adjusted annually for inflation.

Only individuals with deductions that can be itemized in excess of the standard deduction find it worthwhile to itemize. These tend to be taxpayers in the middle- to high-income ranges. In the 2018 tax year (the most recent data available), 11.4% of taxpayers itemized their deductions.⁷ Whichever deduction the taxpayer claims—total itemized or standard—the deduction amount is subtracted from AGI.

Additionally, individuals with pass-through business income may deduct up to 20% of their qualified business income when determining their taxable income through 2025. This deduction is often referred to as the 199A deduction and is subtracted from AGI after either total itemized deductions or the standard deduction.⁸ Pass-through businesses include sole proprietorships, partnerships, and S corporations. Pass-through owners pay taxes on their share of the business’s income according to the individual income tax rates. In contrast, the income of C corporations is taxed once at the corporate level according to the corporate tax system, and then a second time at the individual-shareholder level.

Deductions function like adjustments and exclusions in their effect on tax liability. Deductions reduce a taxpayer’s tax liability, but only by a percentage of the amount deducted. An individual in the 35% tax bracket would receive a reduction in taxes of \$35 for each \$100 deduction while an individual in the 24% tax bracket would receive a reduction in taxes of \$24 for each \$100 deduction. Hence, the same deduction can be worth different amounts to different taxpayers depending on their marginal tax bracket. More simply stated, the tax savings from deductions are generally equal to the taxpayer’s tax rate times the amount of the deduction. So higher-income taxpayers typically benefit more than lower-income taxpayers from deductions.

A taxpayer’s standard or total itemized deductions are listed on line 12 of the Form 1040. The individual components of the itemized deduction are listed on lines 1 to 16 on Schedule A to Form 1040 in **Appendix A**. The 199A deduction for qualified business income, if applicable, is listed on line 13 of the Form 1040.

Taxable Income

Taxable income, the narrowest measure of income used on the income tax return, is equivalent to adjusted gross income reduced by either the standard deduction or itemized deduction and the

⁷ CRS calculations using 2018 Internal Revenue Service, Statistics of Income, Table 1.2.

⁸ For more information on the 199A deduction, see CRS In Focus IF11122, *Section 199A Deduction for Pass-through Business Income: An Overview*, by Gary Guenther.

personal exemption. Taxable income is the base upon which the income tax rates are applied to calculate income tax liability.

Taxable income is listed on line 15 of the Form 1040.

Tax Liability

Tax liability, also sometimes referred to as gross tax liability, is a taxpayer's tax liability prior to the subtraction of tax credits. For most taxpayers, gross tax liability is equal to regular income tax liability, which is calculated by applying the marginal tax rate schedule to taxable income. The structure of the marginal tax rate schedule is progressive, which means higher-earning taxpayers face higher tax rates on the last dollar that they earn. To understand how the marginal tax structure is applied, consider the 2020 marginal tax rate schedule provided in **Appendix B**.⁹ The 2020 tax schedule shows the various tax rates and income ranges to which those rates are applied. A married couple with a taxable income of \$80,000 would fall into the 12% tax bracket. This means that the first \$19,750 of their taxable income would be taxed at a rate of 10%, their next \$60,250 of income would be taxed at 12%.

A small fraction of taxpayers (0.1% in 2019) must also account for the alternative minimum tax (AMT) when computing their gross tax liability.¹⁰ The AMT is calculated in the following manner. First, an individual adds back certain tax deductions and tax preference items to taxable income. This amount then becomes the AMT tax base. Next, a basic exemption is allowed and subtracted from the AMT tax base. A two-tiered tax rate structure of 26% and 28% is then assessed against the remaining AMT tax base to determine the AMT liability. If the AMT liability exceeds a taxpayer's regular income liability a taxpayer must add the difference between the two to their regular income tax liability to arrive at gross tax liability. Congress, in 1969, enacted the predecessor to the current individual AMT to make sure that everyone paid at least a minimum of taxes and still preserve the economic and social incentives in the tax code.¹¹

A taxpayer's regular income tax liability is listed on line 16 of the Form 1040. The AMT liability is listed on line 1 of Schedule 2 of the Form 1040 in **Appendix A**. A taxpayer's gross tax liability is listed on line 18 of the Form 1040.

Nonrefundable Credits

Nonrefundable tax credits are subtracted from gross tax liability to arrive at a taxpayer's final tax liability. Thus, nonrefundable tax credits reduce an individual's tax liability directly, on a dollar-for-dollar basis, and are available to all qualified taxpayers. A taxpayer may not claim more nonrefundable tax credits than his or her tax liability. Therefore, the only time in which nonrefundable tax credits do not result in a dollar-for-dollar reduction in an individual's tax liability is when the amount of nonrefundable tax credits exceeds the individual's tax liability. A different class of tax credits, known as refundable tax credits, can be claimed even when they exceed an individual's tax liability. Refundable tax credits are discussed later in this report.

⁹ For more information, see CRS Insight IN11530, *The Federal Income Tax: How Do Marginal Income Tax Rates Work in 2020?*, by Margot L. Crandall-Hollick.

¹⁰ Tax Policy Center, "Who pays the AMT?," updated May 2020, at <https://www.taxpolicycenter.org/briefing-book/who-pays-amt>.

¹¹ For more information, see CRS Report R44494, *The Alternative Minimum Tax for Individuals: In Brief*, by Donald J. Marples.

Examples of nonrefundable credits are the credit for the elderly and the permanently and totally disabled, the credit for child and dependent care expenses, and the foreign tax credit.¹²

The total amount of nonrefundable tax credits is found on line 21 of the Form 1040. The individual nonrefundable tax credits are listed on Schedule 3 to Form 1040 in **Appendix A**.

Total Tax Liability

Total tax liability, also sometimes referred to as final tax liability, is the amount of federal income tax owed by the taxpayer to the federal government after taking into account allowable refundable tax credits. Thus, total tax liability represents the taxpayer's total federal income tax bill for the tax year.

A taxpayer's total tax liability is found on line 24 of the Form 1040.

Payments

Most taxpayers make periodic tax payments throughout the year via income withholdings that are credited against their federal income tax liability. Employees typically have a certain percentage of their paycheck withheld (W-2 withholding, named for the IRS Form W-2) each pay period by their employer. Taxpayers who receive nonwage or nonemployee compensation income, such as interest or dividend payments, debt cancellation, and certain other types of income, may have a fraction of this income withheld (1099 withholding, again, named for IRS Form 1099) by the compensating party.¹³ The withheld amounts are then forwarded to the IRS.

Some taxpayers make estimated tax payments throughout the year—typically quarterly. There are a variety of reasons why estimated tax payments may be required—for example, when the taxpayer earns income not subject to withholding or when there is an expectation that a taxpayer may owe more than a certain amount in taxes even after accounting for withholdings and credits. A taxpayer estimates the taxes owed on the income he or she earned in a particular quarter and pays this amount during the year rather than waiting until April 15 of the following year.

Refundable tax credits are another form of tax “payment.” Refundable tax credits are similar to nonrefundable tax credits except that a taxpayer may claim refundable tax credits in an amount greater than his or her tax liability. When the amount of refundable credits exceeds a taxpayer's tax liability, the Treasury makes a direct payment to the taxpayer for the difference. The primary refundable credits are the earned income tax credit and the child tax credit.¹⁴

A taxpayer's total tax payment is found on line 33 of the Form 1040.

¹² For more information, see CRS Report R44993, *Child and Dependent Care Tax Benefits: How They Work and Who Receives Them*, by Margot L. Crandall-Hollick and Conor F. Boyle.

¹³ Starting in 2020, those with nonemployee compensation (i.e., independent contractors) have had such income reported on Form 1099-NEC.

¹⁴ For more information, see CRS Report R43805, *The Earned Income Tax Credit (EITC): How It Works and Who Receives It*, by Margot L. Crandall-Hollick, Gene Falk, and Conor F. Boyle; and CRS Report R41873, *The Child Tax Credit: How It Works and Who Receives It*, by Margot L. Crandall-Hollick.

Tax Refund

A tax refund is a payment by the federal government to a taxpayer whose withheld taxes, estimated tax payments, and refundable credits exceeded final tax liability, entitling him or her to a refund for overpayment of the tax bill.

The amount of refunded taxes owed to a taxpayer may be found on line 34 of the Form 1040.

Amount Owed

When a taxpayer's total tax liability exceeds federal taxes withheld, estimated tax payments, and refundable credits, then the taxpayer will owe the federal government an additional amount to cover the shortfall in paid taxes.

Taxes owed are found on line 37 of the Form 1040.

Appendix A. 2020 IRS Form 1040

Form 1040	Department of the Treasury—Internal Revenue Service (99) U.S. Individual Income Tax Return	2020	OMB No. 1545-0074	IRS Use Only—Do not write or staple in this space.
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Filing Status ☐ Single ☐ Married filing jointly ☐ Married filing separately (MFS) ☐ Head of household (HOH) ☐ Qualifying widow(er) (QW)
 Check only one box. If you checked the MFS box, enter the name of your spouse. If you checked the HOH or QW box, enter the child's name if the qualifying person is a child but not your dependent ▶

Your first name and middle initial	Last name	Your social security number
If joint return, spouse's first name and middle initial	Last name	Spouse's social security number

Home address (number and street). If you have a P.O. box, see instructions. Apt. no.

City, town, or post office. If you have a foreign address, also complete spaces below. State ZIP code

Foreign country name Foreign province/state/county Foreign postal code

Presidential Election Campaign
 Check here if you, or your spouse if filing jointly, want \$3 to go to this fund. Checking a box below will not change your tax or refund.
☐ You ☐ Spouse

At any time during 2020, did you receive, sell, exchange, or otherwise acquire any financial interest in any virtual currency? ☐ Yes ☐ No

Standard Deduction ☐ **Someone can claim:** ☐ You as a dependent ☐ Your spouse as a dependent ☐ Spouse itemizes on a separate return or you were a dual-status alien

Age/Blindness You: ☐ Were born before January 2, 1956 ☐ Are blind Spouse: ☐ Was born before January 2, 1956 ☐ Is blind

Dependents (see instructions):

(1) First name	Last name	(2) Social security number	(3) Relationship to you	(4) <input checked="" type="checkbox"/> if qualifies for (see instructions):	Child tax credit	Credit for other dependents
				<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
				<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
				<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
				<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

If more than four dependents, see instructions and check here ▶ ☐

1 Wages, salaries, tips, etc. Attach Form(s) W-2	2a Tax-exempt interest	2a	b Taxable interest	2b
3a Qualified dividends	3a	b Ordinary dividends	3b	
4a IRA distributions	4a	b Taxable amount	4b	
5a Pensions and annuities	5a	b Taxable amount	5b	
6a Social security benefits	6a	b Taxable amount	6b	
7 Capital gain or (loss). Attach Schedule D if required. If not required, check here ▶ <input type="checkbox"/>	7			
8 Other income from Schedule 1, line 9	8			
9 Add lines 1, 2b, 3b, 4b, 5b, 6b, 7, and 8. This is your total income ▶	9			
10 Adjustments to income:	10			
a From Schedule 1, line 22	10a	10a		
b Charitable contributions if you take the standard deduction. See instructions	10b	10b		
c Add lines 10a and 10b. These are your total adjustments to income ▶	10c			
11 Subtract line 10c from line 9. This is your adjusted gross income ▶	11			
12 Standard deduction or itemized deductions (from Schedule A)	12			
13 Qualified business income deduction. Attach Form 8995 or Form 8995-A	13			
14 Add lines 12 and 13	14			
15 Taxable income. Subtract line 14 from line 11. If zero or less, enter -0-	15			

Standard Deduction for—
 • Single or Married filing separately, \$12,400
 • Married filing jointly or Qualifying widow(er), \$24,800
 • Head of household, \$18,650
 • If you checked any box under **Standard Deduction**, see instructions.

Attach Sch. B if required.

For Disclosure, Privacy Act, and Paperwork Reduction Act Notice, see separate instructions. Cat. No. 11320B Form **1040** (2020)

Form 1040 (2020)		Page 2
16	Tax (see instructions). Check if any from Form(s): 1 <input type="checkbox"/> 8814 2 <input type="checkbox"/> 4972 3 <input type="checkbox"/>	16
17	Amount from Schedule 2, line 3	17
18	Add lines 16 and 17	18
19	Child tax credit or credit for other dependents	19
20	Amount from Schedule 3, line 7	20
21	Add lines 19 and 20	21
22	Subtract line 21 from line 18. If zero or less, enter -0-	22
23	Other taxes, including self-employment tax, from Schedule 2, line 10	23
24	Add lines 22 and 23. This is your total tax	24
25	Federal income tax withheld from:	
a	Form(s) W-2	25a
b	Form(s) 1099	25b
c	Other forms (see instructions)	25c
d	Add lines 25a through 25c	25d
26	2020 estimated tax payments and amount applied from 2019 return	26
27	Earned income credit (EIC)	27
28	Additional child tax credit. Attach Schedule 8812	28
29	American opportunity credit from Form 8863, line 8	29
30	Recovery rebate credit. See instructions	30
31	Amount from Schedule 3, line 13	31
32	Add lines 27 through 31. These are your total other payments and refundable credits	32
33	Add lines 25d, 26, and 32. These are your total payments	33
34	If line 33 is more than line 24, subtract line 24 from line 33. This is the amount you overpaid	34
35a	Amount of line 34 you want refunded to you . If Form 8888 is attached, check here	35a
b	Routing number	c Type: <input type="checkbox"/> Checking <input type="checkbox"/> Savings
d	Account number	
36	Amount of line 34 you want applied to your 2021 estimated tax	36
37	Subtract line 33 from line 24. This is the amount you owe now Note: Schedule H and Schedule SE filers, line 37 may not represent all of the taxes you owe for 2020. See Schedule 3, line 12e, and its instructions for details.	37
38	Estimated tax penalty (see instructions)	38
Third Party Designee	Do you want to allow another person to discuss this return with the IRS? See instructions <input type="checkbox"/> Yes. Complete below. <input type="checkbox"/> No	
	Designee's name	Personal identification number (PIN)
Sign Here	Under penalties of perjury, I declare that I have examined this return and accompanying schedules and statements, and to the best of my knowledge and belief, they are true, correct, and complete. Declaration of preparer (other than taxpayer) is based on all information of which preparer has any knowledge.	
	Your signature	Date
	Your occupation	If the IRS sent you an Identity Protection PIN, enter it here (see inst.)
Joint return? See instructions. Keep a copy for your records.	Spouse's signature. If a joint return, both must sign.	Date
	Spouse's occupation	If the IRS sent your spouse an Identity Protection PIN, enter it here (see inst.)
	Phone no.	Email address
Paid Preparer Use Only	Preparer's name	Preparer's signature
	Firm's name	Date
	Firm's address	PTIN
		Check if: <input type="checkbox"/> Self-employed
		Phone no.
		Firm's EIN

Go to www.irs.gov/Form1040 for instructions and the latest information.

Form **1040** (2020)

2020 IRS Schedule 1 (Form 1040)

SCHEDULE 1
(Form 1040)Department of the Treasury
Internal Revenue Service**Additional Income and Adjustments to Income**▶ Attach to Form 1040, 1040-SR, or 1040-NR.
▶ Go to www.irs.gov/Form1040 for instructions and the latest information.

OMB No. 1545-0074

2020
Attachment
Sequence No. **01**

Name(s) shown on Form 1040, 1040-SR, or 1040-NR

Your social security number

Part I Additional Income

1	Taxable refunds, credits, or offsets of state and local income taxes	1	
2a	Alimony received	2a	
b	Date of original divorce or separation agreement (see instructions) ▶		
3	Business income or (loss). Attach Schedule C	3	
4	Other gains or (losses). Attach Form 4797	4	
5	Rental real estate, royalties, partnerships, S corporations, trusts, etc. Attach Schedule E	5	
6	Farm income or (loss). Attach Schedule F	6	
7	Unemployment compensation	7	
8	Other income. List type and amount ▶	8	
9	Combine lines 1 through 8. Enter here and on Form 1040, 1040-SR, or 1040-NR, line 8	9	

Part II Adjustments to Income

10	Educator expenses	10	
11	Certain business expenses of reservists, performing artists, and fee-basis government officials. Attach Form 2106	11	
12	Health savings account deduction. Attach Form 8889	12	
13	Moving expenses for members of the Armed Forces. Attach Form 3903	13	
14	Deductible part of self-employment tax. Attach Schedule SE	14	
15	Self-employed SEP, SIMPLE, and qualified plans	15	
16	Self-employed health insurance deduction	16	
17	Penalty on early withdrawal of savings	17	
18a	Alimony paid	18a	
b	Recipient's SSN		
c	Date of original divorce or separation agreement (see instructions) ▶		
19	IRA deduction	19	
20	Student loan interest deduction	20	
21	Tuition and fees deduction. Attach Form 8917	21	
22	Add lines 10 through 21. These are your adjustments to income . Enter here and on Form 1040, 1040-SR, or 1040-NR, line 10a	22	

For Paperwork Reduction Act Notice, see your tax return instructions.

Cat. No. 71479F

Schedule 1 (Form 1040) 2020

2020 IRS Schedule 2 (Form 1040)

SCHEDULE 2 (Form 1040) Department of the Treasury Internal Revenue Service	Additional Taxes ▶ Attach to Form 1040, 1040-SR, or 1040-NR. ▶ Go to www.irs.gov/Form1040 for instructions and the latest information.	OMB No. 1545-0074 <div style="font-size: 2em; font-weight: bold; text-align: center;">2020</div> Attachment Sequence No. 02
Name(s) shown on Form 1040, 1040-SR, or 1040-NR		Your social security number
Part I Tax		
1 Alternative minimum tax. Attach Form 6251	1	
2 Excess advance premium tax credit repayment. Attach Form 8962	2	
3 Add lines 1 and 2. Enter here and on Form 1040, 1040-SR, or 1040-NR, line 17 . .	3	
Part II Other Taxes		
4 Self-employment tax. Attach Schedule SE	4	
5 Unreported social security and Medicare tax from Form: a <input type="checkbox"/> 4137 b <input type="checkbox"/> 8919 .	5	
6 Additional tax on IRAs, other qualified retirement plans, and other tax-favored accounts. Attach Form 5329 if required	6	
7a Household employment taxes. Attach Schedule H	7a	
b Repayment of first-time homebuyer credit from Form 5405. Attach Form 5405 if required	7b	
8 Taxes from: a <input type="checkbox"/> Form 8959 b <input type="checkbox"/> Form 8960 c <input type="checkbox"/> Instructions; enter code(s) _____	8	
9 Section 965 net tax liability installment from Form 965-A	9	
10 Add lines 4 through 8. These are your total other taxes . Enter here and on Form 1040 or 1040-SR, line 23, or Form 1040-NR, line 23b	10	

For Paperwork Reduction Act Notice, see your tax return instructions.
 Cat. No. 71478U
Schedule 2 (Form 1040) 2020

2020 IRS Schedule 3 (Form 1040)

SCHEDULE 3 (Form 1040) Department of the Treasury Internal Revenue Service	Additional Credits and Payments ▶ Attach to Form 1040, 1040-SR, or 1040-NR. ▶ Go to www.irs.gov/Form1040 for instructions and the latest information.	OMB No. 1545-0074 <div style="font-size: 2em; font-weight: bold; text-align: center;">2020</div> Attachment Sequence No. 03
Name(s) shown on Form 1040, 1040-SR, or 1040-NR		Your social security number
Part I Nonrefundable Credits		
1 Foreign tax credit. Attach Form 1116 if required	1	
2 Credit for child and dependent care expenses. Attach Form 2441	2	
3 Education credits from Form 8863, line 19	3	
4 Retirement savings contributions credit. Attach Form 8880	4	
5 Residential energy credits. Attach Form 5695	5	
6 Other credits from Form: a <input type="checkbox"/> 3800 b <input type="checkbox"/> 8801 c <input type="checkbox"/> _____	6	
7 Add lines 1 through 6. Enter here and on Form 1040, 1040-SR, or 1040-NR, line 20	7	
Part II Other Payments and Refundable Credits		
8 Net premium tax credit. Attach Form 8962	8	
9 Amount paid with request for extension to file (see instructions)	9	
10 Excess social security and tier 1 RRTA tax withheld	10	
11 Credit for federal tax on fuels. Attach Form 4136	11	
12 Other payments or refundable credits:		
a Form 2439	12a	
b Qualified sick and family leave credits from Schedule(s) H and Form(s) 7202	12b	
c Health coverage tax credit from Form 8885	12c	
d Other: _____	12d	
e Deferral for certain Schedule H or SE filers (see instructions)	12e	
f Add lines 12a through 12e	12f	
13 Add lines 8 through 12f. Enter here and on Form 1040, 1040-SR, or 1040-NR, line 31	13	

For Paperwork Reduction Act Notice, see your tax return instructions. Cat. No. 71480G Schedule 3 (Form 1040) 2020

2020 IRS Schedule A (Form 1040)

SCHEDULE A (Form 1040)		Itemized Deductions		OMB No. 1545-0074	
Department of the Treasury Internal Revenue Service (99)		<p>► Go to www.irs.gov/ScheduleA for instructions and the latest information.</p> <p>► Attach to Form 1040 or 1040-SR.</p>		<p>2020</p> <p>Attachment Sequence No. 07</p>	
Name(s) shown on Form 1040 or 1040-SR				Your social security number	
Medical and Dental Expenses	<p>Caution: Do not include expenses reimbursed or paid by others.</p> <p>1 Medical and dental expenses (see instructions)</p> <p>2 Enter amount from Form 1040 or 1040-SR, line 11 2</p> <p>3 Multiply line 2 by 7.5% (0.075)</p> <p>4 Subtract line 3 from line 1. If line 3 is more than line 1, enter -0-</p>		1	2	3
Taxes You Paid	<p>5 State and local taxes.</p> <p>a State and local income taxes or general sales taxes. You may include either income taxes or general sales taxes on line 5a, but not both. If you elect to include general sales taxes instead of income taxes, check this box <input type="checkbox"/></p> <p>b State and local real estate taxes (see instructions)</p> <p>c State and local personal property taxes</p> <p>d Add lines 5a through 5c</p> <p>e Enter the smaller of line 5d or \$10,000 (\$5,000 if married filing separately)</p> <p>6 Other taxes. List type and amount ►</p> <p>7 Add lines 5e and 6</p>		5a	5b	5c
Interest You Paid	<p>8 Home mortgage interest and points. If you didn't use all of your home mortgage loan(s) to buy, build, or improve your home, see instructions and check this box <input type="checkbox"/></p> <p>a Home mortgage interest and points reported to you on Form 1098. See instructions if limited</p> <p>b Home mortgage interest not reported to you on Form 1098. See instructions if limited. If paid to the person from whom you bought the home, see instructions and show that person's name, identifying no., and address</p> <p>c Points not reported to you on Form 1098. See instructions for special rules</p> <p>d Mortgage insurance premiums (see instructions)</p> <p>e Add lines 8a through 8d</p> <p>9 Investment interest. Attach Form 4952 if required. See instructions</p> <p>10 Add lines 8e and 9</p>		8a	8b	8c
Gifts to Charity	<p>11 Gifts by cash or check. If you made any gift of \$250 or more, see instructions</p> <p>12 Other than by cash or check. If you made any gift of \$250 or more, see instructions. You must attach Form 8283 if over \$500</p> <p>13 Carryover from prior year</p> <p>14 Add lines 11 through 13</p>		11	12	13
Casualty and Theft Losses	<p>15 Casualty and theft loss(es) from a federally declared disaster (other than net qualified disaster losses). Attach Form 4684 and enter the amount from line 18 of that form. See instructions</p>		15		
Other Itemized Deductions	<p>16 Other—from list in instructions. List type and amount ►</p>		16		
Total Itemized Deductions	<p>17 Add the amounts in the far right column for lines 4 through 16. Also, enter this amount on Form 1040 or 1040-SR, line 12</p> <p>18 If you elect to itemize deductions even though they are less than your standard deduction, check this box <input type="checkbox"/></p>		17		

For Paperwork Reduction Act Notice, see the Instructions for Forms 1040 and 1040-SR.

Cat. No. 17145C

Schedule A (Form 1040) 2020

Appendix B. 2020 Marginal Tax Rate Schedule

Table I. Statutory Marginal Tax Rates, 2020

Tax Schedules by Filing Status

Married Filing Jointly			
If taxable income is:			Then, tax is:
\$0	to	\$19,750	10% of the amount over \$0
\$19,750	to	\$80,250	\$1,975 plus 12% of the amount over \$19,750
\$80,250	to	\$171,050	\$9,235 plus 22% of the amount over \$80,250
\$171,050	to	\$326,600	\$29,211 plus 24% of the amount over \$171,050
\$326,600	to	\$414,700	\$66,543 plus 32% of the amount over \$326,600
\$414,700	to	\$622,050	\$94,735 plus 35% of the amount over \$414,700
\$622,050	plus		\$167,307.50 plus 37% of the amount over \$622,050
Single			
If taxable income is:			Then, tax is:
\$0	to	\$9,875	10% of the amount over \$0
\$9,875	to	\$40,125	\$987.50 plus 12% of the amount over \$9,875
\$40,125	to	\$85,525	\$4,617.50 plus 22% of the amount over \$40,125
\$85,525	to	\$163,300	\$14,605.50 plus 24% of the amount over \$85,525
\$163,300	to	\$207,350	\$33,271.50 plus 32% of the amount over \$163,300
\$207,350	to	\$518,400	\$47,367.50 plus 35% of the amount over \$207,350
\$518,400	plus		\$156,235 plus 37% of the amount over \$518,400
Heads of Households			
If taxable income is:			Then, tax is:
\$0	to	\$14,100	10% of the amount over \$0
\$14,100	to	\$53,700	\$1,410 plus 12% of the amount over \$14,100
\$53,700	to	\$85,500	\$6,162 plus 22% of the amount over \$53,700
\$85,500	to	\$163,300	\$13,158 plus 24% of the amount over \$85,500
\$163,300	to	\$207,350	\$31,830 plus 32% of the amount over \$163,300
\$207,350	to	\$518,400	\$45,926 plus 35% of the amount over \$207,350
\$518,400	plus		\$154,793.50 plus 37% of the amount over \$518,400

Source: Internal Revenue Code.

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