

2022 Tax Law Changes

as of 10/14/22



Caveats

- Nothing here is final!
- IRS will issue additional guidance, if needed
- Form & instruction revisions will happen
- NTTC (National Training Tax Committee) updates will be communicated
- STTC (State Tax Training Committee) will determine state tax implications

Topics

- **Federal tax law changes**
- **Other Issues**
- **Inflation Adjustments**

Special Tax Law Provisions 2022

- Still around for 2022:
 - Business meals affecting Schedule C
 - Residential energy credits
 - Premium tax credit enhancements (through 2025)
 - Emergency financial education grants
- More 1099-K reporting due to changing threshold requirements

Business Meals on Sch C 2021-2022

- Self-Employed business meal deduction is 100% deductible for TY21 & TY22
 - Must be provided by a restaurant - Take-out is allowed
 - Reverts to 50% for 2023
- Remains 50% if not provided by restaurant (2021 & 2022) 😊
- NTTC [2022 Self-employed \(Sch C\) Worksheet \(fillable\)](#)

Nonbusiness Energy Property Credits TY 2022

- New name “Energy Efficient Home Improvement credit”
- Extended with no changes for TY 2022
 - Part II of Form 5695
- Solar remains Out of Scope
 - Part I of Form 5695
- Substantial changes for TY23 – just for a heads up

Premium Tax Credits (PTC) extended thru 2025

- Reduces the “applicable figure” which is the required contribution expressed as a percentage of MAGI
 - The taxpayer’s premium is their income times the applicable figure.
Ex. $\$70,000 \times .0850 = \$5,950$
 - More folks will get more Premium Tax Credit!
- Taxpayers with MAGI >400% FPL (Federal Poverty Level)
 - Are eligible taxpayers, so they can receive PTC tax credits
 - Still must repay all *excess* Advance PTC (no repayment cap)
 - Through **2025**

3rd Party Network Transactions Reporting

- Requires Form 1099-K to be issued when
 - Total dollar amount exceeds \$600
 - Was \$20,000 for 2021
 - Total number of transactions not a factor
 - Was more than 200 for 2021
- More gig (temporary/part time) 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
 - Deduction before standard deduction (\$300)
 - Limit reverts to 60% of AGI
- EIP3/Recovery Rebate Credit
- Refundable child tax credit
- Earned Income Credit (EIC) enhancements
- Refundable child and dependent care credits
- Sick and family leave credits
- Special Premium Tax Credit (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 retirement distributions
- IRA contribution after age 70½ and QCD (Qualified Charitable Deduction)
- Medicaid waiver payments – clarification
- Deferred self-employment tax
- Inherited RMD waiver
- Due Dates

2020 Coronavirus Related Distributions

- For taxpayers who used the 3-year spread on Qualified Disaster Retirement Plan Distributions & Repayments (Form 8915-E) in 2020

- 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 is reduced by contributions 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

IRA Contribution After Age 70½ and QCD

- Qualified charitable distribution (QCD) is reduced by 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 and
 - Enter the itemized deduction for the charitable contribution (usually cash)
- Updated [tax law paper](#) with new worksheet! 😊

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 to determine EIC or ACTC
- 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 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 – Clarification/ Waiver

- For defined contribution plans, including IRAs
- Recent IRS regulations (2022-53) require annual distributions with full distribution by end of 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
 - Emancipation Day falls on Monday, thus deadline is moved
- Estimated Tax (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

- Standard Deduction / Filing Requirements
- Educator expenses
- HSA deductions
- Standard mileage rates – two rates for 2022
- Gross income limitation for Qualifying Relative
- LTC deduction
- PTC repayment caps
- Child Tax Credit
- Kiddie tax unearned income threshold
- QBI income thresholds
- Foreign earned income exclusion
- MAGI for
 - Retirement saving credit
 - EIC
 - Education Credits
 - Student loan interest
 - IRA / Roth purposes

STANDARD DEDUCTION / FILING REQUIREMENTS

- \$25,900 – MFJ or Qualifying Surviving Spouse (\$800 increase)
- \$19,400 – Head of Household (\$600 increase)
- \$12,950 – Single or MFS (\$400 increase)

- For Taxpayer who are 65 or older, and are blind
 - \$1,400 for MFJ and Qualifying Surviving Spouse (\$50 increase)
 - \$1,750 for Single or Head of Household (\$50 increase)

EXPENSES / HSA DEDUCTIONS

- Educator Expenses have increased from \$250 to \$300
- Health Savings Account adjustments to income have increased:
 - \$3,650 for Single (increase of \$50)
 - \$7,300 for Family (increase of \$100)

Standard Mileage Rate – two rates for 2022

- From **1/1/2022 - 6/30/2022**, the following rates apply:
 - 58.5 cents per mile for business use,
 - 18 cents per mile for medical purposes
 - 14 cents per mile for charity purposes
- From **7/1/2022 – 12/31/2022**, the following rates apply:
 - 62.5 cents per mile for business use,
 - 22 cents per mile for medical purposes
 - 14 cents per mile for charity purposes

Increases to Qualifying Relative Income, Long Term Care Deduction and PTC repayment Caps

- The gross income limitation for a qualifying relative was increased \$100 to \$4,400
- Long Term Care deduction limits increased this year:
 - 40 or under = \$450; 41 – 50 = \$650
 - 51 to 60 = \$1,650; 61 – 70 = \$4,510 and 71 + = \$5,640
- Premium Tax Credit repayment Caps which are 0 – 8.5% of income. This means that more people with higher incomes can qualify for marketplace insurance.

CHILD TAX CREDIT(CTC)

- For 2022, the CTC reverts back to \$2,000 per child 16 and younger. In 2021, the CTC was \$3,600 for a child 6 or younger and \$3,000 for a child 7 – 17.
- In 2022, the maximum that can be refunded, after tax liability, is \$1,500. In 2021, it was 100% refundable.
- The Taxpayer must have a minimum of \$2,500 in income to be eligible for the refund.

KIDDIE TAX / QBI / FOREIGN EARNED INCOME EXCLUSION

- Kiddie Tax – The child must have unearned income of at least \$2,300 in 2022.
- Qualified Business Income (QBI) deduction – the threshold amount is \$340,100 for MFJ & \$170,500 for any other filing status
- The maximum Foreign income exclusion is \$112,000.

MODIFIED ADJUSTED GROSS INCOME (MAGI)

- Retirement Savings Credit – Single, MFS, QSS – has to be <\$34,000 (+\$1,000), MFJ – has to be <\$51,000 (+\$1,500)
- Earned Income Credit (EIC) – For 2022, the maximum credit was increased. If a taxpayer has:
 - 3 or more children = \$6,935
 - 2 children = \$6,164
 - 1 child = \$3,733, and no child = \$560

MODIFIED ADJUSTED GROSS INCOME (2)

- Education Credits – American Opportunity Credit (AOC) & Lifetime Learning Credit (LLC) are gradually phased out
 - AOC and LLC – For MFJ, MAGI between \$160,000 - \$180,000, for other filers MAGI between \$80,000 - \$90,000.
- Student Loan Interest Deduction – Is phased out for MFJ, MAGI between \$145,000 - \$175,000, for other filers MAGI between \$70,000 - \$85,000.

MODIFIED ADJUSTED GROSS INCOME (3)

- IRA/ROTH changes – The maximum deductions for an IRA deduction or Roth contribution for 2022 is \$6,000. This is increased by \$1,000 to \$7,000 if the taxpayer is 50 or older (called a catch-up provision)
- Deductions and contributions are phased out starting at:
 - IRA's at \$109,000 for MFJ & QSS, \$68,000 for singles, HOH
 - Roth's at \$204,000 for MFJ & QSS, \$129,000 for singles, HOH

More 2022 Tax Law Changes to Come?



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- Your leadership
- Your dedication to quality
- Your team efforts
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