

2022 Tax Law Changes

Scope Changes

as of 10/14/22



Caveats

- Nothing here is final!
- IRS will issue additional guidance
- Form & instruction revisions will happen
- NTTC updates will be communicated
- STTC will determine state tax implications

Topics

- Federal tax law changes
- Inflation adjustments
- Other known issues

Special Tax Law Provisions 2022

- Still around for 2022:
 - Business meals and mileage
 - Residential energy credits
 - Premium tax credit enhancements (through 2025)
 - Emergency financial education grants
- More 1099-K reporting

Business Meals on Sch C 2021-2022

- Self-Employed business meal deduction is 100% deductible for TY21 & TY22
 - Must be provided by a restaurant
 - Reverts to 50% for 2023
- Remains 50% if not provided by restaurant
- NTTC [2022 Self-employed \(Sch C\) Worksheet \(fillable\)](#)



Business & Medical Mileage Rates on Sch C TY 2022

- Self-Employed business miles has 2 rates
 - January 1 to June 30 = \$0.585/mile
 - July 1 to December 31 = \$0.625/mile

- Medical Mileage
 - January 1 to June 30 = \$0.18/mile
 - July 1 to December 31 = \$0.22/mile

- TaxSlayer does the math



Nonbusiness Energy Property Credits TY 2022

- Now named “Energy Efficient Home Improvement credit”
- Form 5695 - Part 1 - Solar
 - Remains Out of Scope Form 5695
- Form 5695 – Part II – Insulation, Windows, Doors, etc
 - Extended with no changes for TY2022
- Substantial changes for TY23

Premium Tax Credits extended thru 2025

- Reduces the “applicable figure” – the required contribution expressed as a percentage of MAGI

(this is the taxpayer's premium)

- More folks will get more PTC!
- Taxpayers with MAGI >400% FPL
 - Are applicable taxpayers, so they can get PTC
 - Still must repay all *excess* APTC (no repayment cap)
 - Through **2025**

3rd Party Network Transactions Reporting

- Requires Form 1099-K to be issued when
 - Total amount exceeds \$600
 - Was \$20,000 for 2021
 - Total number of transactions not a factor
 - Was more than 200 for 2021
- More gig workers will see Forms 1099-K
- Applies to 1099-Ks filed for TY22 onward
- Tax law papers – [Sch C Guidelines](#) and [Form 1099-K](#)



Tax Law – Expired Provisions

- Emergency rental assistance
- PMI interest deduction
- Charitable contributions
 - Addition to standard deduction (\$300/\$600)
 - Limit reverts to 60% of AGI
- EIP3/Recovery Rebate Credit
- Refundable child tax credit
- EITC lookback enhancement
- Refundable child and dependent care credits
- Sick and family leave credits
- Special PTC for unemployed

Tax Law Changes For TY22

Questions



Comments



Other issues for 2022

Other Issues for TY 2022

- 2020 Coronavirus Related Distributions
- Recontribution of RMDs
- Education Related
- IRA contribution after age 70½ and QCD
- Medicaid waiver payments – clarification
- Deferred self-employment tax
- Inherited RMD waiver
- Due Dates

2020 Coronavirus Related Distributions

- Taxpayers could spread distribution over 3-years on Form 8915-E in 2020 (could extend into 2023)
- Need to complete and file Form 8915-F for 2022
 - To report amount taxable in 2022
 - To report repayments that reduce amount taxable in 2022
- Retirement savings credit – eligible contribution reduction is for look-back to 2020 (reduced for repayments)
 - Taxable amount in 2022 is not a distribution

Recontributed Retirement Distributions

Amended returns may be needed for repayments:

- Qualified birth or adoption distributions
 - Max \$5,000 per child
 - No time limit specified in the law for repayment
- Qualified Coronavirus-related distributions
 - Max \$100,000 and distribution must have been during 2020
 - Repayment must be within 3 years from the day after the date of distribution
- 1040-X needed for an excess repayment carried back to 2021 or 2020

Education Related Changes

- Student Loan Forgiveness (\$10K to \$20K)
 - Not taxable Federal or Arizona
 - May be taxable – other states
- Educator Expenses
 - Deduction limit raised from \$250 to \$300/year
- Emergency Financial Aid Grants (CARES Act to 9/2023)
 - Not on 1098-T – Not in Income
 - Reduces expenses for Lifetime Learning Credit paid with Grant
 - No expense reduction for American Opportunity Credit

IRA Contribution After Age 70½ and QCD

- Qualified charitable distribution (QCD) is reduced for deductible IRA contributions
- Cumulative for tax years 2020 onward
- Treat each spouse separately on MFJ returns
- No warning in TaxSlayer! – Counselor MUST
 - Manually reduce the QCD
 - Enter the itemized deduction for the charitable contribution (usually cash)
- Updated [tax law paper](#) with new worksheet!
 - Pub 590-B has worksheets to track QCD/IRA deductions



Medicaid Waiver Payments (MWP)

- If MFJ return and both spouses have MWP income
- Each can make an election to include or exclude from earned income computation
- Open: software changes to accommodate this
 - Otherwise, will need a workaround
- Refer to MWP tax law paper

Partial Self-Employed Tax Deferral

- Taxpayers may have deferred the 2020 employer portion of Social Security tax
 - Refer to the 2020 Deferral Worksheet for Schedule H or Schedule SE filers for exact amounts
- IRS sending letters, vouchers, and envelopes for payments due by January 3, 2023
- Nothing to do on 2022 tax return 😊

Inherited RMD Waiver

- For defined contribution plans, including IRAs
- Recent regs require annual distributions with full distribution by end of year 10
 - Prior issue: cliff-hanging distribution in year 10
- If original owner died in 2020 or 2021
- IRS will waive RMD failure penalty (50%) for 2021 and 2022

2022 Due Dates

- Tax Returns: Tuesday, April 18, 2023
- ES dates:
 - April 18, 2022
 - June 15, 2022
 - September 15, 2022
 - January 17, 2023

Other Issues for 2022

Questions...



Comments...



Inflation Adjustments

***Pub 4491 NTTC Modified
TY22: Important Changes***

Inflation Adjustments – See P4491 and P4012

- Personal exemption amount for qualifying relative
- **Educator expenses (finally!)**
- HSA deductions
- **Two Mileage rates for 2022 (Business & Medical)**
- Standard deduction/ filing thresholds
- LTC deduction
- PTC repayment caps
- **Refundable part of ACTC**
- Kiddie tax unearned income threshold
- QBI income thresholds
- MAGI for
 - Retirement saving credit
 - EIC
 - AOC / LLC
 - Student loan interest
 - IRA / Roth purposes
- Foreign earned income exclusion

More 2022 Tax Law Changes to Come?



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- Your time and commitment
- Your leadership
- Your dedication to quality
- Your team efforts
- You make Tax-Aide better

