



Planning for 2022 Tax Year



Professional services include:

- Tax Compliance
- Audit & Assurance
- Litigation Support
- Estate & Gift
- Succession Planning
- Valuation
- IRS Representation
- Family Foundations
- Bookkeeping & Accounting

Our mission is to provide our clients with exceptional services by taking initiative to be proactive advisors. We pride ourselves in developing tailored strategies to meet the specific needs of our clients.

We have a diverse commercial and individual accounting, auditing, tax and business consulting practice.

Our partners and staff are available to meet the needs of our clients and offer to meet with owners and management periodically throughout the year to discuss plans and to consult on a broad range of financial and business topics.



Changes to Tax Law for Year 2022

In anticipation of the next tax preparation season, we hope that this newsletter will alert you to changes in the tax laws that may affect your taxes or your friends' taxes. Hopefully, this information on the latest developments and legislative outlook will help you identify areas for further discussion about ways to save taxes and accomplish your estate planning goals.

Standard Deduction Increased

For 2022, the standard deduction is \$25,900 for married individuals filing a joint return, \$19,400 for head of household, and \$12,950 for all other taxpayers. For two married people, both over 65, the standard deduction is \$28,700.

Estate Tax and Gift Tax Exemptions Increased

The annual gift exclusion increased to \$16,000 for 2022. A gift greater than this amount to any one individual requires a gift tax filing; however, there is no tax due on gifts until all cumulative amounts during your lifetime exceed the estate tax exemption, which is now \$12,060,000.

Retirement Life Expectancy Tables Updated

The IRS has updated the tables used to calculate required minimum distributions to account for longer life expectancies. This will reduce the amount of RMDs starting in 2022.

Charitable Deduction

At the end of 2021, the \$300 above the line charitable deduction (\$600 for married filing jointly) expired. As a result, only individuals who itemize deductions are eligible for a charitable deduction.

The suspension of the 60%-of-AGI limit on deductions for cash donations also expired at the end of 2021, so the original limit is back in place for 2022.

Planning for 2022 Tax Year



Executive and Family Office Accounting Services

For some businesses and family groups, a fulltime financial accounting specialist may not be practical. We provide a solution: services at your residence or corporate location tailored to meet your needs.

- **Bookkeeping** - from after-the-fact reconciliation of bank statements and recording of transactions to drafting and executing checks, tracking accounts receivable/payable, receiving payments and making deposits for our clients
- **Tax & Payroll Services** - state sales tax reporting, household and corporate payroll services including employee check, monthly reporting, and annual W-2, 1099s, 940 & 941 as well as worker compensation deposits
- **Other Services** - Property management assistance



Tax Credit Updates

Child Tax Credit and Dependent Care Credit

The child tax credit reverts back down to \$2,000 per child with the former age limit of 16 years of age, subject to income phase outs. There are no monthly advance payments of the credit during 2022.

Similarly, the dependent care credit reverts back to 35% of expenses for \$3,000 of expenses for one dependent for \$6,000 for more than one dependent, also subject to income phase outs.

Residential Clean Energy Credit

Through the Inflation Reduction Act, the Residential Clean Energy Credit (formerly called the Residential Energy Efficient Property Credit) allows for a 30% credit of the cost to install qualifying energy efficient property starting 2022. The credit is set to reduce to 26% in 2033 and 22% for 2034 and expire in 2035.

Other Changes

- Above the line deduction for teachers increases to \$300
- Kiddie tax income limit increases to \$2,300
- Standard mileage rate for 2022 is bifurcated into two periods - January to June is 58.5 cents and July to December is 62.5 cents
- No stimulus checks were issued for 2022, therefore there is no longer a recovery rebate credit.
- The CARES Act provides eligible employers potential tax credits if they have experienced a government shut-down due to COVID-19 or reduction in quarterly receipts while continuing to employ personnel.

This annual Tax Planning letter is being sent to you to encourage you to utilize all the opportunities the tax law provides to minimize your 2022 taxes as well as offer suggestions for longer range planning. If you are interested in a tax planning appointment, please call our office to discuss these matters further. These updates are as of December 13, 2022.