



# SIMPLETAX

**IRS UPDATES FOR TAX YEAR 2022**  
**NOVEMBER 17, 2022**



# WHAT WILL BE COVERED

Child Tax Credit Changes

Child and Dependent Care Credit Changes

Earned Income Tax Credit Changes

1099-K

Annual Changes

Other Tax Law Changes



# CHILD TAX CREDIT

## Child Tax Credit and Advance Child Tax Credit

- **Child Tax Credit**
  - Reverting to pre-2021 partially refundable form.
  - Credit amount drops back down to \$2,000 per child (it was \$3,000 for children 6 to 17 years of age and \$3,600 for children 5 years old and younger for the 2021 tax year)
  - Eligible children are those under age 17 (was under 18 previously)
  - No monthly advance payments

# CHILD AND DEPENDENT CARE CREDIT

- Reverting to pre-2021 non-refundable form
- For tax year 2022, the amount of qualifying child care expenses decreased to:
  - \$3,000 for 1 child (was \$8,000); maximum credit: \$1,050 (was \$4,000)
  - \$6,000 for 2 or more children (was \$16,000); maximum credit: \$2,100 (was \$8,000)
- The credit rate and income limits are increased as follows:
  - 50% of expenses when the AGI is under \$15,000 (was \$125,000)
  - Credit rate gradually declines until it reaches 20% when the AGI reaches \$43,000 (was \$183,000)
  - 20% rate applies for all AGIs over \$43,000 (was between \$183,001 and \$400,000)
  - The credit does not completely phases out (was phased out over \$438,000)





# EARNED INCOME TAX CREDIT

## Changes to the Earned Income Tax Credit (EITC)

- **Disqualified Investment Income**  
– Maximum amount of investment income allowed is increased to \$10,300
- **Taxpayers with children without SSNs** – Reverting to pre-2021 form

## **EARNED INCOME TAX CREDIT**

### **Criteria for individuals wanting to qualify with no children**

- Minimum age is 25. (was lowered to 19)
- Maximum age is 65 (was eliminated)
- Maximum credit is \$560
- Credit is fully phased out at around \$16,480 (\$22,610 MFJ)



# EARNED INCOME TAX CREDIT

## EITC Max AGI For TY2022

Children or Relatives Claimed	Filing as Single, Head of Household, or Widowed	Filing as Married Filing Jointly
Zero	\$16,480	\$22,610
One	\$43,492	\$49,622
Two	\$49,399	\$55,529
Three	\$53,057	\$59,187

# EARNED INCOME TAX CREDIT

## EITC Max Credit For TY2022

Number of Children	Maximum Earned Income Tax Credit	Max AGI allowed for Single or Head of Household filers	Max AGI allowed for married joint filers
0	\$560	\$16,480	\$22,610
1	\$3,733	\$43,492	\$49,622
2	\$6,164	\$49,399	\$55,529
3 or more	\$6,935	\$53,057	\$59,187



# FORM 1099-K

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Third-party payment settlement networks (e.g., PayPal and Venmo) will send you a Form 1099-K if you are paid over \$600 during the year for goods or services, regardless of the number of transactions.

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Previously, the form was only sent if you received over \$20,000 in gross payments *and* participated in more than 200 transactions.



# FORM 1099-K

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This change to the reporting threshold means more people than ever will get a 1099-K form next year that they will use when filling out their income tax returns for the 2022 tax year.

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Remember that 1099-K reporting is only for money received for goods and services.

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It doesn't apply to payments from family and friends.

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# ANNUAL CHANGES

## Tax Brackets for TY2022

Tax Rate	Taxable Income (Single)	Taxable Income (Married Filing Jointly)	Taxable Income (Head of Household)
10%	Up to \$10,275	Up to \$20,550	Up to \$14,650
12%	\$10,276 to \$41,775	\$20,551 to \$83,550	\$14,651 to \$55,900
22%	\$41,776 to \$89,075	\$83,551 to \$178,150	\$55,901 to \$89,050
24%	\$89,076 to \$170,050	\$178,151 to \$340,100	\$89,051 to \$170,050
32%	\$170,051 to \$215,950	\$340,101 to \$431,900	\$170,051 to \$215,950
35%	\$215,951 to \$539,900	\$431,901 to \$647,850	\$215,951 to \$539,900
37%	Over \$539,900	Over \$647,850	Over \$539,900



# ANNUAL CHANGES

## Standard Deduction

Filing Status	Standard Deduction
Single	\$12,950
Married Filing Joint	\$25,900
Married Filing Separately*	\$5 or \$12,950
Head of Household	\$19,400
Widow/er with Qualifying Children	\$25,900

Over 65 increases the standard deduction by \$1,750 per instance. (\$1,400 when MFJ)

Blind increases the standard deduction by \$1,750 per instance (\$1,400 when MFJ)

\* For Married Filing Separately, if one spouse itemizes, the other is forced to itemize as well. If the 2<sup>nd</sup> spouse does not have anything to itemized, ALL of their income over \$5 is taxable.



# OTHER THINGS TO KNOW

## Expired Deductions and Credits



Recovery Rebate Credit



Above-The-Line  
Charitable Cash  
Contributions



60% AGI Limit on  
deductions for cash  
donations on SCH A



Mortgage Insurance  
Premium Deduction



- COVID-19 or disaster-related withdrawal from a Retirement Account
  - In 2020, taxpayers had the option of making a withdrawal from their retirement account if it
    - was related to COVID-19 or another federally declared disaster
  - In these instances, the withdrawal was not subject to penalty and the taxpayer could elect to have the amount withdrawn taxed over three (3) years
  - This election was done by completing Form 8915-E on the 2020 tax return, which taxed  $\frac{1}{3}$  of withdrawal
  - For TY2021,  $\frac{1}{3}$  of the 2020 withdrawal will be taxed by completing Form 8915-F
  - For TY2022,  $\frac{1}{3}$  of the 2020 withdrawal will be taxed by completing Form 8915-F
  - Note: To find the amount that is being taxed each of the three years, refer to the 2020 return, Form 8915-E, line 9 or line 17

## OTHER THINGS TO KNOW