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Certified Professional Accountants

2022 Year in Review

Tax and financial planning items to consider

Key recent individual tax considerations

- Energy credit modifications mostly effective starting in 2023
- Key provisions not available for 2022 — Expanded child tax credit and child and dependent care credit
- Excess business losses now effective through 2028 (loss limitation of \$270,000 (or \$540,000 for MFJ for 2022))
- Increased age for RMD for 2023 — Age 73
- Note: Form 1099-K changes postponed to 2023

Individual income tax brackets for 2022

Rate	Single	Married filing jointly (and surviving spouses)	Head of household	Married filing separately
10%	Up to \$10,275	Up to \$20,550	Up to \$14,650	Up to \$10,275
12%	\$10,276 to \$41,775	\$20,551 to \$83,550	\$14,651 to \$55,900	\$10,276 to \$41,775
22%	\$41,776 to \$89,075	\$83,551 to \$178,150	\$55,901 to \$89,050	\$41,776 to \$89,075
24%	\$89,076 to \$170,050	\$178,151 to \$340,100	\$89,051 to \$170,050	\$89,076 to \$170,050
32%	\$170,051 to \$215,950	\$340,101 to \$431,900	\$170,051 to \$215,950	\$170,051 to \$215,950
35%	\$215,951 to \$539,900	\$431,901 to \$647,850	\$215,951 to \$539,900	\$215,951 to \$323,925
37%	\$539,901+	\$647,851+	\$539,901+	\$323,926+

Dividend and capital gains rates for 2022

Qualified dividends and capital gains tax rate	Single filers	Joint filers	Head of household	Married filing separately
0%	Up to \$41,675	Up to \$83,350	Up to \$55,800	Up to \$41,675
15%	\$41,676 to \$459,750	\$83,351 to \$517,200	\$55,801 to \$488,500	\$41,676 to \$459,750
20%	\$459,751+	\$517,201+	\$488,501+	\$459,751+

2022 and 2023 standard deduction

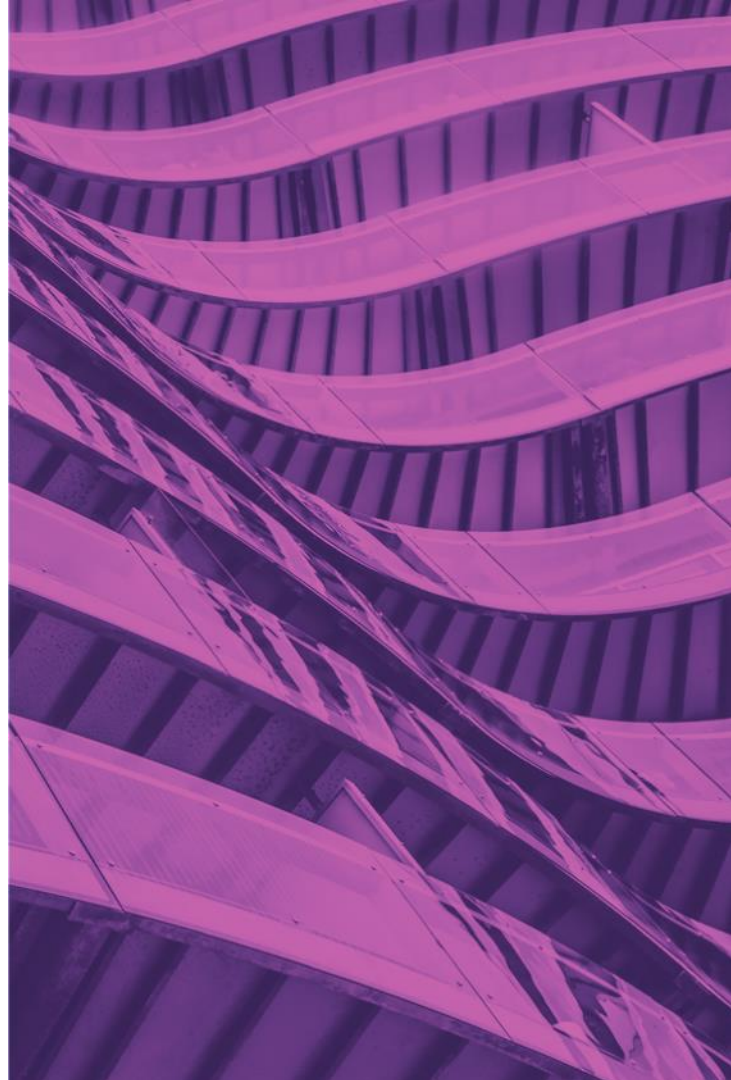
	Single filers	Joint filers	Head of household	Married filing separately
2022	12,950	25,900	19,400	12,950
2023	13,850	27,700	20,800	13,850

2022: Add an additional \$1,400 if you're over 65 or blind (\$1,750 if single or head of household filing status)

2023: Add an additional \$1,500 if you're over 65 or blind (\$1,850 if single or head of household filing status)

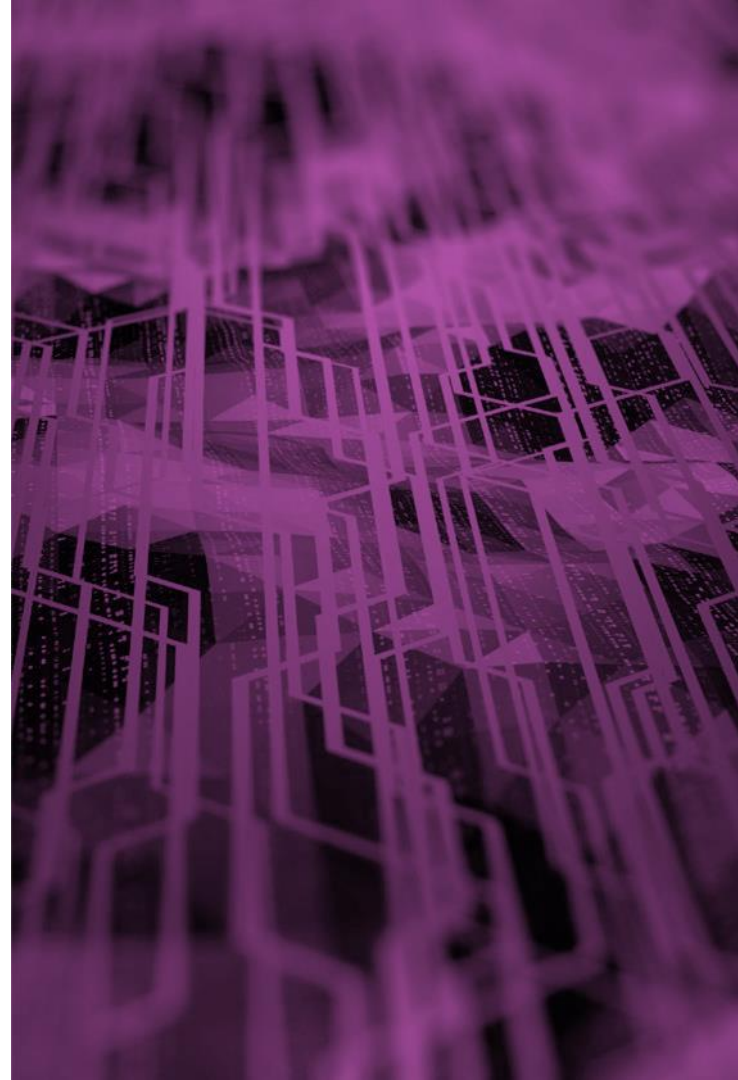
State and local tax issues

- More people working from home due to the pandemic can cause state tax consequences and additional filing requirements.
- Make note of a possible credit for taxes paid in other states.
- For individual taxpayers, a deduction for state income and local property taxes is capped at \$10,000 (\$5,000 for married taxpayers filing separately).
- Note, many states may have an entity-level state and local tax cap workaround.



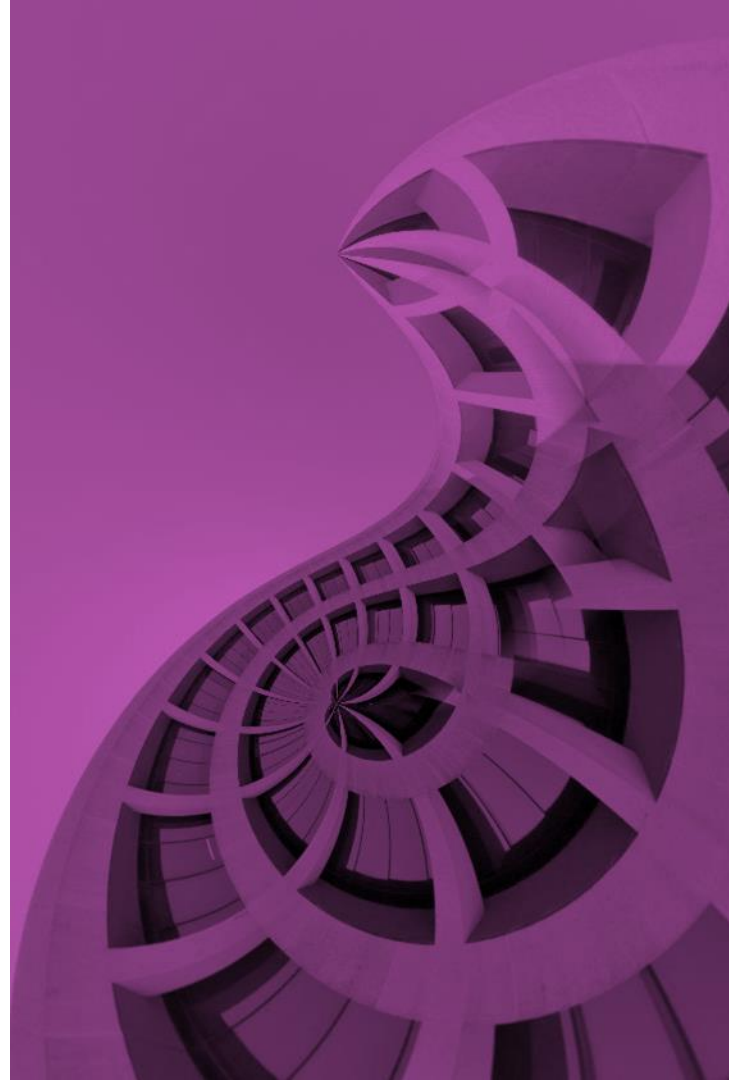
Cryptocurrency/virtual currency/digital asset transactions

- Transactions involving virtual currency are becoming more common due to increased availability.
- IRS is continuing to scrutinize these transactions.
- Form 1040 has a question on the first page regarding virtual currency which must be answered.
- The sale or exchange of virtual currencies, the use of such currencies to pay for goods or services, or receipt of virtual currency in exchange for goods/services, generally, has tax consequences.



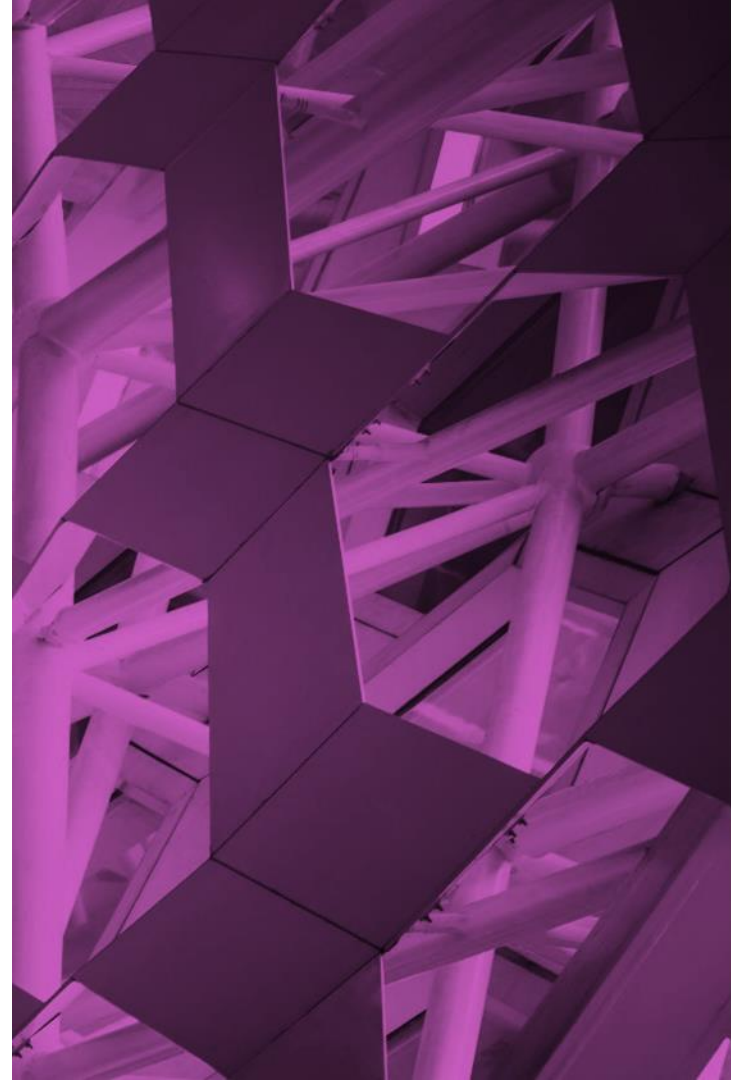
Review of net investment income tax (NIIT)

- Additional 3.8% tax on certain investment items such as:
 - Capital gains
 - Interest
 - Dividends
 - Net rental and royalty income
 - Income from passive activities
- Affects individuals, estates and trusts with income above certain thresholds



Review of alternative minimum tax (AMT)

- Alternative tax system that parallels the regular federal tax (with different rates and rules for deductions)
- How does it work?
 - Adds back certain non-taxable income and removes some deductions
 - Re-computed income is multiplied by the applicable rate (26% or 28%) = tentative minimum tax
- Higher of tentative minimum tax or regular tax is paid
- Tax law changes increased the exemption amounts
- Complex calculation



Retirement planning

Changes coming for 2024 with SECURE 2.0

For 2022:

- **401(k)/403(b)** — \$20,500 + \$6,500 for 50 and over
- **IRA** — \$6,000 + \$1,000 for 50 and over
- **Roth IRA** — Income limits on contributing, but can convert retirement funds to a Roth
- **SEP IRA** — Contributions based on self-employed income



Estate and gift taxes

- 2022 estate tax exemption: \$12.06 million (2023 figure is \$12.92 million)
- Increase in exemption is temporary and expires in 2025.
- 2022 gift tax annual exclusion: \$16,000 (2023 is \$17,000)
- Estate planning is more than minimizing estate taxes
 - Updating documents
 - Repurposing insurance
 - Privacy
 - Asset protection



Education tax benefits

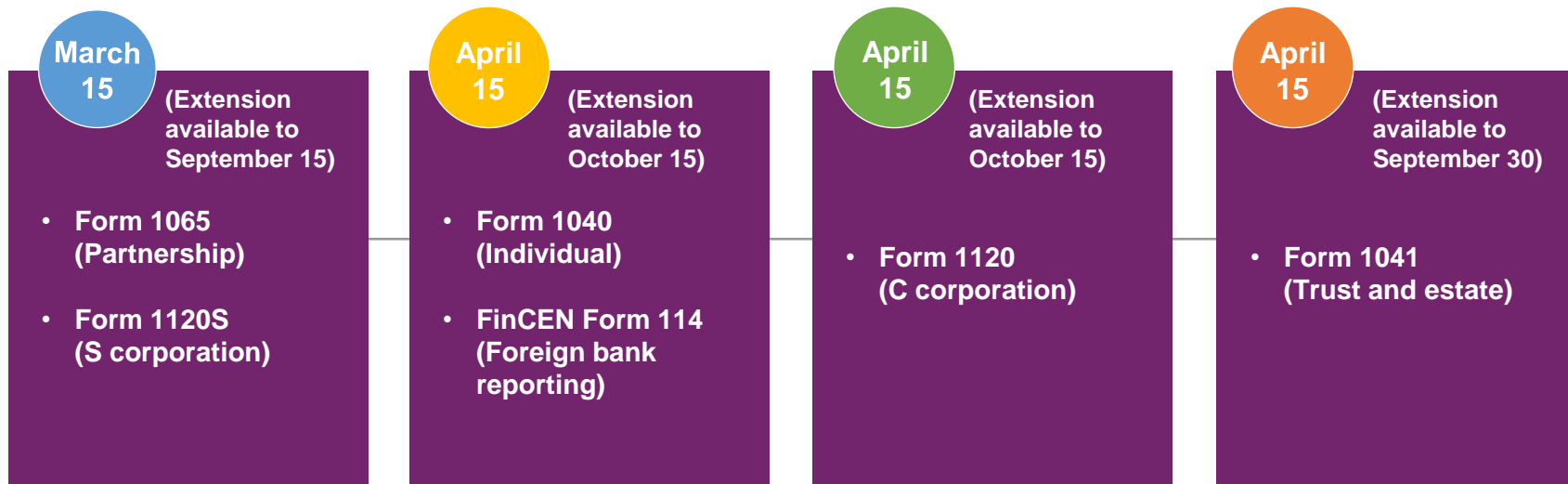
- **American opportunity tax credit**
 - Up to \$2,500 annually per eligible student for first four years of post-secondary school (income thresholds apply)
- **Lifetime learning credit**
 - Up to \$2,000 annually per eligible student for post-secondary school expenses (income thresholds apply)
- **Section 529 plans**
 - Tax-advantaged savings plan to encourage saving for future education costs
 - Can be used to pay up to \$10K per year per beneficiary for tuition at any public, private, or religious elementary/secondary school
 - Starting in 2024, rollover of funds to Roth IRAs may be available for up to \$35k



Charitable contribution reminders

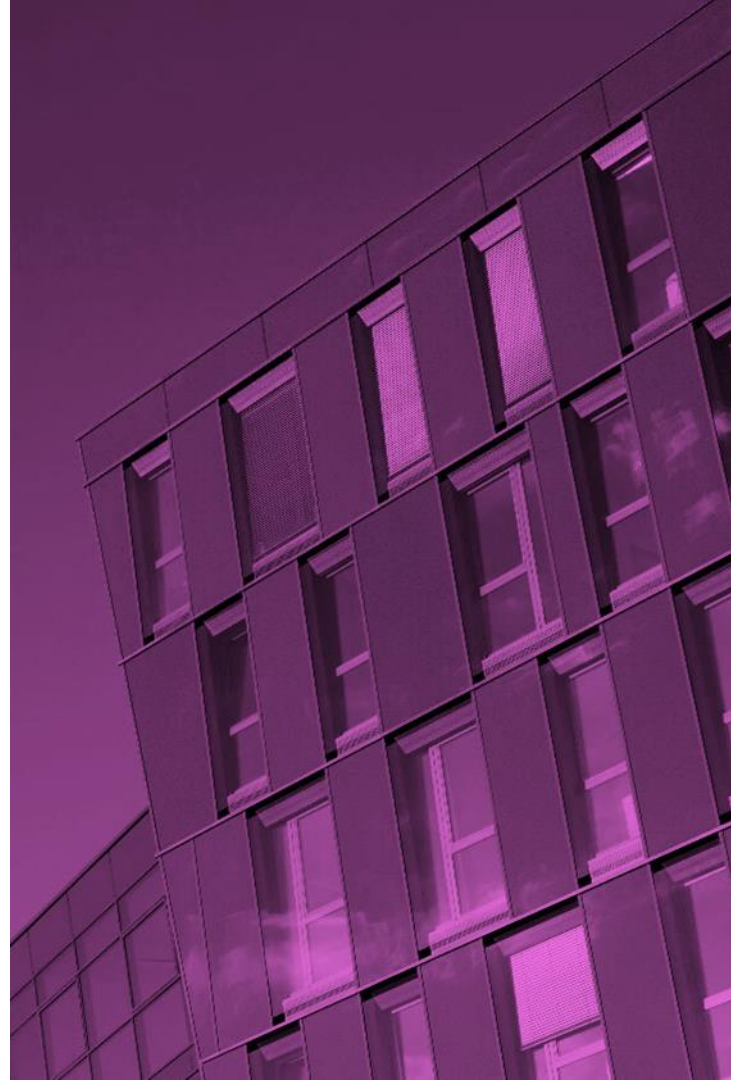
- Must be made to a qualified charity and must have proof of payment
- Cash or non-cash contributions of \$250 or more
 - Need “contemporaneous written acknowledgment” from the charity
- Non-cash contributions over \$500
 - Need details of donee organization, items donated, cost, value and more (see Form 8283)
- QCD from IRAs
 - Available for up to \$100,000 for those over age 70 ½
- Consider Donor Advised Funds (DAFs)
- Non-cash contributions, including non-publicly traded stock worth over \$5,000
 - Need a qualified appraisal

Reminder about due dates (for calendar year-end taxpayers)



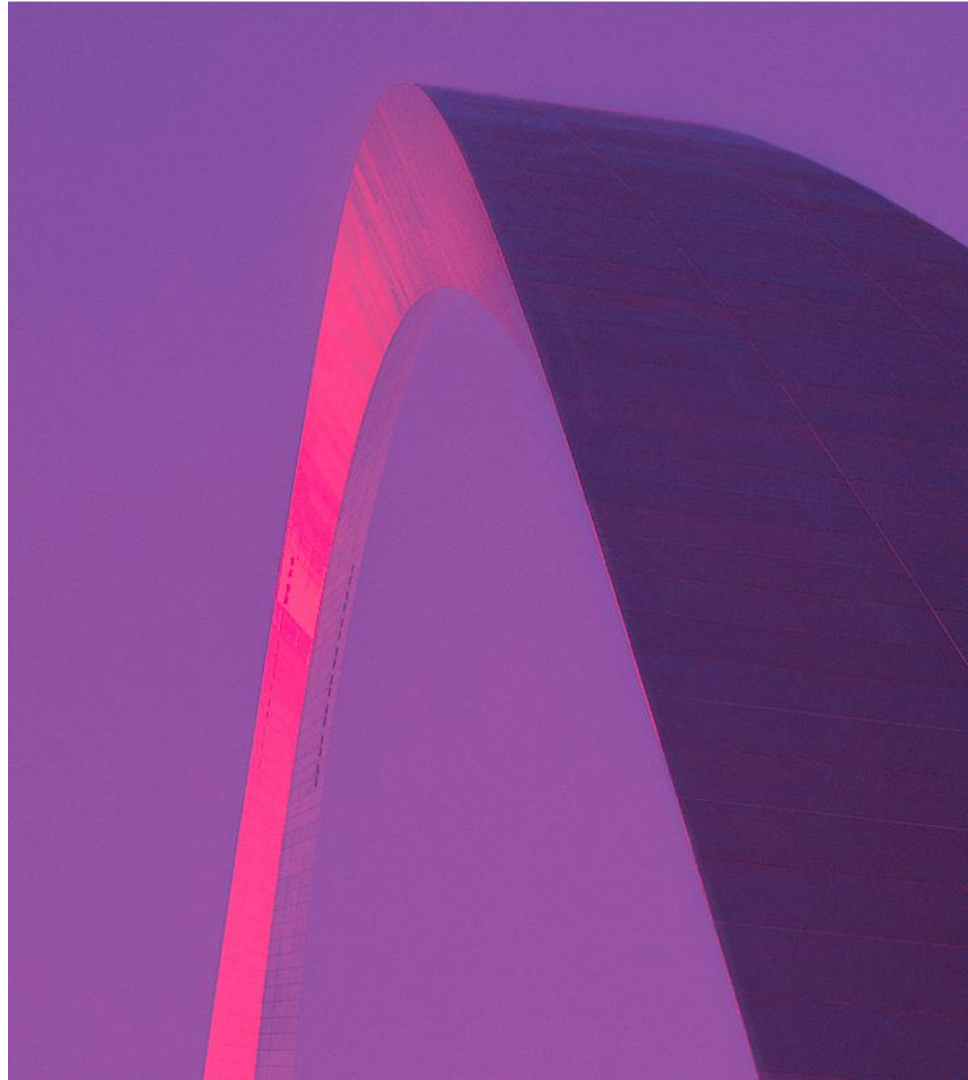
Small businesses — saving for retirement

- Consider changes from SECURE 2.0
- Savings Incentive Match Plan for Employees (SIMPLE)
- Simplified Employee Pension (SEP) plans
- Profit-sharing plans
- A variety of 401(k) plans
- For new plans — consider small employer pension plan start-up credit



Top tax updates for businesses

- Employee retention credit for 2020 and/or 2021 amended payroll returns
- Business meals 100% deduction for food and beverages provided by a restaurant
- Research expense capitalization for 2022
- Bonus depreciation — 2023 currently at 80%
- Business interest limitation changes



Protect yourself from fraud

Individuals

- Protect your information.
 - Shred your mail.
 - Don't let "phishing" or other phone or email scams fool you.
 - Check your credit report regularly.
 - Consider obtaining an IP PIN from the IRS.

Businesses

- Develop/update your security plan.
- Only collect what you need for as long as you need it.
- Secure your network.
- Train and restrict access.
- Audit regularly.

Potential legislation



Planning opportunities

**Complexity =
possible savings
opportunities**

**Consider
evaluating tax
structure.**

**A CPA can
provide tax and
financial planning
services.**



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Thank you

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