

Highlights Of the 2022 & 2023 Tax Changes

- The Traditional IRA and Roth IRA remains at \$6,000 for 2022 & goes to \$6,500 for 2023 and if you are 50 and over, you can contribute \$1,000 more to catchup.
- For 2022, maximum 401K, 403B and 457 contribution remains at \$20,500 and over 50 can catchup an extra \$6,500. The cap on simple plans goes to \$14,000 and over 50 can put in \$3,000 catchup. For 2023 the amount for 401K is \$22,500 and \$7,500 catchup for a total of \$30,000.
- The 2022 standard mileage rate for business driving was 0.585 cents a mile, medical/moving is 0.18 cents, and charity 0.14 cents. Mileage for 2023 has not been set yet.
- You still have an opportunity to amend returns from 2017 – 2019 because of the batch of expired tax breaks from 2017 and some for 2018 have been extended until 2021. They include the deduction for private mortgage insurance (PMI). Energy tax incentives (credits for windows & doors added to residences, insulation, new HVAC and hot water heaters), and shorter depreciation for racehorses is extended through 2021. Let me know if you think we can still do any amendments BEFORE the 2023 tax filing season.
- The 7.5 adjusted-gross income threshold for medical expenses on Schedule A is permanent.
- Social Security recipients received a 8.7% COLA or increase for 2023. The Medicare Part B monthly premium will decrease \$5.20 from \$170.10 to \$164.90 for 2023.
- The Secure Act which brought updates and changes to the RMD age from 70½ - 72 beginning 2020. RMDs for 2021 must be withdrawn by April 1, 2022 or pay a 50% penalty.
- New life expectancy tables for calculating RMDs apply for 2022 and beyond. The revised tables will allow distributions to be spread out over more years which can result in lower payouts.
- Businesses can still deduct 100% of business meals and beverages for 2022. This removes the 50% Haircut. Business entertainment expenses are still no longer deductible.
- If you withdrew retirement funds on form 8915 in 2020 because of COVID-19, don't forget you don't pay the 10% early withdrawal penalty and can spread the amount over 3 years. Or if you can repay the whole amount within the 3-year period, then you can go back and amend 2020 or later years to get your refund. (If you haven't paid it back then we will add the 3rd installment into income this year.)
- Remember that the child tax credits revert to max of \$2,000/child. There were no stimulus checks for 2022 nor advanced child tax credits. Dependent childcare expenses revert to \$3,000/child and \$6,000 for 2 or more. There are also no above the line charitable reductions in income of \$300 and \$600 because it expired.
- We are reverting from a lot of the COVID-19 relief acts, so we are returning to prior amounts of tax laws.