**2022 Reference Sheet**

**Personal Exemption Eliminated**

|  |  |  |
| --- | --- | --- |
| **Standard Deduction** | **2022** | **2023** |
| **Basic Amount** | MFJ & QW | $25,900 | $25,900 |
|  | Head of Household | $19,400 | $19,400 |
|  | Single & MFS | $12,950 | $12,950 |
| **Additional Amount >65 and Blind** | MFJ & QW | $1,400 | $1,400 |
|  | Others (S & HH) | $1,750 | $1,750 |
| **Dependent Standard Deduction** | Base Amount | $1,150 | $1,150 |
|  | Additional Amount | $400 | $400 |

 S (1)—single MFJ (2)—married filing jointly

 HH (4)—head of household MFS (3)—married filing separately

 QW (5)—surviving spouse

**Medical AGI (Adjusted Gross Income) Deduction Threshold Decreased to 7.5%**

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| **2022 Must file Return if Gross Income Exceeds****& Health Care Filing Threshold** |
| S under 65 | $12,550 |
| S 65 or over | $14,250 |
| HH under 65 | $18,800 |
| HH 65 or over  | $20,500 |
| MFJ both under 65 | $26,450 |
| MFJ one 65 or over | $26,450 |
| MFJ both 65 or over | $27,800 |
| MFS any age | Must file |
| QW with children under 65 | $25,100 |
| QW with children 65 or over | $26,450 |

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| **2022 Tax Brackets** |
| Filing Status | MFJ & QW | HOH | MFS | Unmarried |
| 10% | $0-$20,550  | $0-$14,650 | $0-$10,275 | $0-$10,275 |
| 12% | $20,551- $83,550 | $14,651-$55,900 | $10,276-$41,775 | $10,276-$41,775 |
| 22% | $83,551 - $178,150 | $55,901-$89,050 | $41,776-$89,075 | $41,776-$89,075 |
| 24% | $178,150-$340,100 | $89,051-$170,050 | $89,076-$170,050 | $89,078-$170,050 |
| 32% | $340,101-$418,850 | $170,051-$215,950 | $170,051-$215,950 | $170,051-$215,950 |
| 35% | $418,851-$647,850 | $215,951-539,900 | $215,951-$323,925 | $215,951-$539,900 |
| 37% | $647,851+ | $539,901+ | $325,926+ | $539,901+ |

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| **2023 Tax Brackets** |
| Filing Status | MFJ & QW | HOH | MFS | Unmarried |
| 10% | $0-$22,000 | $0-$15,700 | $0-$11,000 | $0-$11,000 |
| 12% | $22,001- $89,450 | $15,701-$59,850 | $11,001-$44,725 | $11,001-$44,725 |
| 22% | $89,451 - $190,750 | $59,851-$95,350 | $44,726-$95,375 | $44,726-$95,375 |
| 24% | $190,751-$364,200 | $95,351-$182,100 | $95,376-$182,100 | $95,376-$182,100 |
| 32% | $364,201-$462,500 | $182,101-$231,250 | $182,101-$231,250 | $182,101-$231,250 |
| 35% | $462,501-$693,750 | $231,251-578,100 | $231,251-$578,125 | $231,251-$578,125 |
| 37% | $693,751+ | $578,101+ | $578,126+ | $578,126+ |

**Capital Gains and Dividends Tax Rates**

|  |  |  |  |
| --- | --- | --- | --- |
| **Filing Status** | **2022 Income** | **2023 Income** | **Long-Term** |
| Single | $0 - $41,675$41,676 - $459,750$459,751 or more | $0-$44,626$44,627-$492,300$492,301 or more  | 0%15%20% |
| MFJ | $0 - $83,350$83,351 - $517,200$517,201 or more | $0-$89,251$89,252-$553,850$553,851 or more  | 0%15%20% |
| HH | $0 - $55,800$55,801 - $488,500$488,501 or more | $0-$59,751$59,752-$523,050$523,051 or more | 0%15%20% |
| MFS | $0 - $41,675$41,676 – $258,600$258,601 or more | $0-$44,626$44,627-$276,900$276,901 or more | 0%15%20% |
| Recaptured Sec 1250 Gain | 25% |
| Collectibles | 28% |

|  |
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| **Alternative Min Taxable Income Exemption (AMT)** |
|  | **2022** | **2023** |
| Single & HH | $75,900 | $81,300 |
| MFJ & SS | $118,100 | $126,500 |
| MFS | $59,050 | $63,250 |
| Estates & Trusts | $26,500 | $28,400 |

The income level for the phase out of AMT exemption is adjusted for inflation each year. See IRS Table.

**2022 Payroll Withholding Rates 2023 Payroll Withholding Rates**

FICA (SS) 6.2% Maximum Wage $147,000 FICA (SS) 6.2% Maximum Wage $160,200

Medicare 1.45% No Max Wage Medicare 1.45% #

**2022 Self Employment Tax Rates 2023 Self Employed Tax Rates**

FICA (SS) 12.4% Maximum Wage $147,000 FICA (SS) 12.4% Maximum Wage $160,200

Medicare 2.90% No Max Wage Medicare 2.90% #

#Individuals with earned income of more than $200,000 ($250,000 for married couples filing jointly) pay an additional 0.9 percent in Medicare taxes.

**2022 Part B/ Part D Premiums for High-Income Taxpayers**

|  |  |  |  |
| --- | --- | --- | --- |
| MAGI Single | MAGI Joint | Part B Premium  | Part D Premium |
| $0.00 - $88,000 | $0.00 - $182,000 | $170.10 | $0.00 |
| $88,001- $111,000 | $182,001- $228,000 | $238.10 | $12.40 |
| $111,001- $138,000 | $228,001- $284,000 | $340.20 | $32.10 |
| $142,001- $170,000 | $284,001- $340,000 | $442.30 | $51.70 |
| $170,001- $500,000 | $340,001- $750,000 | $544.30 | $71.30 |
| $500,001 or more | $750,001 or more | $578.30 | $77.90 |

 **2023 Part B/ Part D Premiums for High-Income Taxpayers**

|  |  |  |  |
| --- | --- | --- | --- |
| MAGI Single | MAGI Joint | Part B Premium  | Part D Premium |
| $0.00 - $97,000 | $0.00 - $194,000 | $164.90 | $0.00 |
| $97,001- $123,000 | $194,001- $246,000 | $230.80 | $12.20 |
| $123,001- $153,000 | $246,001- $306,000 | $329.70 | $31.50 |
| $153,001- $183,000 | $306,001- $366,000 | $428.60 | $50.70 |
| $183,001- $500,000 | $366,001- $750,000 | $527.50 | $70.00 |
| $500,001 or more | $750,001 or more | $560.50 | $76.40 |

**IRA and Retirement Plan Limits**

|  |  |  |  |
| --- | --- | --- | --- |
|  |  | **2022** | **2023** |
| IRA Contribution Limit |  Under Age 50 | $6,000 | $6,500 |
|  | Age 50 and Over | $7,000 | $8,000 |
| SEP Contribution Limit |  | $61,000 | $66,000 |
| SARSEP Cont. Limit | Under Age 50 | $20,500 | $22,500 |
|   | Age 50 and Over | $27,000 | $30,000 |
| Defined Benefit Plan - Max Benefit |   | $245,000 | $265,000 |
| Defined Contribution Plan | Contribution Limit | $61,000 | $66,000 |
|   | Max Compensation Considered | $305,000 | $330,000 |
| 401 (k) & TSA Deferral Limits | Under Age 50 | $20,500 | $22,500 |
|   | Age 50 and Over | $27,000 | $30,000 |
| Simple Plan | Under Age 50 | $14,000 | $15,500 |
|   | Age 50 and Over | $17,000 | $19,000 |

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| **2022 Traditional IRA Phase Out AGI Thresholds** | **2022 Roth IRA Phase Out AGI Thresholds** |
| Single & HH | $68,000- $78,000 | Single & HH | $129,000- $144,000 |
| MFJ & SS | $109,000- $129,000 | MFJ & SS | $204,000- $214,000 |
| MFS | Less than $10,000 | MFS | Less than $10,000 |

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| --- | --- |
| **2023 Traditional IRA Phase Out AGI Thresholds** | **2022 Roth IRA Phase Out AGI Thresholds** |
| Single & HH | $73,000- $83,000 | Single & HH | $138,000- $153,000 |
| MFJ & SS | $116,000- $136,000 | MFJ & SS | $218,000- $228,000 |
| MFS | Less than $10,000 | MFS | Less than $10,000 |

**American Opportunity Tax Credit**

Cost of tuition, books, and supplies up to $2,500 per student. 100% credit of first $2,000 then 25% of next $2,000. 40% is refundable up to $2,500.00 per student. Student may only claim this credit for 4 tax years of post-secondary undergraduate school or other recognized education credential. Student must be enrolled at least half time. You can choose the education benefit that will give you the lowest tax.

|  |
| --- |
| **American Opportunity Tax MAGI Range** |
| Single, HH, & SS | $80,000 - $90,000 |
| MFJ | $160,000- $180,000 |
| MFS  | Not Allowed |

**Lifetime Learning Credit**

Cost of tuition, books, supplies, and courses up to $2,000 per tax return. This is available for all years of post-secondary education and/or courses to acquire or improve job skills. Credit can be used for one or more courses. You can choose the education benefit that will give you the lowest tax.

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| **Lifetime Learning Tax MAGI Range** |
| Single, HH, & SS | $80,000 - $90,000 |
| MFJ | $160,000 - $180,000 |
| MFS  | Not Allowed |

**Student Loan Interest**

One can claim up to $2,500 of paid student loan interest.

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| **Student Loan Interest Tax MAGI Range** |
| Single, HH, & SS | $70,000 - $85,000 |
| MFJ | $145,000 - $175,000 |
| MFS | Not Allowed |
|  |  |

**Retirement Saving Credit** $2,000

**Earned Income Credit (EIC)** See Chart

|  |
| --- |
| **2022 Saver’s Credit – up to $1,000 ($2,000 if MFJ)** |
| **Credit Rate** | **MFJ** | **HH** | **S, MFS, SS** |
| 50% of contribution | Up to $41,000 | Up to $30,7506 | Up to $20,500 |
| 20% of contribution | $41,001-$44,000 | $30,751-$33,000 | $20,501-$22,000 |
| 10% of contribution | $44,001-$68,000 | $33,001-$51,000 | $22,001-$34,000 |
| 0% of contribution | more than $68,001 | more than $51,001 | more than $34,001 |

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| **2023 Saver’s Credit – up to $1,000 ($2,000 if MFJ)** |
| **Credit Rate** | **MFJ** | **HH** | **S, MFS, SS** |
| 50% of contribution | Up to $43,500 | Up to $32,626 | Up to $21,751 |
| 20% of contribution | $43,501-$47,500 | $32,627-$35,626 | $21,752-$23,750 |
| 10% of contribution | $47,501-$73,000 | $35,627-$54,750 | $23,751-$36,500 |
| 0% of contribution | more than $73,001 | more than $54,751 | more than $36,501 |

**Dependent Care Credit (under age 13 or spouse/dependent mentally or physically unable to care for self.)**

Indexed between 20% and 50% up to $3,000 for the first child and up to $6,000 if more than one child. Tax form 2441 provides income and tax credit information.

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| **2022 Dependent Care Credit Max for Full Disappears** |
| MFJ | $15,000 - $438,000 |
| MFS | $15,000 - $183,000 |
| Single, HH | $15,000 - $183,000 |

**Adoption Credit:**

For 2022, the credit allowed for an adoption is $14,890. Phase-outs do apply beginning at taxpayers with modified adjusted gross income (MAGI) in excess of $223,410 and eliminated for taxpayers with MAGI of $263,410 or more.

For 2023, the credit allowed for an adoption of a child is $15,950. Phase-outs do apply beginning at taxpayers with modified adjusted gross income (MAGI) in excess of $239,230 and eliminated for taxpayers with MAGI of $279,230 or more.

**Estimated Tax Rule**

Owe over $1000, 90% of expected 2023 tax or 110% of 2022 tax if AGI (Adjusted Gross Income) exceeds $150,000 MFJ, $75,000 Single, MFS and HH.

**Simple Home Office Deduction (For State; not Federal)**

Typically it is $5 per square feet up to 300 square feet. Maximum Deduction is $1,500.

**Maximum Gift Allowance**

For 2022, the Maximum Gift Allowance is $16,000 per year, per person. It will increase to $17,000 in 2023.

**Foreign Earned Income Exclusion**

2022- $112,000
2023- $120,000

***2022:* Itemized deductions rules:**

* Unreimbursed medical expenses in excess of 7.5 percent of taxpayers’ AGI are deductible, regardless of the taxpayer’s age
* State and local taxes are deductible only up to $10,000
* Mortgage interest deduction on mortgage debt incurred after December 15, 2017 is limited to interest on no more than $750,000 of such debt (formerly $1 million)
* Home equity debt interest deduction is suspended (other than for home equity loans to buy build or substantially improve the taxpayer’s home that secures the loan).
* The AGI limitation on cash contributions to certain private foundations and public charities is 60 percent.
* Miscellaneous itemized deductions subject to 2 percent of AGI limitation are suspended
	+ Uniforms, union dues, business-related meals, entertainment, travel
	+ Job-related & unreimbursed employee expenses
	+ Tax prep fees
	+ Investment expenses, including management fees
	+ Safe deposit box fees
* Casualty & theft loss (must be attributed to a Federal disaster).
* Amounts paid in exchange for college athletic event seating rights “seat license” are disallowed.
* Moving expense deduction is suspended except for active duty military (and moving expense reimbursement is taxable).
* Deduction of paid alimony (and inclusion in recipient income) is suspended for agreements executed after December 31, 2018
* Phase-out of itemized deductions is suspended. No limit on amounts.
* Required minimum withdrawal age is now 72 effective January 1, 2020. The 70 ½ age is still in effect for prior years.
* Inherited IRA’s for non-spouses now have a 10 year distribution time frame instead of lifetime frame for prior years.
* There is now an allowed exception for withdrawals from retirement plans for qualified birth or adoption expenses. This eliminates the 10% penalty.
* Allowance of qualified Disaster Distributions of up to $100,000 per disaster from a retirement account.
* Allowance of Mortgage Insurance Premiums as an itemized deduction. 2022 is no!

**Modified Accelerated Cost Recovery System (MACRS) Depreciation System**

**And Straight-Line Depreciation System\***

|  |  |  |
| --- | --- | --- |
| **Class** | **Typical Assets** | **Deprecation Method** |
| 3-year | Small tools, tractors, horses, specialized manufacturing | 200% Decl. Bal. |
|   | Devices. |   |
|   |   |   |
| 5-year | Computers, autos, light trucks, small aircraft, | 200% Decl. Bal. |
|   | construction equipment, research and  |   |
|   | Development property. |   |
|   |   |   |
| 7-year | Office furniture, fixtures and equipment, commercial | 200% Decl. Bal. |
|   | Aircraft, and most machinery. |   |
|   |   |   |
| 10-year | Specialized heavy manufacturing machinery, mobile  | 200% Decl. Bal. |
|   | Homes. |   |
|   |   |   |
| 15-year | Billboards, service station buildings, and telephone  | 150% Decl. Bal. |
|   | Equipment. |   |
|   |   |   |
| 20-year | Sewer pipes, most utility property, land improvements. | 150% Decl. Bal. |
|   |   |   |
| 27.5 year | Residential real estate property. | Straight Line |
|   |   |   |
| 31.5 year | Office and other non-residential real estate property. | Straight Line |
|   |  |   |

\*Straight-line is a system that uses the cost of the product divided by the number of years.

**Qualified Child Tie Breaker Chart**

QUALIFIED!

NOT QUALIFIED!

QUALIFIED!

IS THE TAXPAYER THE PARENT WITH WHOM THE CHILD LIVED WITH FOR THE GREATER PART OF THE YEAR?

ARE TWO OF THE PERSONS THE CHILD’S PARENTS?

IS THE TAXPAYER ONE OF THE PERSONS AND ALSO THE CHILD’S PARENT?

IS THE TAXPAYER THE PERSON WITH THE HIGHST AGI?

DID THE PARENTS FILE JOINTLY?

IS THE TAXPAYER THE PARENT WITH THE HIGHER AGI?

DID THE CHILD LIVE WITH BOTH PARENTS THE SAME AMOUNT OF TIME DURING THE YEAR?

QUALIFIED!

START HERE

IS THE DEPENDENT A QUALIFYING CHILD OF MORE THAN ONE PERSON?

 NO

 YES

 YES YES

 NO NO

 YES YES NO

IS THE TAXPAYER’S AGI HIGHER THAN THE HIGHEST AGI OF ANY OF THE CHILDS PARENTS?

 NO

 NO

 YES YES

 YES YES NO

 NO

**Tie Breaker Rules**

Only one person can use the same qualifying child. If a child is the qualifying child of more than one person, only one person can claim the child as a qualifying child for all of the following tax benefits.

EITC Dependency Exemption for the Child Child tax credit

* Head of Household filing status
* Credit for child and dependent care expenses
* Exclusion for dependent care benefits

The other person(s) cannot take any of the six tax benefits listed above unless he or she has a different qualifying child\* If they cannot agree on who claims the child as a qualifying child, and more than one person claims tax benefits using the same child, the tiebreaker rule explained below applies. If the other person is a spouse and they file joint return, the rules do not apply.

**Under the Tiebreaker Rule, the Child is treated as a qualifying Child only by:**

* The parents, if they file a joint return
* The parent, if only one of the persons is the child’s parent
* The parent with whom the child lived the longest during the tax year, if two of the persons are the child’s parent and they do no file a joint return together
* The parent with the highest adjusted gross income (AGI) if the child lived with each parent for the same amount of time during the tax years, and they do not file a joint return together
* The person with the highest AGI, if no parent can claim the child as a qualifying child
* A person with the higher AGI than any parent who can claim the child as a qualifying child but does not

**2022 Transportation Expense Guidelines**

|  |  |  |  |
| --- | --- | --- | --- |
| **Auto Mileage Rates** | 1/1/22 to 6/30/22 | 7/1/22 to 12/31/22 | 2023 |
| Business | $0.585 | $0.625 | $0.625 |
| Depreciation Element | $0.26 | $0.26 | $.26 |
| Moving  | $0.18 | $0.22 | $.22 |
| Medical  | $0.18 | $0.22 | $.22 |
| Charity (not inflation Adjusted) | $0.14 | $0.14 | $.14 |

**DOT Governed Rules on What IS Deductible or Not Deductible**

* + Home to main Job **is NOT** deductible or vice versa
	+ Home to Second Job **is NOT** deductible or vice versa
	+ Main Job to Second Job **IS** deductible or vice versa
	+ Main Job to Temporary Work Place **IS** deductible or vice versa
	+ Home to Temporary Work Place **IS** deductible or vice versa 

**Differences between IRS Individual Income Tax Return and PA Personal Income Tax**

**Taxable Income -** Taxable on the state level, but not on the federal level.

* Active and passive losses are not allowed. The maximum write down is to zero.
* Housing allowances for ministers, military, etc.

**Non-Taxable Income -** Taxable on the federal level, but not on the state level.

* Social Security earnings
* Railroad retirement
* Alimony
* Pensions for retired individuals with Code 7 in Box 7 of 1099R
* Active and reserve duty military earnings of PA residents for out of state periods
* 1099C income for personal debts

**Points of Interest for PA Personal Income Tax**

* Pennsylvania does not allow bonus depreciation.
* Maximum 179 Deduction is $25,000
* Pension or IRA distribution for individuals before retirement, Code 1 in Box 7 of 1099R is only taxed for amount above cost basis.
* Pennsylvania allows deductions from income for Section 529 Education and 529A Able Plans.
* Pennsylvania Tax Forgiveness calculations must include the following forms of income:
	+ Alimony • Insurance proceeds and inheritance
	+ Gifts, prizes, or awards • Non-resident Income
	+ Non-taxable military income • Gain selling a residence
	+ Non-taxable tuition assistance

**Points of Interest for Local Earned Income Tax Return**

* S-Corp Profits are not taxable on the local.
* Only wages and Self-Employed income are normally taxed. Housing Allowances are not taxable.
* Pension or IRA distribution for individuals before retirement, Code 1 in Box 7 of 1099R is only taxed for amount above cost basis.
* Various items are taxable for both PA & Local taxes
	+ Winning prizes for work related events
	+ Honoraria
	+ Expert witness fees
	+ Executer fees

Where Pennsylvania residents are employed in another state and subject to a state or local income tax at their place of employment, the local taxing body must credit against their liability for any local taxes up to the amount of tax paid out of state.

* The same dollar of the out-of-state tax cannot be claimed as credit against liability for both state and local taxes in Pennsylvania, but the credit can be divided and apportioned against Pennsylvania state and local tax liability.
* Tax payments made voluntarily to another state do not qualify for the credit; there must be evidence the taxpayer was legally liable for the out-of-state taxes. This credit does not extend to taxes paid to foreign countries.
* Credit for taxes paid to other states is limited to the amount payable to the Pennsylvania political subdivision on that portion of the taxpayer's income which was subject to taxation by the other state.