

2022 Year-End Tax Planning for Individuals

With rising interest rates, inflation and continuing market volatility, tax planning is as essential as ever for taxpayers looking to manage cash flow while paying the least amount of taxes possible over time. As we approach year end, now is the time for individuals, business owners and family offices to review their 2022 and 2023 tax situations and identify opportunities for reducing, deferring or accelerating their tax obligations.

The information contained within this article is based on federal laws and policies in effect as of the publication date. This article discusses tax planning for federal taxes. Applicable state and foreign taxes should also be considered. Taxpayers should consult with a trusted advisor when making tax and financial decisions regarding any of the items below.



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2022 Year-End Tax Planning for Individuals



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Individual Tax Planning Highlights

2022 Federal Income Tax Rate Brackets

Tax Rate	Joint/Surviving Spouse	Single	Head of Household	Married Filing Separately	Estates & Trusts
10%	\$0 – \$20,550	\$0 – \$10,275	\$0 – \$14,650	\$0 – \$10,275	\$0 – \$2,750
12%	\$20,551 – \$83,550	\$10,276 – \$41,775	\$14,651 – \$55,900	\$10,276 – \$41,775	-
22%	\$83,551 – \$178,150	\$41,776 – \$89,075	\$55,901 – \$89,050	\$41,776 – \$89,075	-
24%	\$178,151 – \$340,100	\$89,076 – \$170,050	\$89,051 – \$170,050	\$89,076 – \$170,050	\$2,751 – \$9,850
32%	\$340,101 – \$431,900	\$170,051 – \$215,950	\$170,051 – \$215,950	\$170,051 – \$215,950	-
35%	\$431,901 – \$647,850	\$215,951 – \$539,900	\$215,951 – \$539,900	\$215,951 – \$323,925	\$9,851 – \$13,450
37%	Over \$647,850	Over \$539,900	Over \$539,900	Over \$323,925	Over \$13,450

2023 Federal Income Tax Rate Brackets

Tax Rate	Joint/Surviving Spouse	Single	Head of Household	Married Filing Separately	Estates & Trusts
10%	\$0 – \$22,000	\$0 – \$11,000	\$0 – \$15,700	\$0 – \$11,000	\$0 – \$2,900
12%	\$22,001 – \$89,450	\$11,001 – \$44,725	\$15,701 – \$59,850	\$11,001 – \$44,725	-
22%	\$89,451 – \$190,750	\$44,726 – \$95,375	\$59,851 – \$95,350	\$44,726 – \$95,375	-
24%	\$190,751 – \$364,200	\$95,376 – \$182,100	\$95,351 – \$182,100	\$95,376 – \$182,100	\$2,901 – \$10,550
32%	\$364,201 – \$462,500	\$182,101 – \$231,250	\$182,101 – \$231,250	\$182,101 – \$231,250	-
35%	\$462,501 – \$693,750	\$231,251 – \$578,125	\$231,251 – \$578,100	\$231,251 – \$346,875	\$10,551 – \$14,450
37%	Over \$693,750	Over \$578,125	Over \$578,100	Over \$346,875	Over \$14,450



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2022 Long-Term Capital Gains Rate Brackets

Long-Term Capital Gains Tax Rate	Joint/Surviving Spouse	Single	Head of Household	Married Filing Separately	Estates & Trusts
0%	\$0 – \$83,350	\$0 – \$41,675	\$0 – \$55,800	\$0 – \$41,675	\$0 – \$2,800
15%	\$83,351 – \$517,200	\$41,676 – \$459,750	\$55,801 – \$488,500	\$41,676 – \$258,600	\$2,801 – \$13,700
20%	Over \$517,200	Over \$459,750	Over \$488,500	Over \$258,600	Over \$13,700

Standard Deduction

Filing Status	2022
Joint/Surviving Spouse	\$25,900
Single	\$12,950
Head of Household	\$19,400
Married Filing Separately	\$12,950

Retirement Plan Contributions

Plans	Limits
IRA Contribution	<50: \$6,000 ≥50: \$7,000
SIMPLE IRA	<50: \$14,000 ≥50: \$17,000
401(k), 403(b)	<50: \$20,500 ≥50: \$27,000
SEP IRA	Lesser of 25% of compensation or \$61,000



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2022 Changes

Child Tax Credit

- ▶ The child tax credit returns to 2,000 per qualifying child.

Charitable Contribution

- ▶ Cash contributions made to qualifying charitable organizations, including donor advised funds, in 2022 and 2023 will be subject to a 60% AGI limitation. The limitations for cash contributions continue to be 30% of AGI for contributions to non-operating private foundations. \$300 charitable deduction (\$600 for joint filer) for nonitemizers not extended for 2022.

Gift Taxes

- ▶ Gift tax annual exclusion increased to \$16,000.

Long-Term Care Insurance and Services

- ▶ Premiums an individual pays on a qualified long-term care insurance policy are deductible as a medical expense: Deduction limited to individual's age. Shifting investments to municipal bonds or investments that do not pay dividends to reduce taxable income in future years.

Age	Deduction Limitation 2022
40 or under	\$450
Over 40 but not over 50	\$850
Over 50 but not over 60	\$1,690
Over 60 but not over 70	\$4,510
Over 70	\$5,640



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Inflation Reduction Act

Residential Clean Energy Credit

- ▶ Solar installed in 2022 is now eligible for 30% tax credit from 2022 to 2032.
- ▶ Also includes: solar water heaters, geothermal heat pumps, small residential wind turbines, residential fuel cells, and storage batteries.

Energy Efficient Home Improvement Credit

- ▶ Inflation reduction Act extended the credit to 2022 with 2021 parameters.
 - The credit is 10% of the cost of qualifying energy efficiency improvements installed during the year (improvements to heating, cooling, water heating equipment, insulation material or systems, roof, and exterior doors and windows).
 - \$500 Lifetime limitation still applies for the rest of 2022.
- ▶ 2023 and beyond
 - Credit is expected to expire after 2032
 - Credit increases to 30% of cost with no lifetime limits but will have an annual tax credit limit of \$1,200

Electric Vehicle Tax Credit

- ▶ This credit is still worth up to 7,500 and most Inflation Reduction Act changes won't go into effect until January 2023. The change that became effective immediately is the "Final Assembly" requirement.
 - Clean Vehicles sold after August 16, 2022 must undergo final assembly in North America to be eligible for credit.
- ▶ The EV Tax Credit has been extended to 2032. The manufacturing cap will be lifted and used cars will be eligible. In order to qualify for the credit between 2023-2032 the vehicle needs to meet new battery requirements, critical mineral requirements, "Final Assembly", and price caps.