UNLIMITED TAXES & MORE, INC.®
"THE AFFORDABLE PROFESSIONAL ALTERNATIVE"

2022 Tax Law Changes

Agenda/Goals

1. Review Changes to 1040 & Schedules 1, 2 & 3

2. Review Tax Law Changes for 2022

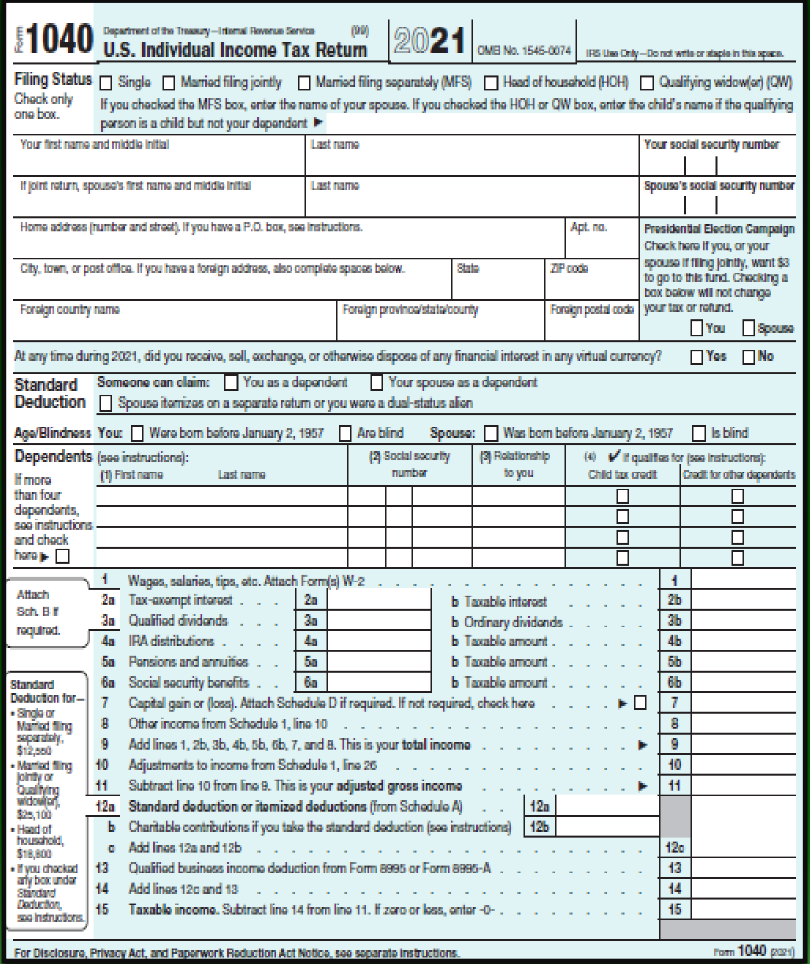
   - New provisions in 2022
   - 2020 - 2021 changes that have been extended or modified in 2022
   - Tax Items that are eliminated in 2022

3. Provide Overview of Inflation Reduction Act

2022 Tax Law Changes

Form 1040 and Schedules 1, 2 & 3

1040 (Page 1) Comparison 2021 vs. 2022



Form **1040** Department of the Treasury—Internal Revenue Service (99) **U.S. Individual Income Tax Return** **2021** OMB No. 1545-0074 IRS Use Only—Do not write or staple in this space.

Filing Status Check only one box. ☐ Single ☐ Married filing jointly ☐ Married filing separately (MFS) ☐ Head of household (HOH) ☐ Qualifying widow(er) (QW)
If you checked the MFS box, enter the name of your spouse. If you checked the HOH or QW box, enter the child's name if the qualifying person is a child but not your dependent ▶

Your first name and middle initial | Last name | Your social security number
If joint return, spouse's first name and middle initial | Last name | Spouse's social security number
Home address (number and street). If you have a P.O. box, see instructions. | Apt. no.
City, town, or post office. If you have a foreign address, also complete spaces below. | State | ZIP code
Foreign country name | Foreign province/state/county | Foreign postal code

Presidential Election Campaign Check here if you, or your spouse if filing jointly, want $3 to go to this fund. Checking a box below will not change your tax or refund. ☐ You ☐ Spouse

At any time during 2021, did you receive, sell, exchange, or otherwise dispose of any financial interest in any virtual currency? ☐ Yes ☐ No

Standard Deduction Someone can claim: ☐ You as a dependent ☐ Your spouse as a dependent
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Age/Blindness You: ☐ Were born before January 2, 1957 ☐ Are blind **Spouse:** ☐ Was born before January 2, 1957 ☐ Is blind

Dependents (see instructions): (1) First name Last name | (2) Social security number | (3) Relationship to you | (4) ✔ if qualifies for (see instructions): Child tax credit | Credit for other dependents
If more than four dependents, see instructions and check here ▶ ☐

Attach Sch. B if required.

1 Wages, salaries, tips, etc. Attach Form(s) W-2 — 1
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b Charitable contributions if you take the standard deduction (see instructions) — 12b
c Add lines 12a and 12b — 12c
13 Qualified business income deduction from Form 8995 or Form 8995-A — 13
14 Add lines 12c and 13 — 14
15 **Taxable income.** Subtract line 14 from line 11. If zero or less, enter -0- — 15

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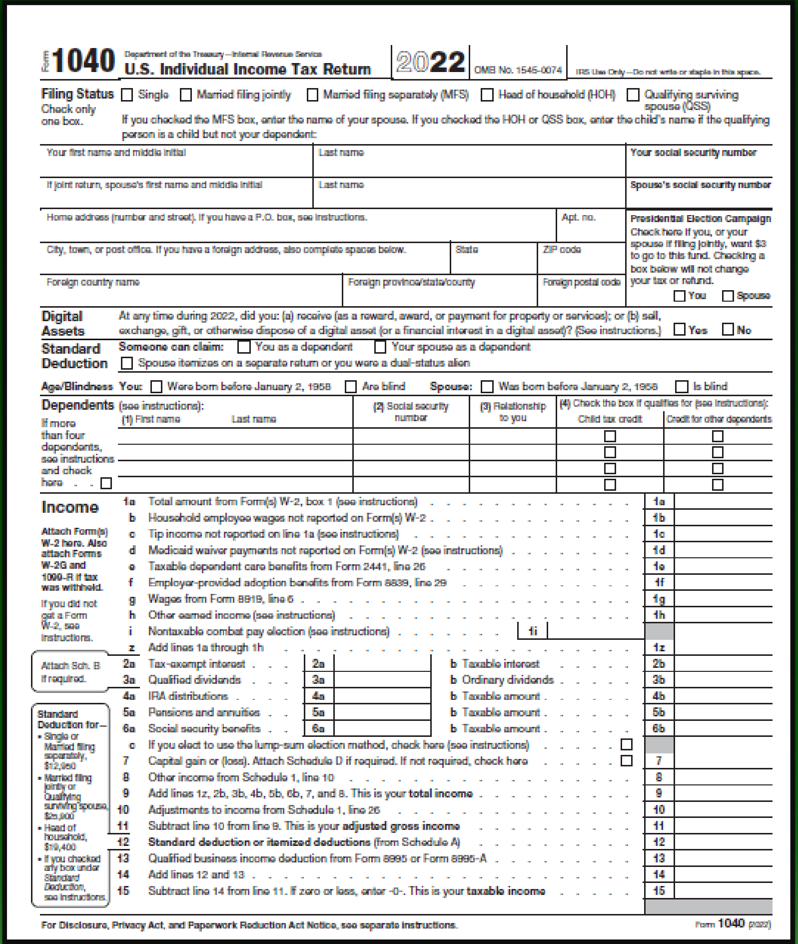

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Qualifying Widow is now "Qualifying Surviving Spouse"

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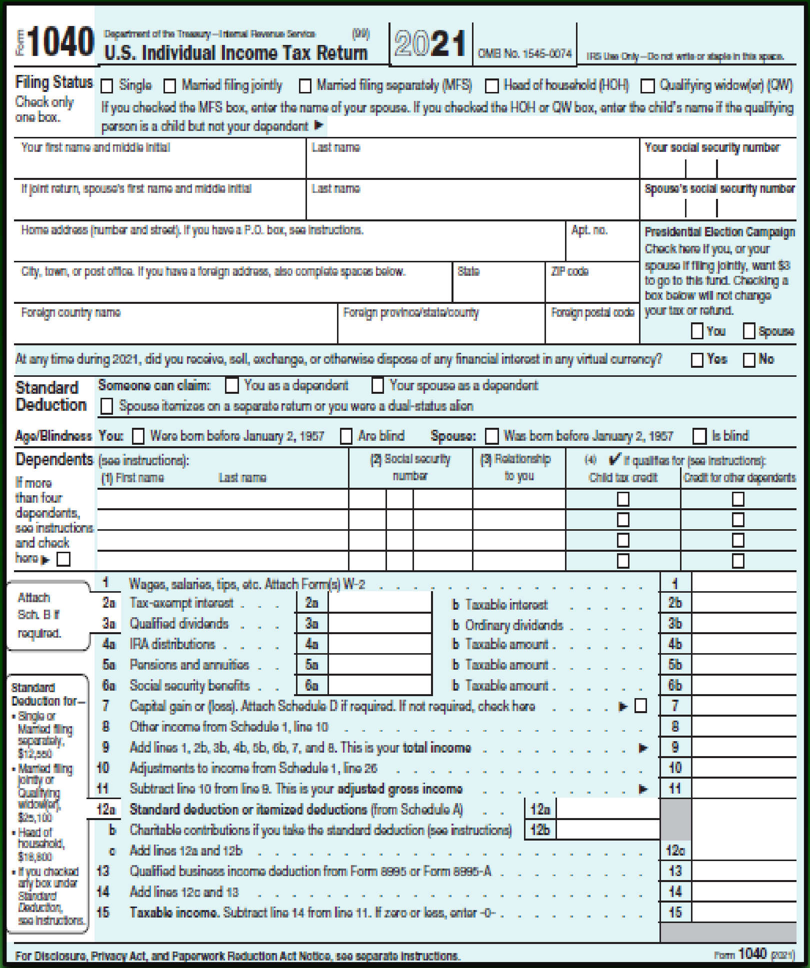

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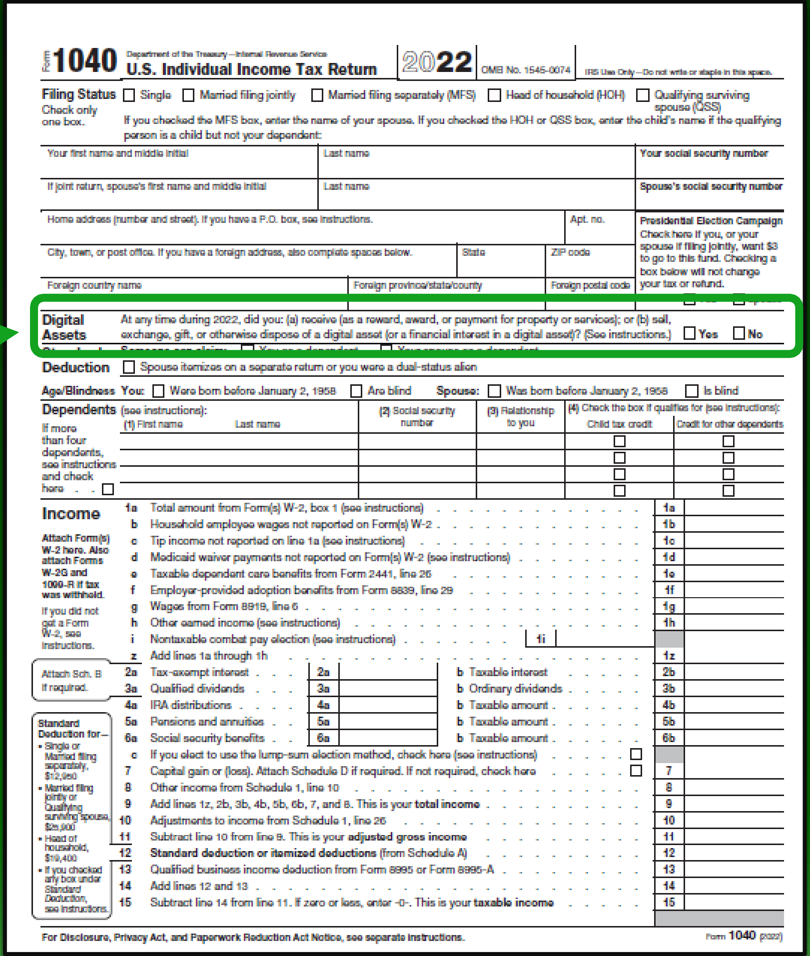
Virtual Currency Question is now the Digital Assets Question



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Changes to the Virtual Currency Question

2021 – "At any time during 2021, did you receive, sell, exchange, or otherwise dispose of any financial interest in any **virtual currency**?

2022 – At any time during 2022, did you (a) receive **(as a reward, award, or compensation); or** (b) sell, exchange, gift, or otherwise dispose of a **digital asset** (or financial interest in a **digital asset**)?

- Digital Assets & Virtual Currency are significant concerns for the IRS!

Digital Assets

What is the Definition of a "Digital Asset" – A digital representation of value that functions as a medium of exchange, a unit of account, and/or a store of value.

Types of Digital Assets are:

- **Virtual Currency** (Bitcoin, Ethereum, etc.)
- **Non-Cryptographic Currency** – gaming tokens
- **Non-Currency Digital Assets** – photos, emojis, memes

Tax Treatment of Digital Assets

Taxed as property – Not as currency (No Mark to Market), which means:

- Basis is established when acquired with fiat currency (dollars, euros, etc.)
- Some type of income (loss) is recognized when virtual currency is **sold, exchanged or used as payment to acquire** any goods or services. (Just like any other property.)
- Income is also recognized when the taxpayer receives virtual currency as **payment for good or services or rewards**. (Just like any other property.)

Income Characteristics of Digital Assets

Digital Assets Treated as Capital Assets (Capital Gains) when –

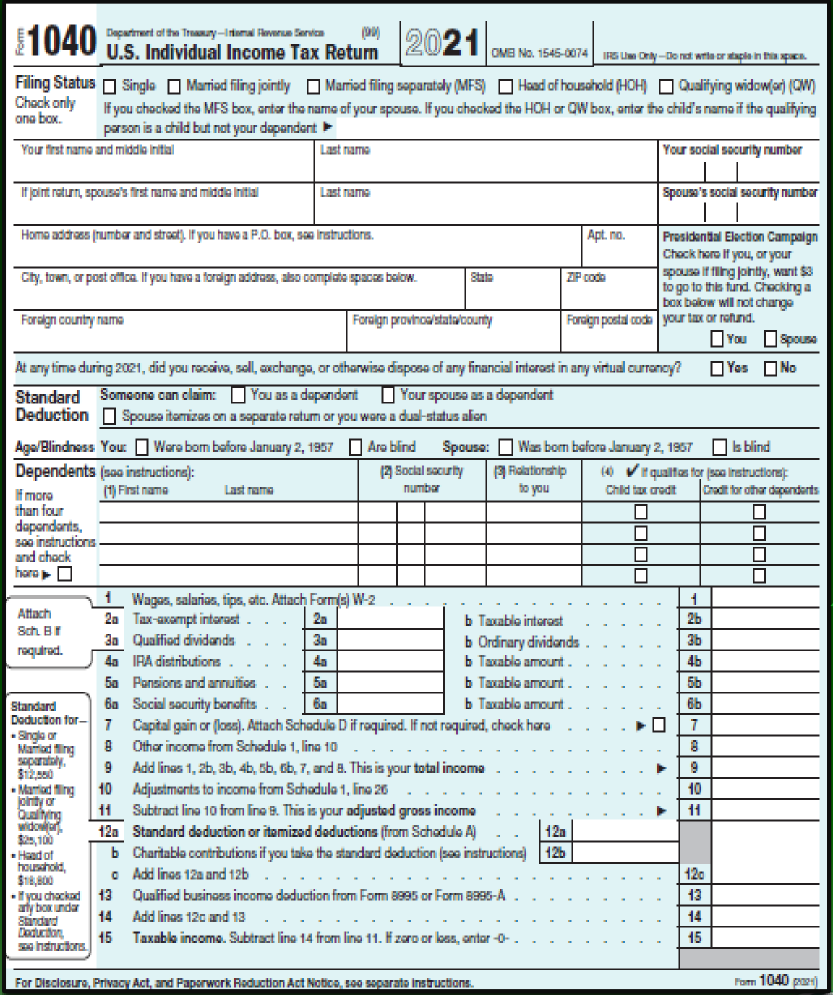
- Trading, selling, exchanging, or spending any digital asset that you own as an investment
- Non-currency digital assets may be subject to the capital gains collectible rules

Income Characteristics of Digital Assets

Digital Assets Treated as Ordinary Income when –

- Receiving digital assets / virtual currency as payment for wages
- Mining
- Trading as a dealer or as part of a trade or business

1040 (Page 1) Comparison 2021 vs. 2022



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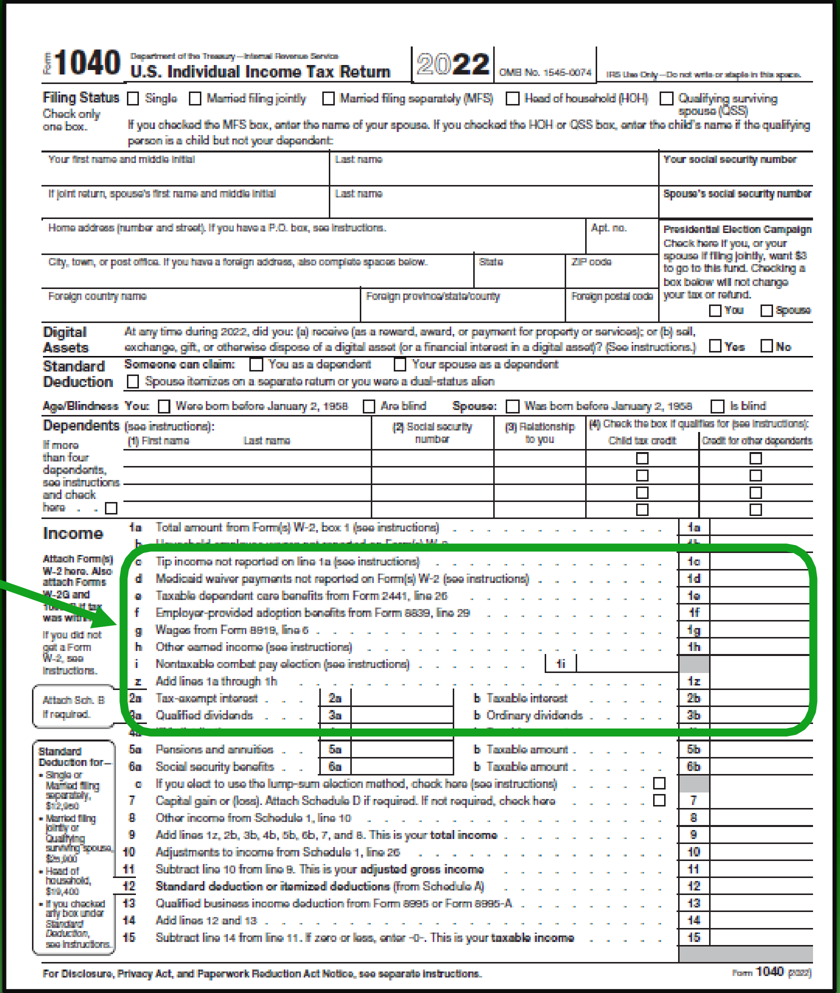
8 Other income from Schedule 1, line 10 . . . 8
9 Add lines 1, 2b, 3b, 4b, 5b, 6b, 7, and 8. This is your **total income** ▶ 9
10 Adjustments to income from Schedule 1, line 26 . . . 10
11 Subtract line 10 from line 9. This is your **adjusted gross income** ▶ 11
12a **Standard deduction or itemized deductions** (from Schedule A) . . 12a
b Charitable contributions if you take the standard deduction (see instructions) 12b
c Add lines 12a and 12b . . . 12c
13 Qualified business income deduction from Form 8995 or Form 8995-A . . . 13
14 Add lines 12c and 13 . . . 14
15 **Taxable income.** Subtract line 14 from line 11. If zero or less, enter -0- . . . 15

Standard Deduction for— • Single or Married filing separately, $12,550 • Married filing jointly or Qualifying widow(er), $25,100 • Head of household, $18,800 • If you checked any box under Standard Deduction, see instructions.

For Disclosure, Privacy Act, and Paperwork Reduction Act Notice, see separate instructions. Form **1040** (2021)

Line 1 now has subparts to break out earned income from various sources



Form 1040 Department of the Treasury—Internal Revenue Service **U.S. Individual Income Tax Return** 2022 OMB No. 1545-0074 IRS Use Only—Do not write or staple in this space.

Filing Status Check only one box. ☐ Single ☐ Married filing jointly ☐ Married filing separately (MFS) ☐ Head of household (HOH) ☐ Qualifying surviving spouse (QSS)
If you checked the MFS box, enter the name of your spouse. If you checked the HOH or QSS box, enter the child's name if the qualifying person is a child but not your dependent:

Your first name and middle initial | Last name | Your social security number
If joint return, spouse's first name and middle initial | Last name | Spouse's social security number
Home address (number and street). If you have a P.O. box, see instructions. | Apt. no.
City, town, or post office. If you have a foreign address, also complete spaces below. | State | ZIP code
Foreign country name | Foreign province/state/county | Foreign postal code

Presidential Election Campaign Check here if you, or your spouse if filing jointly, want $3 to go to this fund. Checking a box below will not change your tax or refund. ☐ You ☐ Spouse

Digital Assets At any time during 2022, did you: (a) receive (as a reward, award, or payment for property or services); or (b) sell, exchange, gift, or otherwise dispose of a digital asset (or a financial interest in a digital asset)? (See instructions.) ☐ Yes ☐ No

Standard Deduction Someone can claim: ☐ You as a dependent ☐ Your spouse as a dependent ☐ Spouse itemizes on a separate return or you were a dual-status alien

Age/Blindness You: ☐ Were born before January 2, 1958 ☐ Are blind **Spouse:** ☐ Was born before January 2, 1958 ☐ Is blind

Dependents (see instructions): (1) First name Last name | (2) Social security number | (3) Relationship to you | (4) Check the box if qualifies for (see instructions): Child tax credit | Credit for other dependents
If more than four dependents, see instructions and check here ☐

Income Attach Form(s) W-2 here. Also attach Forms W-2G and 1099-R if tax was withheld. If you did not get a Form W-2, see instructions.

1a Total amount from Form(s) W-2, box 1 (see instructions) . . . 1a
b Household employee wages not reported on Form(s) W-2 . . . 1b
c Tip income not reported on line 1a (see instructions) . . . 1c
d Medicaid waiver payments not reported on Form(s) W-2 (see instructions) . . 1d
e Taxable dependent care benefits from Form 2441, line 26 . . . 1e
f Employer-provided adoption benefits from Form 8839, line 29 . . . 1f
g Wages from Form 8919, line 6 . . . 1g
h Other earned income (see instructions) . . . 1h
i Nontaxable combat pay election (see instructions) . . 1i
z Add lines 1a through 1h . . . 1z

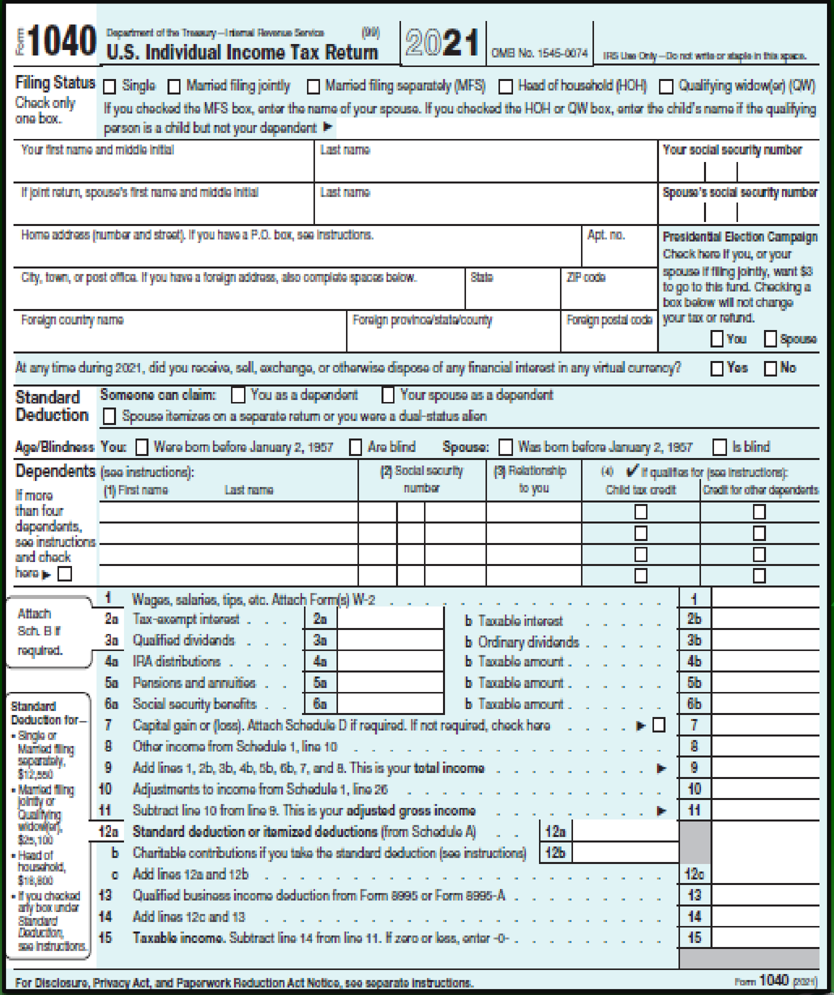
Attach Sch. B if required.

2a Tax-exempt interest . . 2a | b Taxable interest . . 2b
3a Qualified dividends . . 3a | b Ordinary dividends . . 3b
4a IRA distributions . . 4a | b Taxable amount . . 4b
5a Pensions and annuities . . 5a | b Taxable amount . . 5b
6a Social security benefits . . 6a | b Taxable amount . . 6b
c If you elect to use the lump-sum election method, check here (see instructions) ☐
7 Capital gain or (loss). Attach Schedule D if required. If not required, check here ☐ 7
8 Other income from Schedule 1, line 10 . . . 8
9 Add lines 1z, 2b, 3b, 4b, 5b, 6b, 7, and 8. This is your **total income** . . 9
10 Adjustments to income from Schedule 1, line 26 . . . 10
11 Subtract line 10 from line 9. This is your **adjusted gross income** . . 11
12 **Standard deduction or itemized deductions** (from Schedule A) . . 12
13 Qualified business income deduction from Form 8995 or Form 8995-A . . 13
14 Add lines 12 and 13 . . . 14
15 Subtract line 14 from line 11. If zero or less, enter -0-. This is your **taxable income** . . 15

Standard Deduction for— • Single or Married filing separately, $12,950 • Married filing jointly or Qualifying surviving spouse, $25,900 • Head of household, $19,400 • If you checked any box under Standard Deduction, see instructions.

For Disclosure, Privacy Act, and Paperwork Reduction Act Notice, see separate instructions. Form **1040** (2022)

1040 (Page 1) Comparison 2021 vs. 2022


Form 1040 Department of the Treasury—Internal Revenue Service (99) U.S. Individual Income Tax Return 2021 OMB No. 1545-0074 IRS Use Only—Do not write or staple in this space.

Filing Status Check only one box. Single / Married filing jointly / Married filing separately (MFS) / Head of household (HOH) / Qualifying widow(er) (QW)

If you checked the MFS box, enter the name of your spouse. If you checked the HOH or QW box, enter the child's name if the qualifying person is a child but not your dependent ▶

Your first name and middle initial | Last name | Your social security number

If joint return, spouse's first name and middle initial | Last name | Spouse's social security number

Home address (number and street). If you have a P.O. box, see instructions. | Apt. no.

City, town, or post office. If you have a foreign address, also complete spaces below. | State | ZIP code

Foreign country name | Foreign province/state/county | Foreign postal code

Presidential Election Campaign Check here if you, or your spouse if filing jointly, want $3 to go to this fund. Checking a box below will not change your tax or refund. You / Spouse

At any time during 2021, did you receive, sell, exchange, or otherwise dispose of any financial interest in any virtual currency? Yes / No

Standard Deduction Someone can claim: You as a dependent / Your spouse as a dependent / Spouse itemizes on a separate return or you were a dual-status alien

Age/Blindness You: Were born before January 2, 1957 / Are blind Spouse: Was born before January 2, 1957 / Is blind

Dependents (see instructions): (1) First name Last name (2) Social security number (3) Relationship to you (4) ✓ if qualifies for (see instructions): Child tax credit / Credit for other dependents

If more than four dependents, see instructions and check here ▶

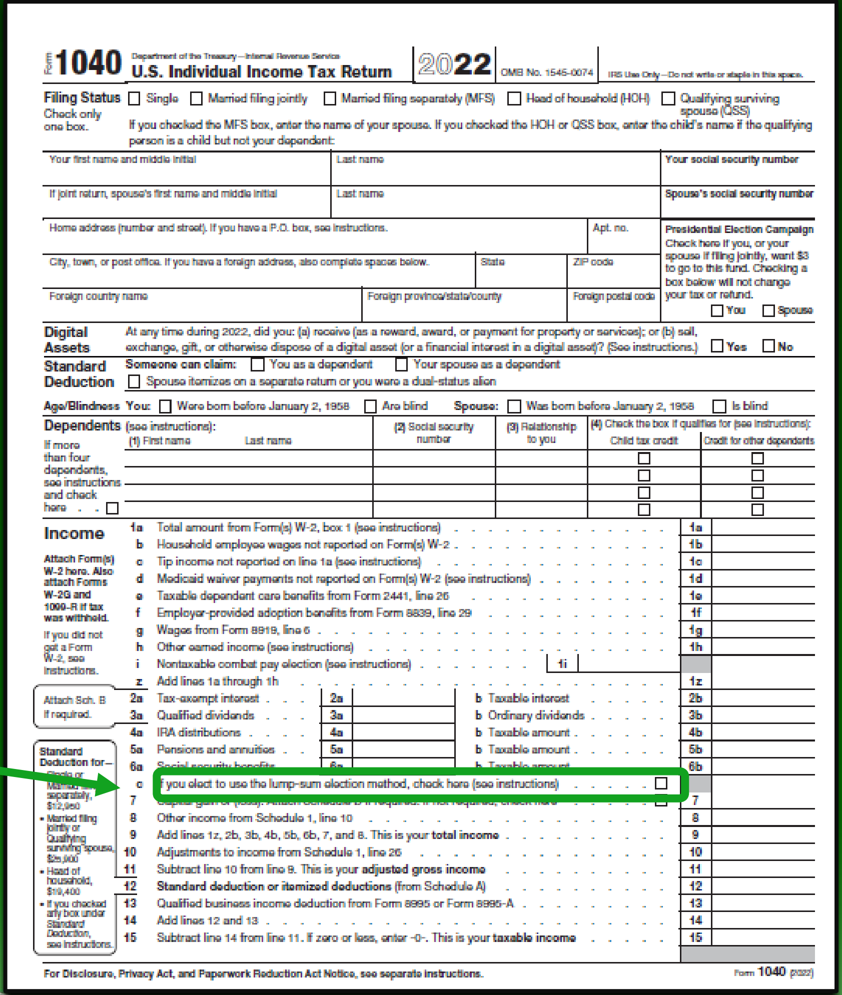
Attach Sch. B if required.

1 Wages, salaries, tips, etc. Attach Form(s) W-2 — 1
2a Tax-exempt interest — 2a; b Taxable interest — 2b
3a Qualified dividends — 3a; b Ordinary dividends — 3b
4a IRA distributions — 4a; b Taxable amount — 4b
5a Pensions and annuities — 5a; b Taxable amount — 5b
6a Social security benefits — 6a; b Taxable amount — 6b
7 Capital gain or (loss). Attach Schedule D if required. If not required, check here ▶ — 7
8 Other income from Schedule 1, line 10 — 8
9 Add lines 1, 2b, 3b, 4b, 5b, 6b, 7, and 8. This is your total income ▶ — 9
10 Adjustments to income from Schedule 1, line 26 — 10
11 Subtract line 10 from line 9. This is your adjusted gross income ▶ — 11
12a Standard deduction or itemized deductions (from Schedule A) — 12a
b Charitable contributions if you take the standard deduction (see instructions) — 12b
c Add lines 12a and 12b — 12c
13 Qualified business income deduction from Form 8995 or Form 8995-A — 13
14 Add lines 12c and 13 — 14
15 Taxable income. Subtract line 14 from line 11. If zero or less, enter -0- — 15

Standard Deduction for— • Single or Married filing separately, $12,550 • Married filing jointly or Qualifying widow(er), $25,100 • Head of household, $18,800 • If you checked any box under Standard Deduction, see instructions.

For Disclosure, Privacy Act, and Paperwork Reduction Act Notice, see separate instructions. Form 1040 (2021)

Line 6 has a new check box if the lump-sum method is elected for Social Security


Form 1040 Department of the Treasury—Internal Revenue Service U.S. Individual Income Tax Return 2022 OMB No. 1545-0074 IRS Use Only—Do not write or staple in this space.

Filing Status Check only one box. Single / Married filing jointly / Married filing separately (MFS) / Head of household (HOH) / Qualifying surviving spouse (QSS)

If you checked the MFS box, enter the name of your spouse. If you checked the HOH or QSS box, enter the child's name if the qualifying person is a child but not your dependent:

Your first name and middle initial | Last name | Your social security number

If joint return, spouse's first name and middle initial | Last name | Spouse's social security number

Home address (number and street). If you have a P.O. box, see instructions. | Apt. no.

City, town, or post office. If you have a foreign address, also complete spaces below. | State | ZIP code

Foreign country name | Foreign province/state/county | Foreign postal code

Presidential Election Campaign Check here if you, or your spouse if filing jointly, want $3 to go to this fund. Checking a box below will not change your tax or refund. You / Spouse

Digital Assets At any time during 2022, did you: (a) receive (as a reward, award, or payment for property or services); or (b) sell, exchange, gift, or otherwise dispose of a digital asset (or a financial interest in a digital asset)? (See instructions.) Yes / No

Standard Deduction Someone can claim: You as a dependent / Your spouse as a dependent / Spouse itemizes on a separate return or you were a dual-status alien

Age/Blindness You: Were born before January 2, 1958 / Are blind Spouse: Was born before January 2, 1958 / Is blind

Dependents (see instructions): (1) First name Last name (2) Social security number (3) Relationship to you (4) Check the box if qualifies for (see instructions): Child tax credit / Credit for other dependents

If more than four dependents, see instructions and check here

Income

1a Total amount from Form(s) W-2, box 1 (see instructions) — 1a
b Household employee wages not reported on Form(s) W-2 — 1b
c Tip income not reported on line 1a (see instructions) — 1c
d Medicaid waiver payments not reported on Form(s) W-2 (see instructions) — 1d
e Taxable dependent care benefits from Form 2441, line 26 — 1e
f Employer-provided adoption benefits from Form 8839, line 29 — 1f
g Wages from Form 8919, line 6 — 1g
h Other earned income (see instructions) — 1h
i Nontaxable combat pay election (see instructions) — 1i
z Add lines 1a through 1h — 1z

Attach Form(s) W-2 here. Also attach Forms W-2G and 1099-R if tax was withheld. If you did not get a Form W-2, see instructions.

Attach Sch. B if required.

2a Tax-exempt interest — 2a; b Taxable interest — 2b
3a Qualified dividends — 3a; b Ordinary dividends — 3b
4a IRA distributions — 4a; b Taxable amount — 4b
5a Pensions and annuities — 5a; b Taxable amount — 5b
6a Social security benefits — 6a; b Taxable amount — 6b
c If you elect to use the lump-sum election method, check here (see instructions)
7 Capital gain or (loss). Attach Schedule D if required. If not required, check here — 7
8 Other income from Schedule 1, line 10 — 8
9 Add lines 1z, 2b, 3b, 4b, 5b, 6b, 7, and 8. This is your total income — 9
10 Adjustments to income from Schedule 1, line 26 — 10
11 Subtract line 10 from line 9. This is your adjusted gross income — 11
12 Standard deduction or itemized deductions (from Schedule A) — 12
13 Qualified business income deduction from Form 8995 or Form 8995-A — 13
14 Add lines 12 and 13 — 14
15 Subtract line 14 from line 11. If zero or less, enter -0-. This is your taxable income — 15

Standard Deduction for— • Single or Married filing separately, $12,950 • Married filing jointly or Qualifying surviving spouse, $25,900 • Head of household, $19,400 • If you checked any box under Standard Deduction, see instructions.

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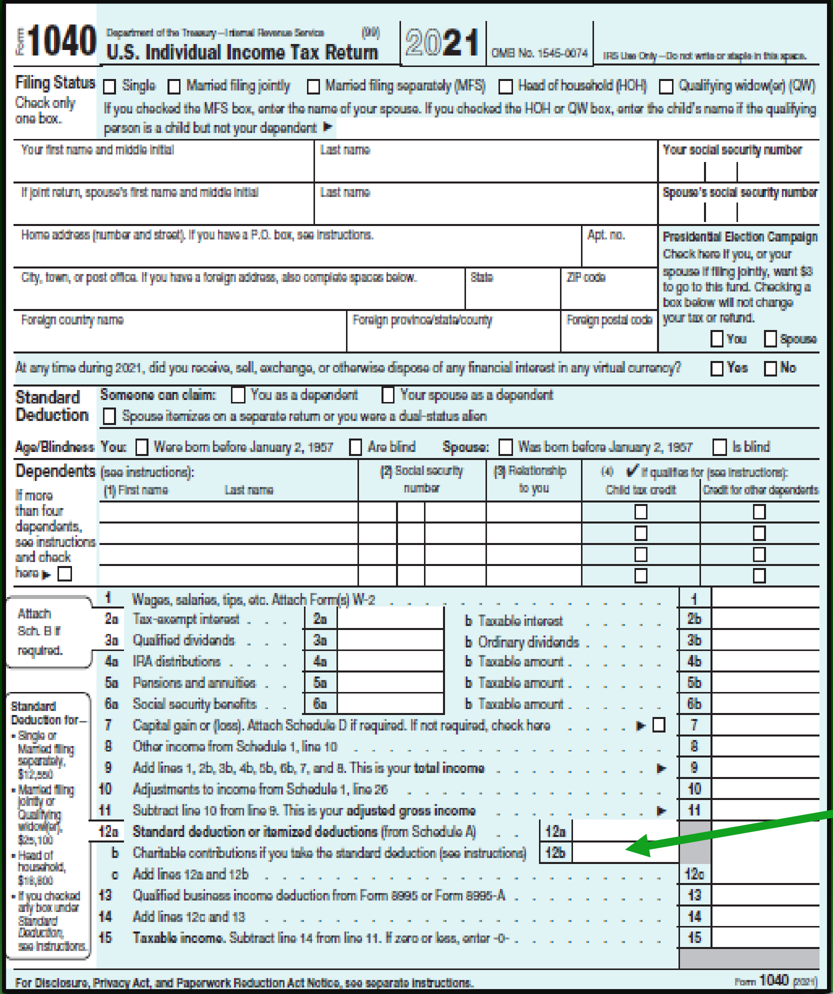
Form 1040 Department of the Treasury—Internal Revenue Service (99) U.S. Individual Income Tax Return 2021 OMB No. 1545-0074 IRS Use Only—Do not write or staple in this space.

Filing Status: Check only one box. ☐ Single ☐ Married filing jointly ☐ Married filing separately (MFS) ☐ Head of household (HOH) ☐ Qualifying widow(er) (QW)
If you checked the MFS box, enter the name of your spouse. If you checked the HOH or QW box, enter the child's name if the qualifying person is a child but not your dependent ▶

Your first name and middle initial | Last name | Your social security number
If joint return, spouse's first name and middle initial | Last name | Spouse's social security number
Home address (number and street). If you have a P.O. box, see instructions. | Apt. no.
City, town, or post office. If you have a foreign address, also complete spaces below. | State | ZIP code
Foreign country name | Foreign province/state/county | Foreign postal code

Presidential Election Campaign: Check here if you, or your spouse if filing jointly, want $3 to go to this fund. Checking a box below will not change your tax or refund. ☐ You ☐ Spouse

At any time during 2021, did you receive, sell, exchange, or otherwise dispose of any financial interest in any virtual currency? ☐ Yes ☐ No

Standard Deduction: Someone can claim: ☐ You as a dependent ☐ Your spouse as a dependent ☐ Spouse itemizes on a separate return or you were a dual-status alien

Age/Blindness: You: ☐ Were born before January 2, 1957 ☐ Are blind Spouse: ☐ Was born before January 2, 1957 ☐ Is blind

Dependents (see instructions): (1) First name Last name (2) Social security number (3) Relationship to you (4) ✔ if qualifies for (see instructions): Child tax credit / Credit for other dependents
If more than four dependents, see instructions and check here ▶ ☐

Attach Sch. B if required.

1 Wages, salaries, tips, etc. Attach Form(s) W-2 — 1
2a Tax-exempt interest — 2a | b Taxable interest — 2b
3a Qualified dividends — 3a | b Ordinary dividends — 3b
4a IRA distributions — 4a | b Taxable amount — 4b
5a Pensions and annuities — 5a | b Taxable amount — 5b
6a Social security benefits — 6a | b Taxable amount — 6b
7 Capital gain or (loss). Attach Schedule D if required. If not required, check here ▶ ☐ — 7
8 Other income from Schedule 1, line 10 — 8
9 Add lines 1, 2b, 3b, 4b, 5b, 6b, 7, and 8. This is your **total income** ▶ — 9
10 Adjustments to income from Schedule 1, line 26 — 10
11 Subtract line 10 from line 9. This is your **adjusted gross income** ▶ — 11
12a **Standard deduction or itemized deductions** (from Schedule A) — 12a
b Charitable contributions if you take the standard deduction (see instructions) — 12b
c Add lines 12a and 12b — 12c
13 Qualified business income deduction from Form 8995 or Form 8995-A — 13
14 Add lines 12c and 13 — 14
15 **Taxable income.** Subtract line 14 from line 11. If zero or less, enter -0- — 15

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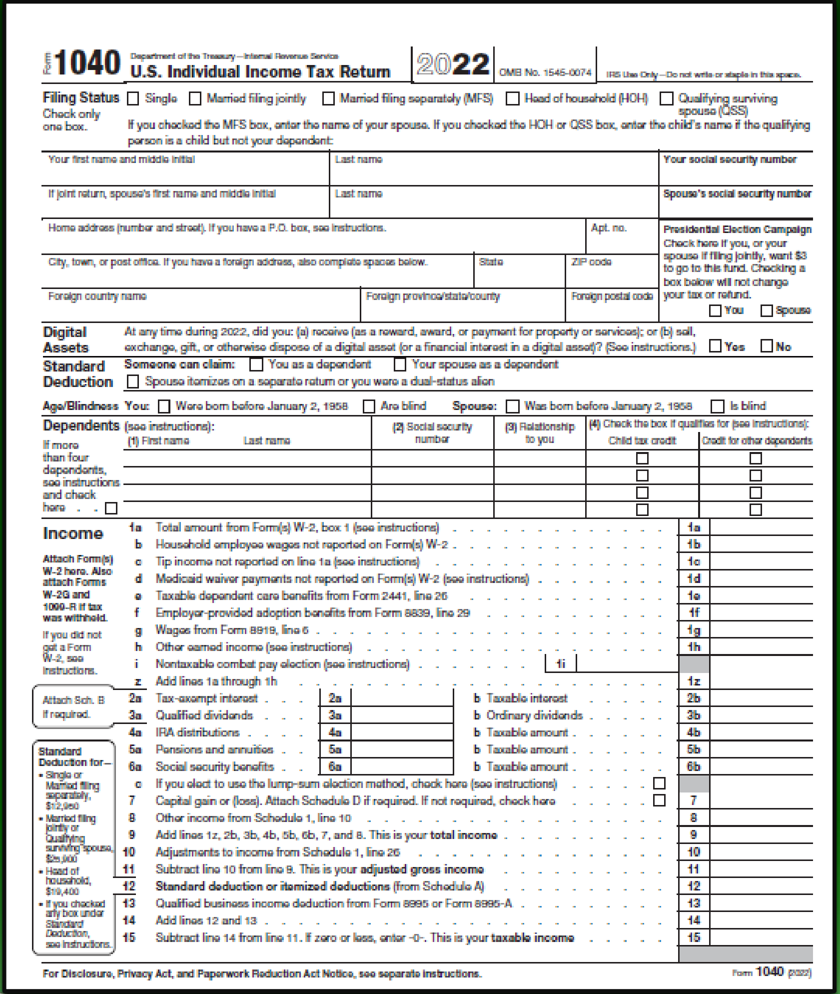
For Disclosure, Privacy Act, and Paperwork Reduction Act Notice, see separate instructions. Form 1040 (2021)

Line 12 no longer has the charitable deduction for non-itemizers


Form 1040 Department of the Treasury—Internal Revenue Service U.S. Individual Income Tax Return 2022 OMB No. 1545-0074 IRS Use Only—Do not write or staple in this space.

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If you checked the MFS box, enter the name of your spouse. If you checked the HOH or QSS box, enter the child's name if the qualifying person is a child but not your dependent:

Your first name and middle initial | Last name | Your social security number
If joint return, spouse's first name and middle initial | Last name | Spouse's social security number
Home address (number and street). If you have a P.O. box, see instructions. | Apt. no.
City, town, or post office. If you have a foreign address, also complete spaces below. | State | ZIP code
Foreign country name | Foreign province/state/county | Foreign postal code

Presidential Election Campaign: Check here if you, or your spouse if filing jointly, want $3 to go to this fund. Checking a box below will not change your tax or refund. ☐ You ☐ Spouse

Digital Assets: At any time during 2022, did you: (a) receive (as a reward, award, or payment for property or services); or (b) sell, exchange, gift, or otherwise dispose of a digital asset (or a financial interest in a digital asset)? (See instructions.) ☐ Yes ☐ No

Standard Deduction: Someone can claim: ☐ You as a dependent ☐ Your spouse as a dependent ☐ Spouse itemizes on a separate return or you were a dual-status alien

Age/Blindness: You: ☐ Were born before January 2, 1958 ☐ Are blind Spouse: ☐ Was born before January 2, 1958 ☐ Is blind

Dependents (see instructions): (1) First name Last name (2) Social security number (3) Relationship to you (4) Check the box if qualifies for (see instructions): Child tax credit / Credit for other dependents
If more than four dependents, see instructions and check here ☐

Income
Attach Form(s) W-2 here. Also attach Forms W-2G and 1099-R if tax was withheld. If you did not get a Form W-2, see instructions.
1a Total amount from Form(s) W-2, box 1 (see instructions) — 1a
b Household employee wages not reported on Form(s) W-2 — 1b
c Tip income not reported on line 1a (see instructions) — 1c
d Medicaid waiver payments not reported on Form(s) W-2 (see instructions) — 1d
e Taxable dependent care benefits from Form 2441, line 26 — 1e
f Employer-provided adoption benefits from Form 8839, line 29 — 1f
g Wages from Form 8919, line 6 — 1g
h Other earned income (see instructions) — 1h
i Nontaxable combat pay election (see instructions) — 1i
z Add lines 1a through 1h — 1z
Attach Sch. B if required.
2a Tax-exempt interest — 2a | b Taxable interest — 2b
3a Qualified dividends — 3a | b Ordinary dividends — 3b
4a IRA distributions — 4a | b Taxable amount — 4b
5a Pensions and annuities — 5a | b Taxable amount — 5b
6a Social security benefits — 6a | b Taxable amount — 6b
c If you elect to use the lump-sum election method, check here (see instructions) ☐
7 Capital gain or (loss). Attach Schedule D if required. If not required, check here ☐ — 7
8 Other income from Schedule 1, line 10 — 8
9 Add lines 1z, 2b, 3b, 4b, 5b, 6b, 7, and 8. This is your **total income** — 9
10 Adjustments to income from Schedule 1, line 26 — 10
11 Subtract line 10 from line 9. This is your **adjusted gross income** — 11
12 **Standard deduction or itemized deductions** (from Schedule A) — 12
13 Qualified business income deduction from Form 8995 or Form 8995-A — 13
14 Add lines 12 and 13 — 14
15 Subtract line 14 from line 11. If zero or less, enter -0-. This is your **taxable income** — 15

Standard Deduction for— • Single or Married filing separately, $12,950 • Married filing jointly or Qualifying surviving spouse, $25,900 • Head of household, $19,400 • If you checked any box under Standard Deduction, see instructions.

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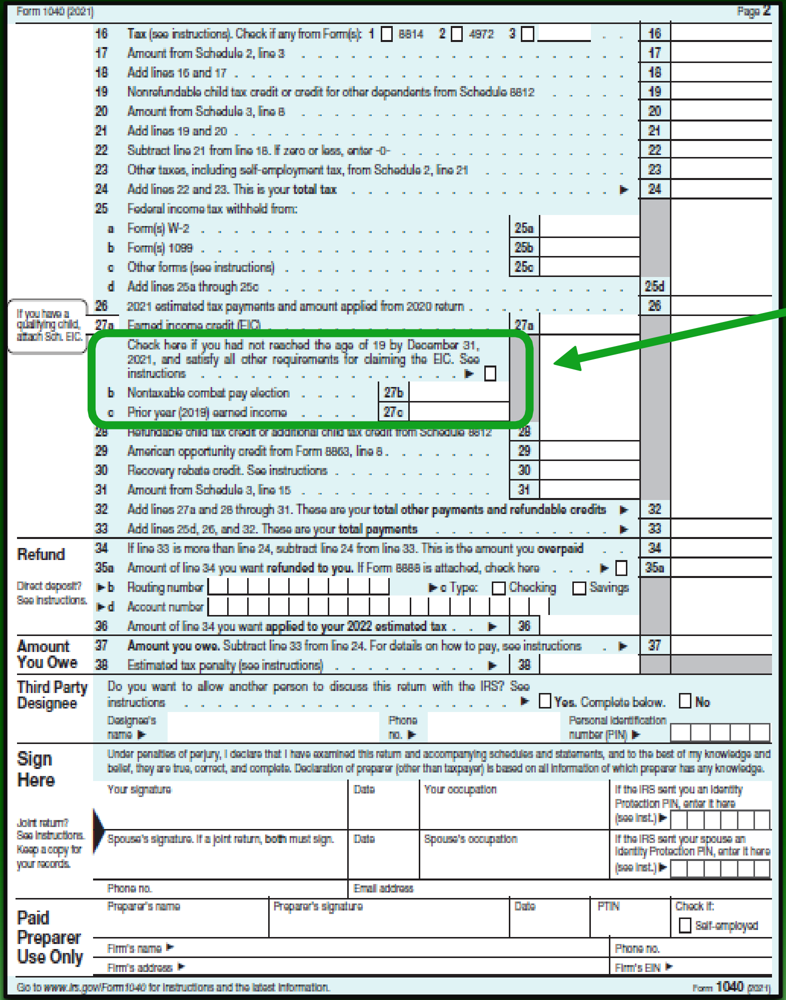
1040 (Page 1) Comparison 2021 vs. 2022



Form 1040 (2021) Page 2

16	Tax (see instructions). Check if any from Form(s): 1 ☐ 8814 2 ☐ 4972 3 ☐		16
17	Amount from Schedule 2, line 3		17
18	Add lines 16 and 17		18
19	Nonrefundable child tax credit or credit for other dependents from Schedule 8812		19
20	Amount from Schedule 3, line 8		20
21	Add lines 19 and 20		21
22	Subtract line 21 from line 18. If zero or less, enter -0-		22
23	Other taxes, including self-employment tax, from Schedule 2, line 21		23
24	Add lines 22 and 23. This is your **total tax**		24
25	Federal income tax withheld from:		
a	Form(s) W-2	25a	
b	Form(s) 1099	25b	
c	Other forms (see instructions)	25c	
d	Add lines 25a through 25c		25d
26	2021 estimated tax payments and amount applied from 2020 return		26
27a	Earned income credit (EIC)	27a	
	Check here if you had not reached the age of 19 by December 31, 2021, and satisfy all other requirements for claiming the EIC. See instructions ☐		
b	Nontaxable combat pay election	27b	
c	Prior year (2019) earned income	27c	
28	Refundable child tax credit or additional child tax credit from Schedule 8812	28	
29	American opportunity credit from Form 8863, line 8	29	
30	Recovery rebate credit. See instructions	30	
31	Amount from Schedule 3, line 15	31	
32	Add lines 27a and 28 through 31. These are your **total other payments and refundable credits**		32
33	Add lines 25d, 26, and 32. These are your **total payments**		33

If you have a qualifying child, attach Sch. EIC.

Refund

34 If line 33 is more than line 24, subtract line 24 from line 33. This is the amount you **overpaid** 34

35a Amount of line 34 you want **refunded to you.** If Form 8888 is attached, check here ☐ 35a

Direct deposit? See instructions. b Routing number c Type: ☐ Checking ☐ Savings

d Account number

36 Amount of line 34 you want **applied to your 2022 estimated tax** 36

Amount You Owe

37 **Amount you owe.** Subtract line 33 from line 24. For details on how to pay, see instructions 37

38 Estimated tax penalty (see instructions) 38

Third Party Designee

Do you want to allow another person to discuss this return with the IRS? See instructions ☐ Yes. Complete below. ☐ No

Designee's name Phone no. Personal identification number (PIN)

Sign Here

Under penalties of perjury, I declare that I have examined this return and accompanying schedules and statements, and to the best of my knowledge and belief, they are true, correct, and complete. Declaration of preparer (other than taxpayer) is based on all information of which preparer has any knowledge.

Your signature | Date | Your occupation | If the IRS sent you an Identity Protection PIN, enter it here (see inst.)

Joint return? See instructions. Keep a copy for your records.

Spouse's signature. If a joint return, both must sign. | Date | Spouse's occupation | If the IRS sent your spouse an Identity Protection PIN, enter it here (see inst.)

Phone no. Email address

Paid Preparer Use Only

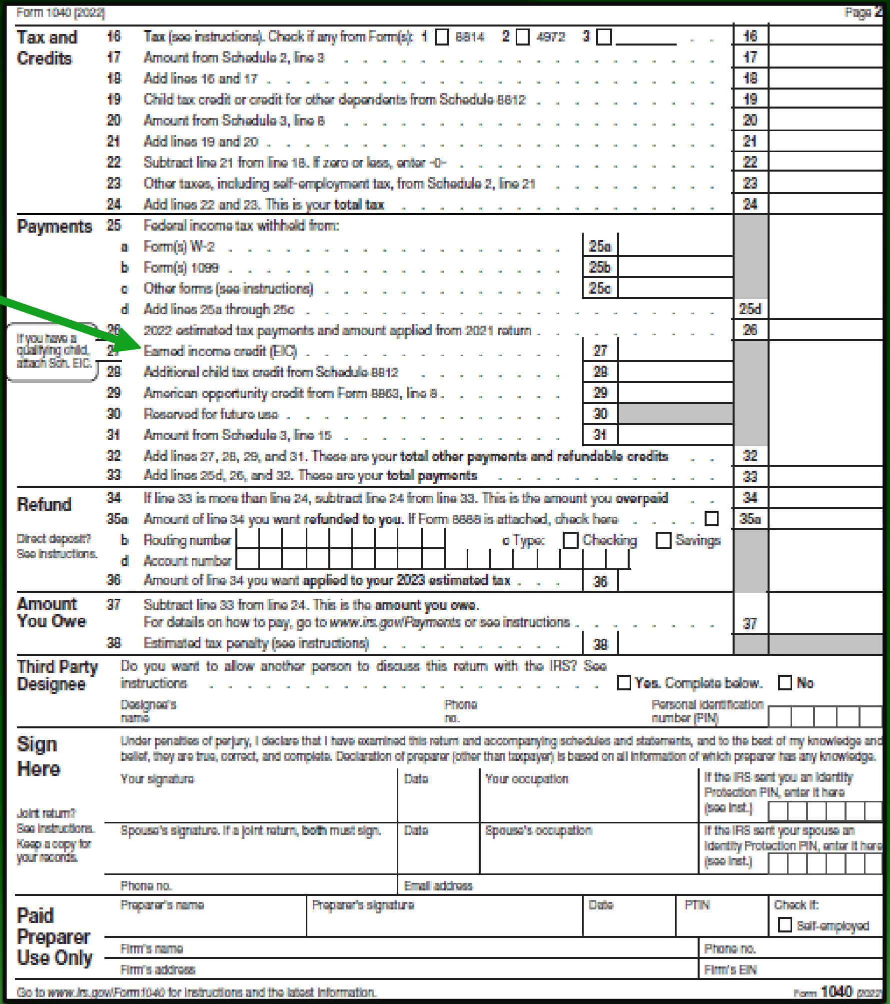
Preparer's name | Preparer's signature | Date | PTIN | Check if: ☐ Self-employed

Firm's name Phone no.

Firm's address Firm's EIN

Go to www.irs.gov/Form1040 for instructions and the latest information. Form **1040** (2021)

Second Page has removed subparts to Line 27 for EITC regarding Prior Year (2019) earned income and the provisions for 19-year-olds claiming EITC



Form 1040 (2022) Page 2

Tax and Credits

16	Tax (see instructions). Check if any from Form(s): 1 ☐ 8814 2 ☐ 4972 3 ☐		16
17	Amount from Schedule 2, line 3		17
18	Add lines 16 and 17		18
19	Child tax credit or credit for other dependents from Schedule 8812		19
20	Amount from Schedule 3, line 8		20
21	Add lines 19 and 20		21
22	Subtract line 21 from line 18. If zero or less, enter -0-		22
23	Other taxes, including self-employment tax, from Schedule 2, line 21		23
24	Add lines 22 and 23. This is your **total tax**		24

Payments

25	Federal income tax withheld from:		
a	Form(s) W-2	25a	
b	Form(s) 1099	25b	
c	Other forms (see instructions)	25c	
d	Add lines 25a through 25c		25d
26	2022 estimated tax payments and amount applied from 2021 return		26
27	Earned income credit (EIC)	27	
28	Additional child tax credit from Schedule 8812	28	
29	American opportunity credit from Form 8863, line 8	29	
30	Reserved for future use	30	
31	Amount from Schedule 3, line 15	31	
32	Add lines 27, 28, 29, and 31. These are your **total other payments and refundable credits**		32
33	Add lines 25d, 26, and 32. These are your **total payments**		33

If you have a qualifying child, attach Sch. EIC.

Refund

34 If line 33 is more than line 24, subtract line 24 from line 33. This is the amount you **overpaid** 34

35a Amount of line 34 you want **refunded to you.** If Form 8888 is attached, check here ☐ 35a

Direct deposit? See instructions. b Routing number c Type: ☐ Checking ☐ Savings

d Account number

36 Amount of line 34 you want **applied to your 2023 estimated tax** 36

Amount You Owe

37 Subtract line 33 from line 24. This is the **amount you owe.** For details on how to pay, go to www.irs.gov/Payments or see instructions 37

38 Estimated tax penalty (see instructions) 38

Third Party Designee

Do you want to allow another person to discuss this return with the IRS? See instructions ☐ Yes. Complete below. ☐ No

Designee's name Phone no. Personal identification number (PIN)

Sign Here

Under penalties of perjury, I declare that I have examined this return and accompanying schedules and statements, and to the best of my knowledge and belief, they are true, correct, and complete. Declaration of preparer (other than taxpayer) is based on all information of which preparer has any knowledge.

Your signature | Date | Your occupation | If the IRS sent you an Identity Protection PIN, enter it here (see inst.)

Joint return? See instructions. Keep a copy for your records.

Spouse's signature. If a joint return, both must sign. | Date | Spouse's occupation | If the IRS sent your spouse an Identity Protection PIN, enter it here (see inst.)

Phone no. Email address

Paid Preparer Use Only

Preparer's name | Preparer's signature | Date | PTIN | Check if: ☐ Self-employed

Firm's name Phone no.

Firm's address Firm's EIN

Go to www.irs.gov/Form1040 for instructions and the latest information. Form **1040** (2022)

1040 (Page 1) Comparison 2021 vs. 2022

Form 1040 (2021) Page 2

16 Tax (see instructions). Check if any from Form(s): 1 ☐ 8814 2 ☐ 4972 3 ☐ — 16
17 Amount from Schedule 2, line 3 — 17
18 Add lines 16 and 17 — 18
19 Nonrefundable child tax credit or credit for other dependents from Schedule 8812 — 19
20 Amount from Schedule 3, line 8 — 20
21 Add lines 19 and 20 — 21
22 Subtract line 21 from line 18. If zero or less, enter -0- — 22
23 Other taxes, including self-employment tax, from Schedule 2, line 21 — 23
24 Add lines 22 and 23. This is your **total tax** ▶ 24
25 Federal income tax withheld from:
a Form(s) W-2 — 25a
b Form(s) 1099 — 25b
c Other forms (see instructions) — 25c
d Add lines 25a through 25c — 25d

If you have a qualifying child, attach Sch. EIC.

26 2021 estimated tax payments and amount applied from 2020 return — 26
27a Earned income credit (EIC) — 27a
Check here if you had not reached the age of 19 by December 31, 2021, and satisfy all other requirements for claiming the EIC. See instructions ▶ ☐
b Nontaxable combat pay election — 27b
c Prior year (2019) earned income — 27c
28 Refundable child tax credit or additional child tax credit from Schedule 8812 — 28
29 American opportunity credit from Form 8863, line 8 — 29
30 Recovery rebate credit. See instructions — 30
31 Amount from Schedule 3, line 15 — 31
32 Add lines 27a and 28 through 31. These are your **total other payments and refundable credits** ▶ 32
33 Add lines 25d, 26, and 32. These are your **total payments** ▶ 33

Refund
34 If line 33 is more than line 24, subtract line 24 from line 33. This is the amount you **overpaid** — 34
35a Amount of line 34 you want **refunded to you.** If Form 8888 is attached, check here ▶ ☐ 35a
Direct deposit? See instructions. ▶ b Routing number ▶ c Type: ☐ Checking ☐ Savings
▶ d Account number
36 Amount of line 34 you want **applied to your 2022 estimated tax** ▶ 36

Amount You Owe
37 **Amount you owe.** Subtract line 33 from line 24. For details on how to pay, see instructions ▶ 37
38 Estimated tax penalty (see instructions) ▶ 38

Third Party Designee
Do you want to allow another person to discuss this return with the IRS? See instructions ▶ ☐ **Yes.** Complete below. ☐ **No**
Designee's name ▶ Phone no. ▶ Personal identification number (PIN) ▶

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Joint return? See instructions. Keep a copy for your records.
Spouse's signature. If a joint return, both must sign. | Date | Spouse's occupation | If the IRS sent your spouse an Identity Protection PIN, enter it here (see inst.) ▶
Phone no. | Email address

Paid Preparer Use Only
Preparer's name | Preparer's signature | Date | PTIN | Check if: ☐ Self-employed
Firm's name ▶ | Phone no.
Firm's address ▶ | Firm's EIN ▶

Go to www.irs.gov/Form1040 for instructions and the latest information. Form **1040** (2021)

Recovery Rebate Credit is now marked as reserved for future use

Form 1040 (2022) Page 2

Tax and Credits
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Payments
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b Form(s) 1099 — 25b
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Phone no. | Email address

Paid Preparer Use Only
Preparer's name | Preparer's signature | Date | PTIN | Check if: ☐ Self-employed
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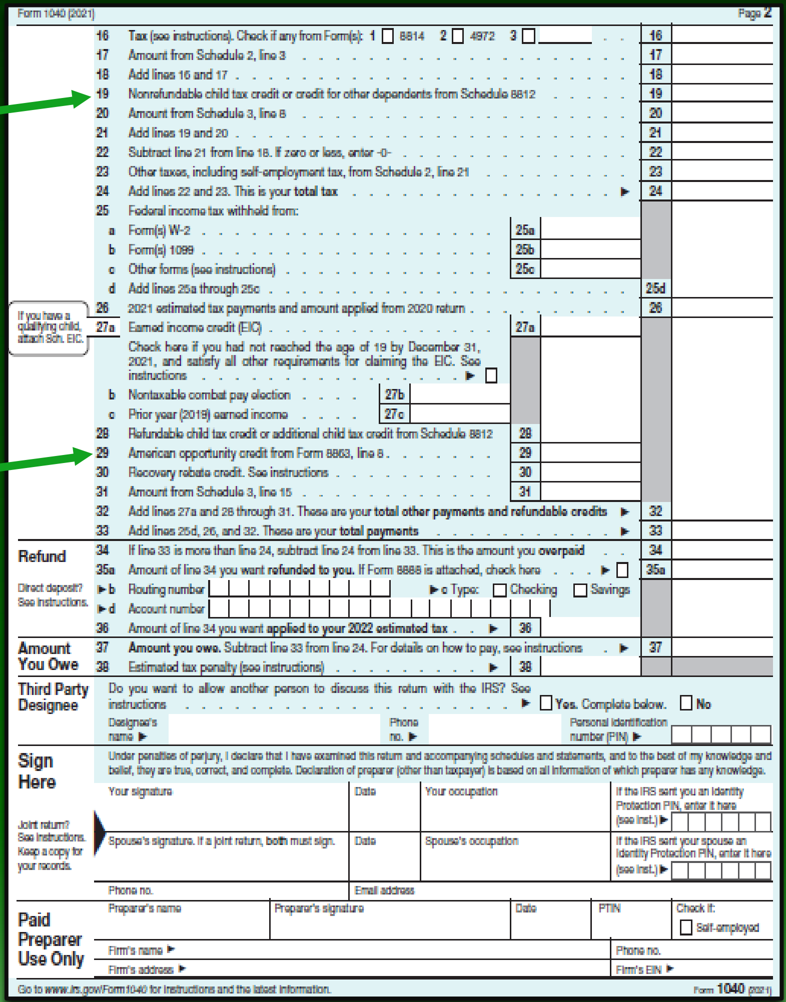
1040 (Page 1) Comparison 2021 vs. 2022



Form 1040 (2021) Page 2

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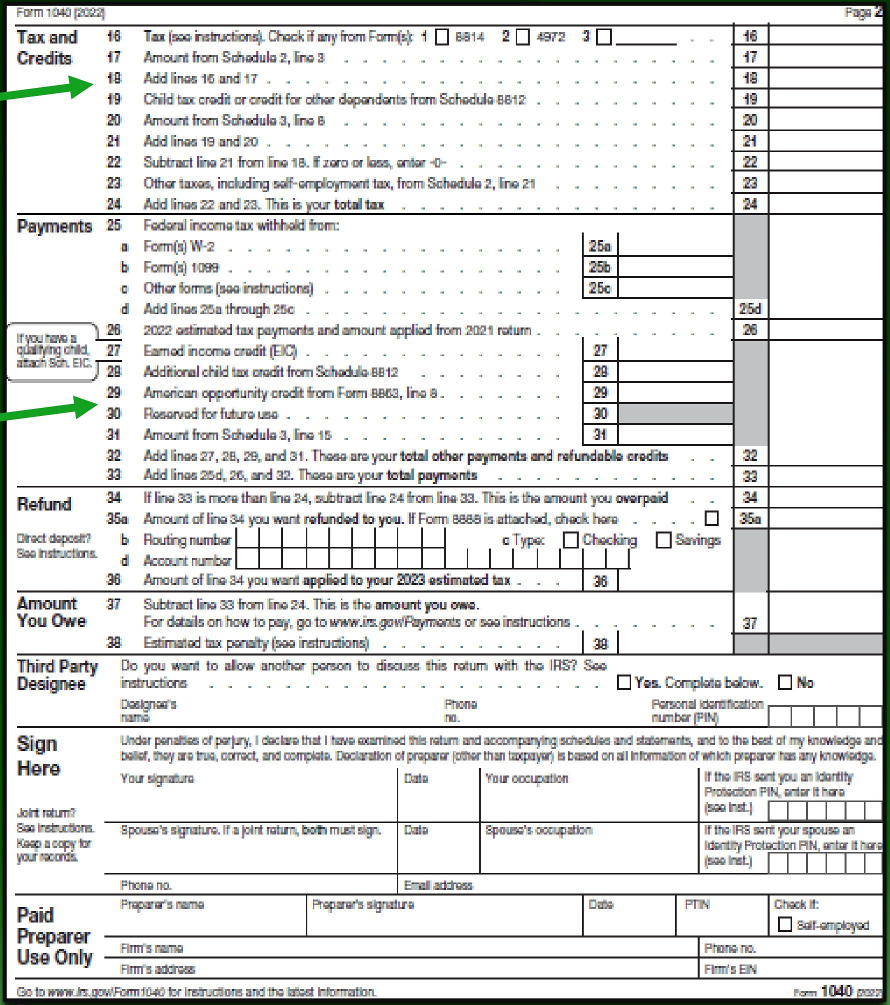
Paid Preparer Use Only
Preparer's name | Preparer's signature | Date | PTIN | Check if: ☐ Self-employed
Firm's name ▶ | Phone no.
Firm's address ▶ | Firm's EIN ▶

Go to www.irs.gov/Form1040 for instructions and the latest information. Form **1040** (2021)

Line 19 and Line 28 – addressing the Child Tax Credit and Additional Child Tax Credit revert to how they were presented in 2020



Form 1040 (2022) Page 2

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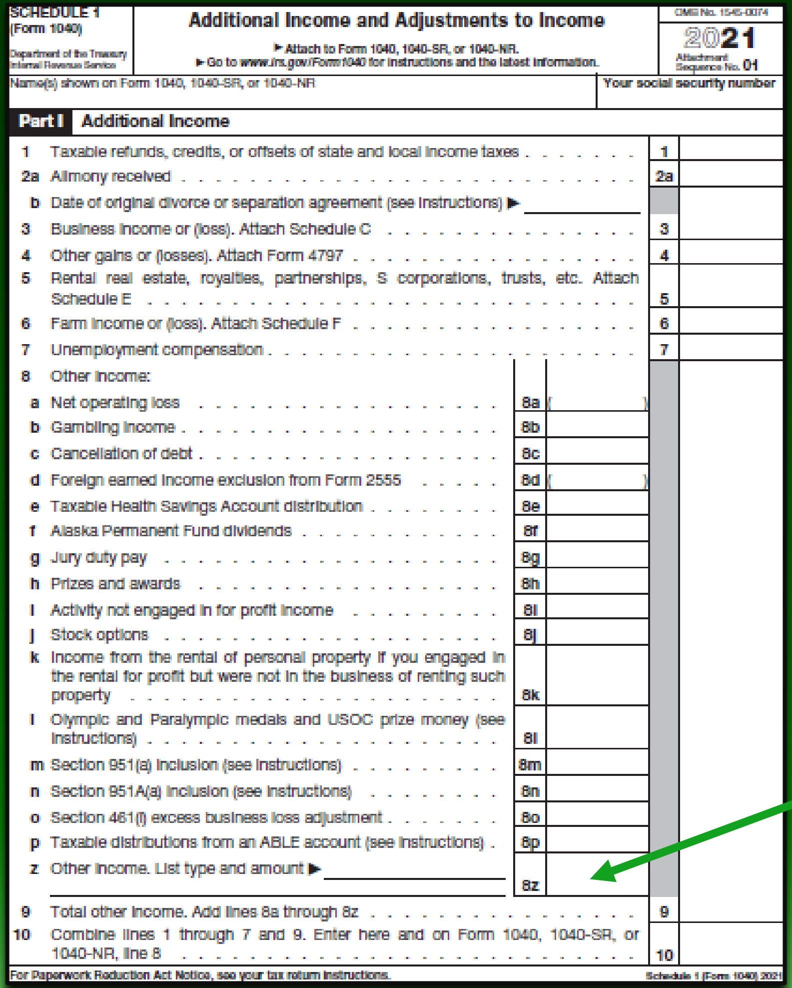
Phone no. | Email address

Paid Preparer Use Only
Preparer's name | Preparer's signature | Date | PTIN | Check if: ☐ Self-employed
Firm's name | Phone no.
Firm's address | Firm's EIN

Go to www.irs.gov/Form1040 for instructions and the latest information. Form **1040** (2022)

Schedule 1 (page 1) Comparison 2021 vs. 2022



SCHEDULE 1 (Form 1040)
Department of the Treasury Internal Revenue Service

Additional Income and Adjustments to Income

▶ Attach to Form 1040, 1040-SR, or 1040-NR.
▶ Go to www.irs.gov/Form1040 for instructions and the latest information.

OMB No. 1545-0074
2021
Attachment Sequence No. 01

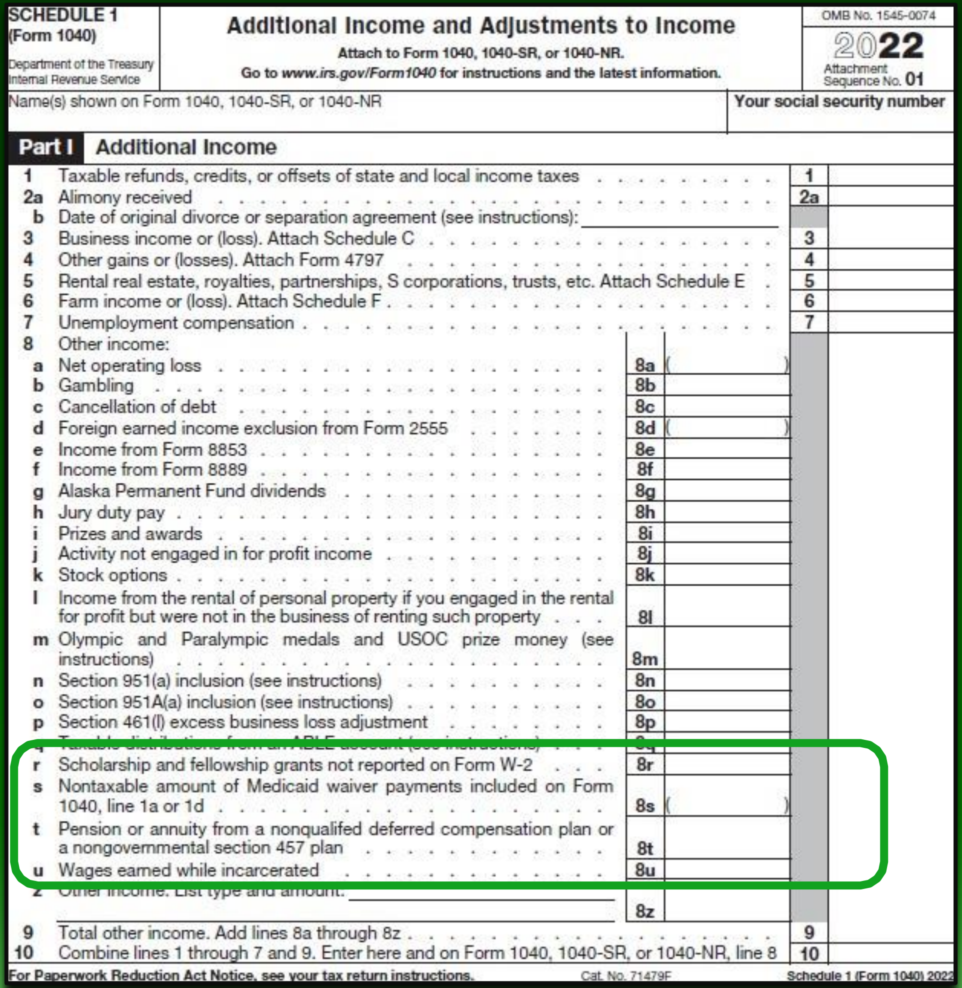
Name(s) shown on Form 1040, 1040-SR, or 1040-NR | Your social security number

Part I Additional Income

1 Taxable refunds, credits, or offsets of state and local income taxes . . . 1
2a Alimony received . . . 2a
b Date of original divorce or separation agreement (see instructions) ▶
3 Business income or (loss). Attach Schedule C . . . 3
4 Other gains or (losses). Attach Form 4797 . . . 4
5 Rental real estate, royalties, partnerships, S corporations, trusts, etc. Attach Schedule E . . . 5
6 Farm income or (loss). Attach Schedule F . . . 6
7 Unemployment compensation . . . 7
8 Other income:
a Net operating loss . . . 8a ( )
b Gambling income . . . 8b
c Cancellation of debt . . . 8c
d Foreign earned income exclusion from Form 2555 . . . 8d ( )
e Taxable Health Savings Account distribution . . . 8e
f Alaska Permanent Fund dividends . . . 8f
g Jury duty pay . . . 8g
h Prizes and awards . . . 8h
i Activity not engaged in for profit income . . . 8i
j Stock options . . . 8j
k Income from the rental of personal property if you engaged in the rental for profit but were not in the business of renting such property . . . 8k
l Olympic and Paralympic medals and USOC prize money (see instructions) . . . 8l
m Section 951(a) inclusion (see instructions) . . . 8m
n Section 951A(a) inclusion (see instructions) . . . 8n
o Section 461(l) excess business loss adjustment . . . 8o
p Taxable distributions from an ABLE account (see instructions) . . . 8p
z Other income. List type and amount ▶ . . . 8z
9 Total other income. Add lines 8a through 8z . . . 9
10 Combine lines 1 through 7 and 9. Enter here and on Form 1040, 1040-SR, or 1040-NR, line 8 . . . 10

For Paperwork Reduction Act Notice, see your tax return instructions. Schedule 1 (Form 1040) 2021

Schedule 1 – Additional Income now includes income items which were previously printed on the dotted line next to Line 1, including the nontaxable amount of Medicaid Waiver Payments that were previously a subtraction on Other Income



SCHEDULE 1 (Form 1040)
Department of the Treasury Internal Revenue Service

Additional Income and Adjustments to Income

Attach to Form 1040, 1040-SR, or 1040-NR.
Go to *www.irs.gov/Form1040* for instructions and the latest information.

OMB No. 1545-0074
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Name(s) shown on Form 1040, 1040-SR, or 1040-NR | Your social security number

Part I Additional Income

1 Taxable refunds, credits, or offsets of state and local income taxes . . . 1
2a Alimony received . . . 2a
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3 Business income or (loss). Attach Schedule C . . . 3
4 Other gains or (losses). Attach Form 4797 . . . 4
5 Rental real estate, royalties, partnerships, S corporations, trusts, etc. Attach Schedule E . . . 5
6 Farm income or (loss). Attach Schedule F . . . 6
7 Unemployment compensation . . . 7
8 Other income:
a Net operating loss . . . 8a ( )
b Gambling . . . 8b
c Cancellation of debt . . . 8c
d Foreign earned income exclusion from Form 2555 . . . 8d ( )
e Income from Form 8853 . . . 8e
f Income from Form 8889 . . . 8f
g Alaska Permanent Fund dividends . . . 8g
h Jury duty pay . . . 8h
i Prizes and awards . . . 8i
j Activity not engaged in for profit income . . . 8j
k Stock options . . . 8k
l Income from the rental of personal property if you engaged in the rental for profit but were not in the business of renting such property . . . 8l
m Olympic and Paralympic medals and USOC prize money (see instructions) . . . 8m
n Section 951(a) inclusion (see instructions) . . . 8n
o Section 951A(a) inclusion (see instructions) . . . 8o
p Section 461(l) excess business loss adjustment . . . 8p
q Taxable distributions from an ABLE account (see instructions) . . . 8q
r Scholarship and fellowship grants not reported on Form W-2 . . . 8r
s Nontaxable amount of Medicaid waiver payments included on Form 1040, line 1a or 1d . . . 8s ( )
t Pension or annuity from a nonqualifed deferred compensation plan or a nongovernmental section 457 plan . . . 8t
u Wages earned while incarcerated . . . 8u
z Other income. List type and amount: . . . 8z
9 Total other income. Add lines 8a through 8z . . . 9
10 Combine lines 1 through 7 and 9. Enter here and on Form 1040, 1040-SR, or 1040-NR, line 8 . . . 10

For Paperwork Reduction Act Notice, see your tax return instructions. Cat. No. 71479F Schedule 1 (Form 1040) 2022

Schedule 1 (page 1) Comparison 2021 vs. 2022

Schedule 1 (Form 1040) 2021 — Page 2

Part II Adjustments to Income

11	Educator expenses	11
12	Certain business expenses of reservists, performing artists, and fee-basis government officials. Attach Form 2106	12
13	Health savings account deduction. Attach Form 8889	13
14	Moving expenses for members of the Armed Forces. Attach Form 3903	14
15	Deductible part of self-employment tax. Attach Schedule SE	15
16	Self-employed SEP, SIMPLE, and qualified plans	16
17	Self-employed health insurance deduction	17
18	Penalty on early withdrawal of savings	18
19a	Alimony paid	19a
b	Recipient's SSN ▶	
c	Date of original divorce or separation agreement (see instructions) ▶	
20	IRA deduction	20
21	Student loan interest deduction	21
22	Reserved for future use	22
23	Archer MSA deduction	23
24	Other adjustments:	
a	Jury duty pay (see instructions)	24a
b	Deductible expenses related to income reported on line 8k from the rental of personal property engaged in for profit	24b
c	Nontaxable amount of the value of Olympic and Paralympic medals and USOC prize money reported on line 8l	24c
d	Reforestation amortization and expenses	24d
e	Repayment of supplemental unemployment benefits under the Trade Act of 1974	24e
f	Contributions to section 501(c)(18)(D) pension plans	24f
g	Contributions by certain chaplains to section 403(b) plans	24g
h	Attorney fees and court costs for actions involving certain unlawful discrimination claims (see instructions)	24h
i	Attorney fees and court costs you paid in connection with an award from the IRS for information you provided that helped the IRS detect tax law violations	24i
j	Housing deduction from Form 2555	24j
k	Excess deductions of section 67(e) expenses from Schedule K-1 (Form 1041)	24k
z	Other adjustments. List type and amount ▶	24z
25	Total other adjustments. Add lines 24a through 24z	25
26	Add lines 11 through 23 and 25. These are your **adjustments to income.** Enter here and on Form 1040 or 1040-SR, line 10, or Form 1040-NR, line 10a	26

Schedule 1 (Form 1040) 2021

Page 2 remains the same as last year

Educator expenses have increased from $250 to $300 (Married educators can claim $600)

Schedule 1 (Form 1040) 2022 — Page 2

Part II Adjustments to Income

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17	Self-employed health insurance deduction	17
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19a	Alimony paid	19a
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c	Date of original divorce or separation agreement (see instructions):	
20	IRA deduction	20
21	Student loan interest deduction	21
22	Reserved for future use	22
23	Archer MSA deduction	23
24	Other adjustments:	
a	Jury duty pay (see instructions)	24a
b	Deductible expenses related to income reported on line 8l from the rental of personal property engaged in for profit	24b
c	Nontaxable amount of the value of Olympic and Paralympic medals and USOC prize money reported on line 8m	24c
d	Reforestation amortization and expenses	24d
e	Repayment of supplemental unemployment benefits under the Trade Act of 1974	24e
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j	Housing deduction from Form 2555	24j
k	Excess deductions of section 67(e) expenses from Schedule K-1 (Form 1041)	24k
z	Other adjustments. List type and amount:	24z
25	Total other adjustments. Add lines 24a through 24z	25
26	Add lines 11 through 23 and 25. These are your **adjustments to income.** Enter here and on Form 1040 or 1040-SR, line 10, or Form 1040-NR, line 10a	26

Schedule 1 (Form 1040) 2022

2022 – Schedule 2

SCHEDULE 2 (Form 1040)
Department of the Treasury Internal Revenue Service

Additional Taxes

Attach to Form 1040, 1040-SR, or 1040-NR.
Go to *www.irs.gov/Form1040* for instructions and the latest information.

OMB No. 1545-0074
2022
Attachment Sequence No. 02

Name(s) shown on Form 1040, 1040-SR, or 1040-NR | **Your social security number**

Part I Tax

1	Alternative minimum tax. Attach Form 6251	1	
2	Excess advance premium tax credit repayment. Attach Form 8962	2	
3	Add lines 1 and 2. Enter here and on Form 1040, 1040-SR, or 1040-NR, line 17	3	

Part II Other Taxes

4	Self-employment tax. Attach Schedule SE			4	
5	Social security and Medicare tax on unreported tip income. Attach Form 4137	5			
6	Uncollected social security and Medicare tax on wages. Attach Form 8919	6			
7	Total additional social security and Medicare tax. Add lines 5 and 6			7	
8	Additional tax on IRAs or other tax-favored accounts. Attach Form 5329 if required. If not required, check here ☐			8	
9	Household employment taxes. Attach Schedule H			9	
10	Repayment of first-time homebuyer credit. Attach Form 5405 if required			10	
11	Additional Medicare Tax. Attach Form 8959			11	
12	Net investment income tax. Attach Form 8960			12	
13	Uncollected social security and Medicare or RRTA tax on tips or group-term life insurance from Form W-2, box 12			13	
14	Interest on tax due on installment income from the sale of certain residential lots and timeshares			14	
15	Interest on the deferred tax on gain from certain installment sales with a sales price over $150,000			15	
16	Recapture of low-income housing credit. Attach Form 8611			16	

(continued on page 2)

For Paperwork Reduction Act Notice, see your tax return instructions.   Schedule 2 (Form 1040) 2022

Schedule 2 remains the same as last year and has no changes

Schedule 2 (Form 1040) 2022   Page 2

Part II Other Taxes *(continued)*

17		Other additional taxes:			
	a	Recapture of other credits. List type, form number, and amount:	17a		
	b	Recapture of federal mortgage subsidy, if you sold your home see instructions	17b		
	c	Additional tax on HSA distributions. Attach Form 8889	17c		
	d	Additional tax on an HSA because you didn't remain an eligible individual. Attach Form 8889	17d		
	e	Additional tax on Archer MSA distributions. Attach Form 8853	17e		
	f	Additional tax on Medicare Advantage MSA distributions. Attach Form 8853	17f		
	g	Recapture of a charitable contribution deduction related to a fractional interest in tangible personal property	17g		
	h	Income you received from a nonqualified deferred compensation plan that fails to meet the requirements of section 409A	17h		
	i	Compensation you received from a nonqualified deferred compensation plan described in section 457A	17i		
	j	Section 72(m)(5) excess benefits tax	17j		
	k	Golden parachute payments	17k		
	l	Tax on accumulation distribution of trusts	17l		
	m	Excise tax on insider stock compensation from an expatriated corporation	17m		
	n	Look-back interest under section 167(g) or 460(b) from Form 8697 or 8866	17n		
	o	Tax on non-effectively connected income for any part of the year you were a nonresident alien from Form 1040-NR	17o		
	p	Any interest from Form 8621, line 16f, relating to distributions from, and dispositions of, stock of a section 1291 fund	17p		
	q	Any interest from Form 8621, line 24	17q		
	z	Any other taxes. List type and amount:	17z		
18		Total additional taxes. Add lines 17a through 17z		18	
19		Reserved for future use		19	
20		Section 965 net tax liability installment from Form 965-A	20		
21		Add lines 4, 7 through 16, and 18. These are your **total other taxes**. Enter here and on Form 1040 or 1040-SR, line 23, or Form 1040-NR, line 23b		21	

Schedule 2 (Form 1040) 2022

2022 – Schedule 3

Schedule 3 remains the same as last year and has no changes

SCHEDULE 3 (Form 1040)
Department of the Treasury Internal Revenue Service

Additional Credits and Payments
Attach to Form 1040, 1040-SR, or 1040-NR.
Go to *www.irs.gov/Form1040* for instructions and the latest information.

OMB No. 1545-0074
2022
Attachment Sequence No. 03

Name(s) shown on Form 1040, 1040-SR, or 1040-NR | **Your social security number**

Part I Nonrefundable Credits

1	Foreign tax credit. Attach Form 1116 if required			1	
2	Credit for child and dependent care expenses from Form 2441, line 11. Attach Form 2441			2	
3	Education credits from Form 8863, line 19			3	
4	Retirement savings contributions credit. Attach Form 8880			4	
5	Residential energy credits. Attach Form 5695			5	
6	Other nonrefundable credits:				
a	General business credit. Attach Form 3800	6a			
b	Credit for prior year minimum tax. Attach Form 8801				
c	Adoption credit. Attach Form 8839	6c			
d	Credit for the elderly or disabled. Attach Schedule R	6d			
e	Alternative motor vehicle credit. Attach Form 8910	6e			
f	Qualified plug-in motor vehicle credit. Attach Form 8936	6f			
g	Mortgage interest credit. Attach Form 8396	6g			
h	District of Columbia first-time homebuyer credit. Attach Form 8859	6h			
i	Qualified electric vehicle credit. Attach Form 8834	6i			
j	Reserved for future use	6j			
k	Credit to holders of tax credit bonds. Attach Form 8912	6k			
l	Amount on Form 8978, line 14. See instructions	6l			
z	Other nonrefundable credits. List type and amount:	6z			
7	Total other nonrefundable credits. Add lines 6a through 6z			7	
8	Add lines 1 through 5 and 7. Enter here and on Form 1040, 1040-SR, or 1040-NR, line 20			8	

(continued on page 2)

Part II Other Payments and Refundable Credits

9	Net premium tax credit. Attach Form 8962			9	
10	Amount paid with request for extension to file (see instructions)			10	
11	Excess social security and tier 1 RRTA tax withheld			11	
12	Credit for federal tax on fuels. Attach Form 4136			12	
13	Other payments or refundable credits:				
a	Form 2439	13a			
b	Credit for qualified sick and family leave wages paid in 2022 from Schedule(s) H for leave taken before April 1, 2021	13b			
c	Reserved for future use				
d	Credit for repayment of amounts included in income from earlier years	13d			
e	Reserved for future use	13e			
f	Deferred amount of net 965 tax liability (see instructions)				
g	Reserved for future use	13g			
h	Credit for qualified sick and family leave wages paid in 2022 from Schedule(s) H for leave taken after March 31, 2021, and before October 1, 2021	13h			
z	Other payments or refundable credits. List type and amount:	13z			
14	Total other payments or refundable credits. Add lines 13a through 13z			14	
15	Add lines 9 through 12 and 14. Enter here and on Form 1040, 1040-SR, or 1040-NR, line 31			15	

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2022 Tax Law Changes

Covid Relief Tax Provisions

Covid Relief Tax Provisions

December 27, 2020 – Consolidated Appropriations Act was signed into law, which impacted the 2020 tax return with many retroactive provisions.

Covid Relief Tax Provisions

December 27, 2020 – Consolidated Appropriations Act was signed into law, which impacted the 2020 tax return with many retroactive provisions.

March 11, 2021 – American Rescue Plan was signed into law, which also retroactively impacted the 2020 tax return and created many new provisions for 2021.

Covid Relief Tax Provisions

Many (not all) of the provisions in these Covid relief bills **expired on December 31, 2021**, and the tax code has reverted to previous tax provisions for **2022.**

Recovery Rebate Credit

No recovery rebate credits were authorized in 2022 and the taxpayer cannot claim any Recovery Rebate Credit on the 2022 tax return.

Earned Income Tax Credit – Married but Separated

Prior to the American Rescue Act, a taxpayer filing **Married Filing Separate** was **not eligible** for any Earned Income Tax Credit.

Earned Income Tax Credit – Married but Separated

Now, married but separated taxpayers that do not file a joint return can claim the EITC if a **qualifying child** lives with the taxpayer for more than six months during the year **and** the taxpayer either:

- **Does not have the same principal residence** as their spouse for the last **six months of the year**; or
- Is **under a separation instrument** and does not live in the same household with their spouse at the **end of the year**.

Earned Income Tax Credit – Investment Income

Taxpayers cannot claim the earned income credit when they have investment income that exceeds an annual limit.

In 2021, the investment income limitation was significantly increased to **$10,000.**

- **This was a permanent change to EITC,** and the **$10,000** amount is adjusted in future years based on the CPI.
- **For 2022, the investment income limitation is $10,300**
- **For 2023, the investment income limitation is $11,000**

Earned Income Tax Credit – Age Requirements

The age requirements were changed for the 2021 tax year:

- **24** if the taxpayer was a **student** for at least five months of the year
- **18** if they were in **foster care any time after turning 14** or were **homeless** in any taxable year
- **19** for all other **non-student** taxpayers

There was **no upper age limit** for the credit in **2021.**

Earned Income Tax Credit – Age Requirements

Age requirements have reverted in 2022 to previous limits.

- In 2022, a Taxpayer without a child must be **at least age 25 but under age 65** at the end of the tax year.

Earned Income Tax Credit – Maximum Benefit

The maximum benefit for a taxpayer with no qualifying child was also increased for 2021 but will decrease in 2022.

- Maximum benefit for 2022 - $560 ($1,502 in 2021)
- Maximum AGI a taxpayer could have in 2021 and still receive EITC was $21,430 ($27,380 for MFJ)
- Maximum AGI a taxpayer can have in 2022 and still receive EITC - $16,480 ($22,610 for MFJ)

Earned Income Tax Credit – Prior Year Income

In **2020** and **2021**, Taxpayers could use their **2019 Earned Income** to calculate the earned income tax credit if their 2019 earned income was greater than the current (2020 or 2021) tax year amount.

- Taxpayers can no longer use any prior year earned income to calculate EITC
- **Only 2022 earned income will be used to calculate EITC this year.**

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2022 Tax Law Changes

Child Tax Credit

Child Tax Credit – 2022

The enhanced Child Tax Credit created under the American Rescue Plan has **expired,** and the Credit **reverts** to the provisions of the Tax Cuts and Jobs Act which means:

- No more questions on advance payments or having a "principal place of abode for more than half the year in the United States"
- Since there were no advance payments in 2022, there is no reconciliation on the 2022 return

Child Tax Credit – 2022

Under Tax Cuts and Jobs Act, the refundable amount of the Child Tax Credit adjusts yearly in $100 increments based on the C-CPI. (The non-refundable CTC of $2,000 does not adjust.)

Due to inflation since 2018, the refundable amount increases this year to **$1,500** (up from $1,400).

It will increase again in 2023 to $1,600

Child Tax Credit

2021 – Child Tax Credit Amounts / Provisions 100% Refundable Credit	2022 – Child Tax Credit Amounts /Provisions Non-refundable Credit
Child Tax Credit Amount • **$3,600** for each qualifying individual under age 6 • **$3,000** for each qualifying individual ages **6 to 17** • **Totally Refundable** – no earned income requirement	Child Tax Credit Amount • **$2,000** for each qualifying individual ages **0 to 16** • **$1,500** is refundable
First Phaseout – until the credit is reduced to $2,000 • AGI more than **$150,000** for MFJ • AGI more than **$112,500** for HOH • AGI more than **$75,000** for all other filing statuses • Credit reduced by 5% for each $1,000 of income or part thereof that exceeds the limits	Credit Phase-Out – Only One Phaseout in 2022 • AGI more than **$400,000** for MFJ • AGI more than **$200,000** for all other filing statuses • Credit reduced by 5% for each $1,000 of income or part thereof that exceeds the limits
Second Phaseout • AGI more than **$400,000** for MFJ • AGI more than **$200,000** for all other filing statuses • Credit reduced by 5% for each $1,000 of income or part thereof that exceeds the limits	Refundable Credit Requirements • Must have earned income in excess of **$2,500** • Refundable amount is limited to 15% of the earned income over **$2,500** • Amount allowed will be calculated on **Schedule 8812**

Child Tax Credit – Earned Income Requirement

For 2022, the maximum refundable portion of the Child Tax Credit is **$1,500/child** (it was $1,400 in 2020 when this provisions was last in effect)

- The calculation is **15% of taxable earned income over $2,500**

Child Tax Credit – Earned Income Requirement

Example – Taxpayer has earned income of **$15,000** and they claim two children ages 6 and 9 on their return. The calculation is **15% of taxable earned income over $2,500 which is as follows:**

Earned Income	$15,000
Less	2,500
	$12,500
Multiply by 15%	x .15
Refundable CTC	$ 1,875

Child Tax Credit – Puerto Rico

American Rescue Plan **permanently repealed restriction** preventing many Puerto Rican families from claiming any Child Tax Credit.

Previously, residents of Puerto Rico were required to have **three** or more **qualifying children** to claim the credit.

Child Tax Credit – Puerto Rico

For 2022 – residents of Puerto Rico have the same eligibility requirements for claiming the Additional Child Tax Credit as Mainland filers.

Puerto Rico residents must file **1040-PR or 1040-SS** to claim the ACTC and have the same earned income requirements (paid Social Security Taxes, Medicare and/or SE Tax).

Puerto Rico residents have the calculation for the refundable Additional Child Tax Credit of **15% of taxable earned income over $2,500.**

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2022 Tax Law Changes

Child and Dependent Care Credit

Child & Dependent Care Credit – Requirements

There are four basic requirements for the Child and Dependent Care Credit:

- Qualifying Person/Child (Child 12 or under or disabled child/spouse)
- Earned Income – If MFJ, both spouses must meet this requirement
- Work-Related Expenses
- Provider Information Must be Reported

Child & Dependent Care Credit – Requirements

2021 – Child Tax Credit Amounts / Provisions 100% Refundable Credit	2022 – Child Tax Credit Amounts / Provisions Non-refundable Credit
Expense Limit • Cannot exceed **$8,000** for one qualifying individual • Cannot exceed **$16,000** for more than one qualifying individual	**Expense Limit** • Cannot exceed **$3,000** for one qualifying individual • Cannot exceed **$6,000** for more than one qualifying individual
Credit • **50%** of expenses • Maximum of **$4,000** ($8,000 x 50%) – one dependent • Maximum of **$8,000** ($16,000 x 50%) – more than one dependent	**Credit** • **35%** of expenses • Maximum of **$1,050** ($3,000 x 35%) – one dependent • Maximum of **$2,100** ($6,000 x 35%) – more than one dependent
Credit Phase-Out • AGI more than **$125,000** • Percentage reduced by 1% for each $2,000 of income until reduced to 20% until AGI is $400,000. Second phase out from $400,000 until eliminated at **$438,000**	**Credit Phase-Out** • AGI more than **$15,000** • Percentage reduced by 1% for each $2,000 of income until reduced to 20% for AGI greater than **$43,000**

Dependent Care Benefits

Consolidated Appropriations Act allows any unused dependent care amounts from 2020 to be rolled over to 2021 and from 2021 to 2022.

- Historically, unused Dependent Care funds were forfeited at year-end.
- The age limit of a child for **rolled over Dependent Care funds** is **14** in 2022.
- The age limit for a child using **non-rollover funds** is **12.**

Dependent Care Benefits

Requirements for Dependent Care Benefits – Flexible Spending Accounts:

- **Qualifying Person/Child** – same standard as for the Child & Dependent Care Credit
- **Earned Income** – Only the spouse with the DCAP must have earned income

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2022 Tax Law Changes

Premium Tax Credit

Premium Tax Credit - Form 8962

Part of Covid relief, the Premium Tax Credit was enhanced for 2021 and 2022. Inflation Reduction Act extends these provisions by three years (through 2025).

- Households with income **no higher than 150% of FPL** receive a subsidy of **100% of the Second Lowest Cost Silver Plan (SLCSP)**
- Households between 150% and 400% receive enhanced subsidies
- Households above 400% spend no more that **8.5%** of their Household Income if they bought the SLCSP

Premium Tax Credit - Form 8962

The American Rescue Plan created a "special rule" regarding PTC eligibility for those who receive unemployment compensation during 2021 only.

- If someone received unemployment benefits during 2021, their Household Income was treated as being no higher than 150 percent of the FPL.
- **This provision has expired** and individuals receiving unemployment will have their Household Income calculated based on what is entered on the tax return.

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2022 Tax Law Changes

Miscellaneous Tax Changes

Tax Extenders

Individual Tax Extenders – All expired as of December 31, 2021

- **Private Mortgage Insurance (PMI)** – no longer available as an itemized deduction

- **Form 8885 – Health Coverage Tax Credit** – this was a credit available to certain taxpayers who were primarily recipients of a pension benefit that was made under the Pension Benefit Guaranty Corporation

Tax Extenders

Business Tax Extenders (most reported on Form 3800) – All expired as of December 31, 2021

- Accelerated Depreciations for Property on Indian Reservations
- American Samoa Economic Development Credit
- Indian Employment Tax Credit
- Mine Rescue Team Training Credit
- Three-Year Depreciation for Racehorses

Meals Deduction

Consolidated Appropriations Act made certain business meals 100% deductible.

- Food and Beverages must be purchased from a restaurant and food deliveries will be deductible at 100%

- De minimis fringe benefits like in-office coffee and snacks do not fall into this category of meals and are still only 50% deductible.

- This deduction expires at the **end of 2022**.

Charitable Deductions

The charitable deduction for Individuals taking the Standard Deduction (which in 2021 was $600 for MFJ and $300 for all other filing statuses) has **expired** and is not available in 2022.

Sick Leave and Family Leave for Self-Employed

The **sick leave** and **family leave** benefits that were claimed on **Form 7202** in both 2020 and 2021 **have expired.**

- **Form 7202 is not used in 2022** and will not be available in any tax program.

Standard Mileage Rates

Optional Mileage Rates for 2022 – Business

- January 1 through June 30, 2022 – **58.5** cents per mile
- July 1 through December 31, 2022 – **62.5** cents per mile

Standard Mileage Rates

Optional Mileage Rates for 2022 – Medical

- January 1 through June 30, 2022 – **18** cents per mile
- July 1 through December 31, 2022 – **22** cents per mile

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2022 Tax Law Changes

Inflation Reduction Act

Inflation Reduction Act

On **August 16, 2022**, the Inflation Reduction Act was enacted.

This will have **some impact** on **2022** tax returns, but **more impact** on the **2023** returns and beyond.

Inflation Reduction Act - Topics

1. IRS Funding – Potential Impact
2. New Taxes
3. New Credits/Tax Expenditures

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2022 Tax Law Changes

Inflation Reduction Act – IRS Funding

IRS Funding

The 2021 IRS operating budget was **$12.9 Billion**, which represents a 4.3% increase over the 2010 budget of $**12.4 Billion.**

The IRS was also given **$765.7 Million** in COVID-19 supplemental funding, which resulted in a **total IRS budget for FY 2021 of $13.7 Billion.**

IRS Funding

Inflation Reduction Act increases the IRS budget by $79.6 Billion* over a ten- year period. This is approximately a **64%** annual increase over current levels.

Year	2022	2023	2024	2025	2026	2027	2028	2029	2030	2031	2022 - 2031
Billions	14	5,240	4,176	5,215	6,493	7,982	9,820	11,813	14,605	21,123	79,627

*The exact authorization in the Inflation Reduction Act is $79,621,533,803. The difference between authorized amount and CBO projected amount shown above is due to rounding.

IRS Funding Since 2010

IRS Staff by Function – Full-time	2010	2021	Difference
Examination and Collections	46,667	31,300	(15,367) – 32.9%
Filing and Account Services	22,877	28,114	**5,237 – 22.9%**
Information Systems	6,774	7,095	**321 – 4.7%**
Shared Services and Support	6,018	5,272	(746) – 12.4%
Taxpayer Assistance	6,361	4,605	(1,756) – 27.6%
Regulatory	1,295	989	(306) – 23.6%
Investigations	4,270	3,036	(1,234) – 28.9%
Total IRS Staff	**94,346**	**80,411**	(13,935) – 14.8%

IRS Enforcement Funding

Some key funding numbers included in the IRA:

$6.7 Billion for Program Enforcement – To target “the integrity of current tax programs”

$4.5 Billion for Core Technology – To “modernize information technology and improve computer assisted data analytics”

$45.6 Billion for Audit / Enforcement – To allow the IRS to hire enforcement staff in all areas (revenue agents, investigators, attorneys)

IRS – Projected Revenue

Congressional Budget Office estimates of additional revenue to be collected due to IRS program and audit enforcement

Year	2022	2023	2024	2025	2026	2027	2028	2029	2030	2031	2022 - 2031
Billions	0	2,919	7,794	13,459	19,024	24,351	29,552	33,743	37,553	35,315	203,710

IRS Other Key Funding

Some other key funding numbers included in the IRA:

$3.2 Billion for Taxpayer Services – To "improve account services, prefiling assistance, and education."

$15 Million – To "fund a task force that would study the cost and feasibility of creating a **free direct e-file program.**"

2022 Tax Law Changes

Inflation Reduction Act – New Taxes

Inflation Reduction - New Taxes

New Taxes or Extended Tax Provisions

1. The Excess Business Loss ("EBL") limitations
2. Alternative Corporate Minimum Tax
3. Stock Repurchase Excise Tax
4. Prescription Drug Pricing Negotiation Noncompliance Excise Tax

Inflation Reduction - New Taxes

Excess Business Losses on Non-Corporate Taxpayers

The Excess Business Loss ("EBL") limitation went into effect under TCJA for tax years **2018 through 2026** and is reported on **Form 461**.

EBL limits the amount of trade or business deductions that non-corporate taxpayers can use to offset nonbusiness income up to **$250,000**, (or **$500,000** for a joint return), with the thresholds indexed for inflation.

Inflation Reduction - New Taxes

Excess Business Losses on Non-Corporate Taxpayers.

The Excess Business Loss ("EBL") limitation was suspended retroactively for 2018-2020 under Covid relief but will **return for 2021.**

Inflation Reduction Act extends this tax provision by 2 years (2027 – 2028)

Inflation Reduction - New Taxes

Alternative Corporate Minimum Tax.

Starting in with first tax year beginning in **2023:**

C Corporations will pay a minimum tax of 15% on the income that is reported to investors.

This new tax is the largest revenue generator in the Inflation Reduction Act.

Inflation Reduction - New Taxes

Alternative Corporate Minimum Tax – Requirements

1. Only applies to Corporations that report their income to investors (basically SEC regulated).

2. Have reported over a three-year period annual net income in excess of **$1 billion** (or **$100 million** for U.S. subsidiaries of foreign parents).

3. Tax is the difference between 15% of the adjusted financial statement income and regular tax calculated after foreign tax credits.

Inflation Reduction - New Taxes

Alternative Corporate Minimum Tax.

368 companies have reported annual average net income in excess $1 billion (or $100 million for U.S. subsidiaries of foreign based corporations) for the three-year period of 2018 – 2020.

- **241 paid more** than required 15%
- **127 paid less** than the required 15% rate (ex. – Amazon, FedEx, & Nike)

CBO estimates that less than 150 companies will be impacted

Inflation Reduction - New Taxes

Excise Tax on Stock Repurchases

Tax is **1% of the fair market value of the stock** repurchased by publicly traded U.S. Corporations after December 31, 2022, less any stock reissued, sold out Treasury, or repurchased to fund any corporation pension plan or stock option plans.

This excise tax does not apply to any repurchases of $1 million or less for the year.

Inflation Reduction - New Taxes

Prescription Drug Pricing Negotiation Noncompliance Excise Tax

Starting in 2026 – A new **excise tax will be imposed** on drug manufacturers that fail to enter into drug pricing agreements with Medicare but still sell the drug at a lower cost in the marketplace than what Medicare is charged.

This tax applies to **each sale made during the "noncompliance periods" and** is the difference between the average market price and Medicare's price.

CBO expects full compliance from drug companies, and no revenue will be generated from this tax.

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2022 Tax Law Changes

Inflation Reduction Act – New Credits / Tax Expenditures

Inflation Reduction - New Credits

Residential Energy Credits

The Consolidated Appropriations Act **extended** the non-refundable credits that are claimed on **Form 5695 – Residential Energy Credits**

- Residential Energy Efficiency Property Credit (Part I of Form 5695) through **2022.**
- Nonbusiness Energy Property Credit (Part I of Form 5695) through 2021. **– This credit expired prior to passage of Inflation Reduction Act**

Inflation Reduction - New Credits

Residential Energy Credits

Inflation Reduction Act extended and expanded the credits currently claimed on **Form 5695 – Residential Energy Credits** through **2034.**

- Residential Energy Efficiency Property Credit is now called **Residential Clean Energy Credit.**
- Non-business Energy Property Credit is now the **Energy Efficient Property Credit.**

Inflation Reduction - New Credits

Residential Clean Energy Credit –

This is a nonrefundable credit that a taxpayer receives for installing the following systems on their properties:

- Qualifying Solar Electric Systems
- Solar Water Heating Systems
- Wind Energy
- Geothermal Heat Pumps
- Biomass Systems
- Qualified Fuel Cells

Inflation Reduction - New Credits

Residential Clean Energy Credit – Changes for 2022

The credit is now **30% (up from 26% in 2021) of the costs of installing** any of these systems.

There is **no AGI limitation**, and the amount of the credit is **not capped**, except on fuel cells which is limited to $500 for each one-half kilowatt of capacity of the property.

Any unused credit can be **carried forward** to future years until applied against the taxpayer's income tax liability.

Inflation Reduction - New Credits

Residential Clean Energy Credit – Changes for 2023 – 2034

Starting in 2023 – This credit will include expenditures for **Batteries** used to store the electricity generated from these energy producing systems, but it will no longer include Biomass Systems.

- **2023 – 2032** – The credit remains **30%** of the costs of installing these systems
- **2033** – The credit will be **26%**
- **2034** – The credit will be **22%**

Inflation Reduction - New Credits

Energy Efficient Property Credit – Extended for 2022 (Same Rules as 2021)

Non-refundable Credit for energy efficient improvements to the Taxpayer's Main Home.

- Maximum Lifetime Credit of **$500**
- **10%** of the costs of various items (doors, insulation, windows, roofing)
- Subject to other limits by category ($200 for windows, $150 for furnaces, etc.)

Inflation Reduction - New Credits

Energy Efficient Property Credit – Changes for 2023 - 2032

Starting in **2023**, the credit will be equal to **30%** of the costs of all eligible home improvements made during the year.

The $500 lifetime limit on the total credit amount will be replaced with a **$1,200 annual limit.**

Inflation Reduction - New Credits

Energy Efficient Property Credit – Changes for 2023 - 2032

The annual limits for specific types of qualifying improvements will be:

- $150 for home energy audits
- $250 for any exterior door ($500 total for all exterior doors) that meet applicable Energy Star requirements
- $600 for exterior windows and skylights that meet Energy Star most efficient certification requirements

Inflation Reduction - New Credits

Energy Efficient Property Credit – Changes for 2023 - 2032

The annual limits for specific types of qualifying improvements will be:

- **$600** for other qualified energy property, including air conditioners; electric panels and water heaters and furnaces
- **$2,000** for heat pump and heat pump water heaters, biomass stoves and boilers.
  - This category of improvement is **not limited by the $1,200 annual limit** on total credits or the $600 limit on qualified energy property.

Inflation Reduction - New Credits

Energy Efficient Property Credit – Changes for 2023 - 2032

Starting in 2024 – To claim this credit the Taxpayer will need a Product Identification Number for each product and to include that information on the tax return.

Inflation Reduction - New Credits

Electric Vehicle Credit – Plug-In Vehicles

This **non-refundable credit** reported on **Form 8936** and any unused portion of the credit cannot be carried forward. This credit has been available since **2011**.

The credit starts at **$7,500** and the amount of the credit is reduced in stages ($3,750 - $1,875) until 200,000 vehicles of each model are sold.

Currently no Tesla or GM and only certain Toyotas qualify for the credit, since over 200,000 of these models have been sold.

Inflation Reduction - New Credits

Electric Vehicle Credit for 2022

Effective August 16, 2022, this credit has been modified and impacts the 2022 tax return.

For vehicles sold **on or before August 16th** the requirements will remain the same as before.

For vehicles sold **after August 16th** an **additional requirement** is the **final assembly** of the vehicle must have occurred in North America, which will impacts EV's coming from Germany, Japan and Korea.

Inflation Reduction - New Credits

Electric Vehicle Credit for 2023

1. The final assembly of the vehicle must occur in **North America.**
2. The 200,000 quotas have been eliminated – making models manufactured by **GM, Tesla and Toyota eligible.**
3. The credit is now limited to Taxpayers with income threshhold of **$150,000** for a single filing taxpayer, **$225,000** for HOH and **$300,000** for joint filers.
4. The credit is only available on vehicles with a manufacturer suggested retail price of **$55,000** for new cars and **$80,000** for pickup trucks, SUVs, and vans

Inflation Reduction - New Credits

Electric Vehicle Credit for 2023 – Used Vehicles

1. Used Electric Vehicles will be eligible for a credit of **30% of sales price up to a maximum of $4,000**
2. Vehicle must be **at least two years old** and have eligible VIN.
3. Vehicle must be sold through a dealer – **no private sales.**
4. The credit is only available on vehicles sold for **$25,000 or less.**
5. Taxpayer's **income level must be no greater than $75,000** for single filers, $112,500 for HOH, and $150,000 for joint filers.
6. **No credit was previously claimed** for the vehicle's VIN

Inflation Reduction - New Credits

Electric Vehicle Credit for 2024 through 2032

1. Starting in **2024** at least **40% of the battery components** must come from North America or specified US Trading Partners. This rises to 100% by 2029.
2. The credit can be **advanced at the point of sale** and paid directly to the seller.
3. The credit will need to be reconciled on the tax return as a non- refundable credit. Any **excess advance credit will need to be repaid** (like Advance Premium Tax Credits is currently reconciled).

Inflation Reduction - New Credits

Alternative Fuel Refueling Property Credit

This nonrefundable credit is claimed on **Form 8911** and was set to expire December 31, 2021, but has been extended through **2032.**

- For **2022**, the credit is **30% of the cost of installing charging stations** up to a maximum credit of **$30,000** for a business and **$1,000** for home use.

Inflation Reduction - New Credits

Alternative Fuel Refueling Property Credit

This nonrefundable credit is claimed on **Form 8911** and was set to expire **December 31, 2021** but has been extended through **2032.**

- Starting in **2023**, more types of charging devices will be eligible for the credit
- Credit remains **30% of the cost of charging stations** up to a maximum credit of **$100,000** for business and **$1,000** for home.

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2022 Tax Law Changes